



## **MPM Wealth Advisors**

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**Form ADV Part 2A  
Brochure**

**March 31, 2021**

This Brochure provides information about the qualifications and business practices of MPM Wealth Advisors. If you have any questions about the contents of this Brochure, please contact us at 800-814-1706 or [compliance@mpmwealth.com](mailto:compliance@mpmwealth.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about MPM Wealth Advisors is also available on the SEC's website, [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov), and searching our IARD/CRD number: 104926.

MPM Wealth Advisors is an investment adviser registered with the United States Securities and Exchange Commission; registration does not imply a certain level of skill or training.

## Item 2 Summary of Material Changes

The purpose of this Item 2 is to disclose material changes that have been made to this Brochure since the last annual update of this Brochure on March 30, 2020.

Since the last annual update, the following material changes have been made to this Brochure:

Item 5 has been revised with respect to Flat Fee arrangements, which revised terms are effective for all Flat Fee arrangements entered into or renewed after June 1, 2021. Clients and prospective clients with at least \$1,000,000 to invest through an account subject to a Flat Fee arrangement should review Item 5, under the heading *Flat Fee Arrangements*, which has been significantly revised and now provides as follows:

### *Flat Fee Arrangements*

MPM may, in its sole discretion, agree to negotiate, on a client-by-client basis, an arrangement for the client to pay a flat Advisory Fee (a “Flat Fee” arrangement). MPM does not expect such arrangements to be widely offered to or used with MPM clients. Clients must maintain a minimum account value of \$1,000,000 with respect to the account which will be used to invest through such arrangement, must commit to maintain such minimum account value as long as the arrangement is in effect, and must agree to restore any deficit in the account value below such minimum by the close of the last calendar day of the calendar quarter following the quarter when such deficit first arose; and if the account value is not restored by such close, the Flat Fee arrangement will end and Advisory Fees will be charged at the rate otherwise provided according to the client's Advisory Agreement. The Flat Fee amount is negotiable on a client-by-client basis, but will not exceed the maximum Advisory Fee Rate for the MPM Program stated in this Item 5, and will be payable quarterly in arrears promptly after the end of each calendar quarter from the Program Account upon notice to the Custodian. After the initial twelve-month period, the Flat Fee amount will continue on a month-to-month basis; provided, MPM will provide 60 days' prior written notice of any changes in the Flat Fee amount. Additional terms and conditions pertaining to Flat Fee arrangements are found in the Flat Fee Addendum (or similar written terms and conditions) to the client's Advisory Agreement.

Item 8 has been updated to provide additional explanation regarding investments in mutual funds and ETFs, as well as investing through Third-Party Services.

### **Special Notice Regarding Current Covid-19 Pandemic**

At the time we issue this Brochure, the outlook for the Covid-19 Pandemic and its effects on the global and national economy and security markets are uncertain. This Brochure does not project future performance of MPM, and therefore, does attempt to project the effects of Covid-19 on MPM's business or operations. Our firm is currently operating pursuant to its Business Continuity Plan, and believe we will be able to continue such operations, barring significant adverse changes in conditions. Clients who would like further information should contact their Representative, or our CCO can be reached at: Christine Ohm, [compliance@mpmwealth.com](mailto:compliance@mpmwealth.com), (800) 814-1706.

Clients should expect that the Covid-19 Pandemic, and its effects on global and national economies, security markets, and public health, and the aftermath of such issues, among other factors, will likely adversely affect the value of the holdings in client accounts and account returns. MPM is not able to predict the duration or degree to which portfolio holdings will be affected. The location and degree of infectious illness outbreaks, and any restrictive measures implemented to control such outbreaks, could adversely affect the economies of many nations or the entire global economy; consequently, the financial condition of individual issuers or companies (including those that are held by a client's

account) cannot necessarily be foreseen, and such impact could be significant and long term. The degree of impact may be greater in emerging market countries as a result of less established healthcare systems. We continue to monitor the situation and urge Clients to contact their Representative prior to taking any action regarding their portfolio.

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## Item 4 Advisory Business

### Company

MPM Wealth Advisors ("MPM", "Advisor," or the "Firm") is a privately-held Ohio corporation that began providing investment advisory services in 1995. Advisor's current CEO is Sean Shinaberry, and its principal owners are:

- Bryan F Ohm, Co-President
- G. Thomas Damasco II, Co-President.

This Brochure provides important information about Advisor, its services and compensation, the costs of participating in its advisory programs, and situations where its interests may conflict with the interests of its clients. Clients should pay particular attention to the discussions about the various conflicts of interest because these can affect Advisor's judgment in managing the client's account, in choosing brokers to execute trades for the account, and in recommending a custodian to hold account assets, among other important considerations.

A number of separate businesses provide the investment products and services described in this Brochure. These businesses' legal, contractual, and regulatory obligations differ in important ways depending on whether, in providing the product or service, they are acting as an investment adviser, broker-dealer, custodian, or insurance company. For example, as explained in Item 10, an investment adviser representative is also registered as a registered representative of Purshe Kaplan Sterling Investments, Inc., ("PKS"), an independent broker-dealer, member FINRA/SIPC, through which the representative is able to sell securities and insurance products to clients. Advisor and PKS are not related.

If you have questions about the information in this Brochure, you can reach the investment adviser representative (the "Representative") at the email address, telephone number, or street address shown in the Brochure Supplement he or she gives you. You can reach our senior management, including our Chief Compliance Officer, by telephone at (800) 814-1706, by email at [compliance@mpmwealth.com](mailto:compliance@mpmwealth.com), or by mail at the address shown on the front of this Brochure.

### Services Advisor Offers

Advisor offers a range of investment advisory programs and services, including following:

- MPM Managed Account Program
- Financial Planning Services, including *Extended Planning Services*
- Consulting Services

Please note the information in this Brochure is necessarily general and does not address all details of our services. Because certain terms of a client's Advisory Agreement are negotiable, clients should always refer to their individual Advisory Agreement for terms that apply specifically to them.

### MPM Managed Account Program

Advisor offers a variety of investment advisory services. This Brochure provides information about the MPM Managed Account Program (the "MPM Program"). Information regarding Advisor's other advisory services is available in Advisor's general Form ADV Part 2A Brochure (the "General Brochure"), available from your Representative or by contacting MPM at (800) 814-1706 or [compliance@mpmwealth.com](mailto:compliance@mpmwealth.com), or at the street address shown on the front of this Brochure.

Please note that the information in this Brochure is necessarily general and does not address all details of the MPM Program. Because certain terms of a client's Advisory Agreement are negotiable, clients should always refer to their individual Advisory Agreement for terms that apply specifically to them.

### *Custodian*

Clients who wish to participate in the MPM Program must maintain their "Program Assets" with a qualified custodian acceptable to Advisor, in its sole discretion. Advisor recommends clients use the custodial and brokerage services of: Charles Schwab & Co., Inc., through its Advisor Services division, member FINRA/SIPC ("Schwab"); or TD Ameritrade Institutional, a division of TD Ameritrade Inc., member FINRA/SIPC ("TD Ameritrade"). Schwab and TD Ameritrade are independent broker-dealers not affiliated with Advisor. For investments in subaccounts of variable annuities, the insurance company (or its transfer agent) must serve as the qualified custodian. Clients are not required to purchase a variable annuity to participate in the MPM Program; however, certain investments are only available as subaccounts of a variable annuity. Schwab and TD Ameritrade (and any required variable annuity custodian) are collectively referred to as "Custodian."

### *Suitability Information and Account Profile*

In the MPM Program, the Representative will work with the client to develop a personal investment profile that identifies the client's personal and financial situation, and the investment objective, tolerance for risk, liquidity needs, and investment time horizon (all the "Suitability Information") for the account (collectively, the "Program Account," if more than one) that will be managed through the MPM Program. Client will be allowed to impose reasonable restrictions on the Program Account; provided, restrictions must be in writing.

Based on the Suitability Information and any other information the Representative determines appropriate under the circumstances, the Representative will work with the client to develop a suitable diversified portfolio of investments which is suitable for initial investment of the Program Assets (the "Portfolio"). The Portfolio will provide for allocation of the Program Assets among various asset classes, to be managed by the Representative on a fully discretionary basis according to an investment style and strategy consistent with the Program Account's Suitability Information.

### *Model Portfolios and Portfolio Investments*

Where suitable for the Program Account and Client, Representatives typically recommend a Portfolio based on a model portfolio comprised of low-expense mutual funds (such as those advised by Dimensional Fund Advisors LP ("DFA") or similar mutual fund families, or similar subaccounts of variable annuities), allocated across equity, fixed income, cash, and such other asset classes as your Representative deems appropriate. The Representative will monitor your portfolio on an ongoing basis, and will rebalance the portfolio according to its target allocation, as the Representative deems appropriate in the exercise of the Representative's discretion, to achieve your account's long-term objectives. Representatives do not generally recommend Portfolio investments in stocks, bonds, or other individual securities. In limited circumstances to meet specific client needs, a Representative may recommend Portfolio investments in individual securities; however, most clients should not expect to hold individual stocks, bonds, or similar securities in their Portfolio.

### *Account Priorities; Taxes*

Minimizing and keeping client's investment fees and expenses, under control are top priorities in Advisor's investment strategy; and in tax-managed accounts, to control the timing and recognition of taxable gains and losses, to the extent of the information client provides, the instructions of client and

client's tax advisors, and applicable tax laws and regulations, as we understand them. Client must acknowledge Advisor and the Representative are not acting as accountants or tax advisors, and are not providing tax advice; client must rely on his or her own tax advisors with respect to the tax consequences of transactions involving the Program Assets; provided, in any situation where one of the Accountants or Accounting Firms (as described in Item 10) serves as client's tax adviser, clients acknowledges such as advice is provided by the Accountant and Accounting Firm in their separate capacities and is not provided by or on behalf of Advisor, and Advisor has no responsibility or liability for the advice provided in such separate capacity.

#### *Discretionary or Non-Discretionary Account*

In the Advisory Agreement, Client will designate whether the account will be managed on a discretionary or non-discretionary basis. For a discretionary account, Client will grant Advisor and Representative full authority and discretion to manage the Program Account(s) and Program Assets, without prior consent or notice to Client, according to the terms of the Program and the Advisory Agreement, other Program documents, and information provided to Advisor and Representative from time to time; and Representative will provide continuous and regular investment management services with respect to the Program Account(s) and Program Assets to seek to achieve the account objectives. Advisor and Representative may elect to change (on either a temporary or permanent basis) the mutual fund families or other issuers of securities used in a Portfolio, the particular funds (or subaccounts) used for Portfolios, and the asset classes and class weightings of a Portfolio, for example. Advisor and Representative may also change the investment strategy for a particular Portfolio or designate a different Portfolio for the Program Account, without prior notice or consent of the client.

For non-discretionary accounts for which the Representative has ongoing responsibility to select or make recommendations as to specific securities or other investments the account may purchase or sell, based upon the needs of the client, if Advisor is responsible for arranging or effecting the security purchases or sales if the recommendations are accepted, Representative will also provide continuous and regular MPM services with respect to the Program Assets. However, for any non-discretionary accounts with respect to which Advisor does not arrange or effect the security purchases or sales, Representative will not provide continuous or regular investment supervisory or management services. Representative will provide services for such non-discretionary accounts on a periodic basis, as provided in the Advisory Agreement.

Clients should be aware that because of the time delays involved in obtaining client consent for trades in non-discretionary accounts, Advisor's policies provide for it to place orders for discretionary accounts before contacting clients of non-discretionary accounts for consent and placing orders for these accounts. Although this practice is not expected to affect investments in mutual funds (which should obtain the same daily NAV price), it may materially affect the prices discretionary accounts receive for other types of Portfolio investments. As a result, discretionary accounts may perform materially differently than non-discretionary accounts.

*Please refer to Item 8 for information about Advisor's methods of analysis and investment strategies, the types of investments Advisor generally recommends, and the material risks involved with respect to the MPM Program. Refer to Item 12 for information regarding brokerage.*

### **Financial Planning Services**

Advisor offers clients a range of financial planning services, which may include any one or more of the following:

Business Planning	Investment Consulting
Cash Flow Forecasting	Insurance Needs Analysis
Asset Allocation	Retirement Plan Analysis
Retirement Planning	Charitable Giving
Estate Planning	Risk Management
Financial Reporting	Distribution Planning

Advisor and client will enter into a written Advisory Agreement that describes the specific Financial Planning Services Advisor will provide, the Advisory Fees for such services, and whether any written report or electronic or online financial plan will be provided.

Through our Financial Planning Services, the client's Representative meets with the client to discuss and analyze the client's investments and financial situation, and help the client to identify his or her investment goals and objectives, tolerance for risk, and investment time horizon, among other key factors to developing a financial plan. Clients may be asked to provide detailed information about the client's personal and family situation, estate and retirement plans, trust agreements, wills, investments, insurance, or other information necessary to provide the specific services requested. Based on the information provided by the client, the Representative will develop recommendations to help the client towards achieving his or her investment objectives.

#### *Extended Planning Services*

Advisor has found a need among clients who desire financial planning services, on-going guidance and regular consultations with their Representative, coupled with the ability to choose from an extended menu of financial services, such as (for example) access to financial account aggregation services, useful analytical tools, a live financial plan and planning "what-if" tools, among the available choices. Clients interested in the *Extended Planning Services* service work with their Representative to create a customized bundle of services, specifically tailored to their needs. The specific services to be provided will be described in the Advisory Agreement between Advisor and the client.

#### *Reliance on Information from Client, Other Professionals & Planning Assumptions*

In providing the Financial Planning Services and Extended Planning Services, the Representative will rely on assumptions or estimates regarding a number of important factors that may or may not turn out to be accurate at any time. These assumptions will often include subjects such as future market performance and investment returns, anticipated and reasonably foreseeable living and medical expenses, tax laws, interest rates, and other factors. Advisor will also rely on information provided by client and client's other professionals (e.g., attorneys, accountants, etc.).

Advisor is not required to verify any information received from the client or from such other professionals, and Advisor is expressly authorized to rely on such information. As a result of likely differences between the Items assumed and the actual situation at any time in the future, client's (or client's successors') financial situation or needs may be materially different than anticipated and client's financial or investment objectives may not be achieved. Clients are advised that it remains their responsibility to promptly notify Advisor if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Advisor's previous recommendations or services.

Unless specifically agreed in the client's Advisory Agreement, Advisor will not provide a written report or electronic or online financial plan in connection with the Financial Planning Services. If the Advisory Agreement provides for a written report or electronic or online financial plan, it will usually include recommendations to assist the client in achieving his or her financial goals and objectives through

purchasing or selling investments, purchasing new or revising existing insurance products or policies, establishing or participating in tax qualified accounts, or increasing or decreasing amounts held in savings accounts or other liquid investments. See Item 10 for conflicts of interest that arise as a result of the potential for compensation if the client chooses to accept such recommendations.

## **Consulting Services**

Advisor provides a range of consulting services addressing a variety of investment and non-investment related matters, such as pension plan administration and investment consultations. The scope of these project-based services varies, as each engagement is individually negotiated and tailored to accommodate the specific needs of a particular client. In these cases, the services we provide will be included in a consulting agreement negotiated by Advisor and the client. We will charge a project or consulting fee, which will vary depending on the scope of the services to be provided. Advice is based on objectives communicated, either orally or in writing, by the client or the client's advisors. Advice may be provided through individual consultations or a written plan document, as agreed between Advisor and client.

## **Information Regarding Our Services**

### *Changes in Client Circumstances*

Clients are advised that changes in their personal or financial situation, investment objectives, tolerance for risk, or investment time horizon may cause the strategy or Portfolio designated for the client's account to become no longer suitable. In the event of any material change in client's personal or financial circumstances, client should contact the Representative or Advisor promptly so that we may assist in identifying another program, strategy or other investments that better meet the client's needs.

### *Deposit Cash or Cash Equivalents; Excluded Assets*

Generally, for the MPM Program, client is expected to deliver only cash or cash equivalents to the Custodian. With Advisor's consent, client may transfer securities to the Custodian, but the securities will be liquidated to cash as soon as reasonably practical, unless Advisor agrees that such assets may be retained in the account. Client may not transfer or deposit to the account any securities that are not publicly traded or that cannot be promptly sold, except upon our agreement, and such assets shall be held in the account as "Excluded Assets" for reporting purposes only and for which we shall not have any responsibility to provide advice or manage whatsoever. Client will grant us and the Custodian the authority, in our respective discretion, to liquidate securities transferred into the account or to require client to transfer such securities out of the account upon request.

Clients may withdraw account assets on notice to Advisor, subject to the usual and customary securities settlement procedures. Advisor designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. Advisor 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 tax ramifications, for example.

### *Differences Among Representatives' Accounts*

For the MPM Program, Representatives develop different Portfolios, follow different investment strategies and styles, and have different policies and practices for developing, rebalancing, and adjusting Portfolios in view of the Suitability Information of the accounts they are managing. Consequently, it is expected that the Portfolios, levels of volatility, fees, expenses, returns, and

performance will vary significantly among accounts from one Representative to another, as well as among the accounts of each Representative.

The Representative will be acting on behalf of Advisor; and any discretion granted by the client to the Representative will be deemed to be granted to, and may be exercised by, Advisor. Advisor, as the Representative's supervisor, will have the authority to direct any act of the Representative in the performance of any service. Although the Representatives act under the general supervision of Advisor and Advisor monitors the accounts of each Representative, Advisor does not direct or mandate the investment strategy or style followed by a Representative.

## **Assets under Management**

As of December 31, 2020, Advisor managed \$621,220,095, of which \$432,858,565 is non-discretionary and \$188,361,530 is discretionary.

## **Item 5 Fees and Compensation**

Prior to engaging Advisor, the Client will be required to enter into a written investment Advisory Agreement with Advisor setting forth the terms and conditions of the engagement and describing the scope of the services to be provided.

### **MPM Program Advisory Fees**

The maximum Advisory Fee Rate for the MPM Program is 1.50% (150 basis points), expressed as an annual percentage, but calculated and payable quarterly in arrears, whether as a fixed rate for all assets or as provided in a Fee Schedule included in the client's Advisory Agreement. Advisory Fees will be due and payable immediately following the end of the calendar quarter for which such fees are calculated (or promptly following the termination of this Agreement). Advisory Fees are not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client.

Except as provided below, the value of the Program Assets shall be determined by reference to the valuations provided by or available from each Custodian; provided, Advisory Fees are adjusted on a time-weighted basis, calculated by the Custodian, to reflect adjustments for contributions and withdrawals to and from the client's accounts during a calendar quarter. Advisory Fees may be calculated on the basis of the actual number of days in a calendar quarter or on the basis of 4 even calendar quarters; and may combine account values of family members living in the same household and treated as a single "client" for purposes of SEC Rule 202(a)(30)-1, as MPM determines in its sole discretion, on a consistent basis.

Advisory Fees are due and payable in arrears, at the end of each calendar quarter, and upon termination of the Agreement. The Custodian is authorized and directed to deduct Advisory Fees from client accounts and pay MPM promptly after the end of each quarter. Fees are billed directly to clients only when provided in the client's Advisory Agreement.

Each Custodian will deliver an account statement to the client at least quarterly. The account statement will show all positions and disbursements, including fee payments, from the account. Clients are urged to review their statements carefully for accuracy, and alert MPM at the contact information on the front of this Brochure if information on a Custodian's statement appears inaccurate or suspicious.

### ***Flat Fee Arrangements***

MPM may, in its sole discretion, agree to negotiate, on a client-by-client basis, an arrangement for the client to pay a flat Advisory Fee (a "Flat Fee" arrangement). MPM does not expect such arrangements to be widely offered to or used with MPM clients. Clients must maintain a minimum account value of \$1,000,000 with respect to the account which will be used to invest through such arrangement, must commit to maintain such minimum account value as long as the arrangement is in effect, and must agree to restore any deficit in the account value below such minimum by the close of the last calendar day of the calendar quarter following the quarter when such deficit first arose; and if the account value is not restored by such close, the Flat Fee arrangement will end and Advisory Fees will be charged at the rate otherwise provided according to the client's Advisory Agreement. The Flat Fee amount is negotiable on a client-by-client basis, but will not exceed the maximum Advisory Fee Rate for the MPM Program stated in this Item 5, and will be payable quarterly in arrears promptly after the end of each calendar quarter from the Program Account upon notice to the Custodian. After the initial twelve-month period, the Flat Fee amount will continue on a month-to-month basis; provided, MPM will provide 60 days' prior written notice of any changes in the Flat Fee amount. Additional terms and conditions pertaining to Flat Fee arrangements are found in the Flat Fee Addendum (or similar written terms and conditions) to the client's Advisory Agreement.

### *Additional Fees & Expenses*

The Advisory Fees are separate and distinct from a number of other expenses that Program Accounts will incur, including:

- Brokerage and Investment Expenses
- Investment Company Expenses
- Custodial Expenses
- Brokerage and Investment Expenses

As used in this Brochure, the term "Brokerage and Investment Expenses" refers to the following:

- commissions, ticket charges, and other fees charged by brokers (including the Custodians) who execute securities transactions for the Program Account on an agency basis;
- mark-ups, mark-downs, or other spreads included in the amount charged by or paid to a dealer for securities bought or sold on a principal basis, and underwriting fees, dealer concessions, or related compensation in connection with securities acquired in underwritten offerings;
- odd lot differentials, transfer or other taxes, floor brokerage fees, exchange fees, service and handling fees, electronic fund or wire transfer fees, costs of exchanging currencies, and postage and delivery expenses; and
- costs of cash management services (including for "sweep" arrangements of idle cash into bank deposit accounts or money market mutual fund accounts), and direct and indirect fees for other financial or investment services provided by brokers or custodians.
- Advisor does not receive any of the Brokerage and Investment Expenses. Please refer to Item 12 for additional information about our brokerage practices and costs.

### *Investment Company Expenses*

Mutual funds, money market funds, ETF's, variable annuities, and UIT's (all referred to as a "fund") deduct from their assets the internal management fees, operating costs, and investment expenses they incur to operate the fund, and the administrative and mortality costs of the variable annuity. These internal expenses also include record keeping fees, and transfer and sub-transfer agent fees, among others. All of these represent indirect expenses that are charged to the fund's shareholders.

Frequently, these internal expenses also include "Distribution Fees." These amounts are deducted from the fund's assets to compensate brokers who sell fund shares, as well as to pay for advertising,

printing and mailing prospectuses to new investors, and printing and mailing sales literature. Mutual fund internal expenses also commonly include "Shareholder Service Fees" which are amounts deducted from the fund's assets to pay the costs of responding to investor inquiries and providing investors with information about their accounts.

Distribution Fees and Shareholder Service Fees are referred to collectively as "12b-1 Fees," named after the SEC rule that adopted them. The 12b-1 Fees are calculated for each class of shares of a fund, and are calculated as a percentage of the total assets attributable to the share class. The 12b-1 Fees, MPM fees, and other ongoing expenses are described in the fund's prospectus Fee Table. These fees will vary from fund to fund and for different share classes of the same fund. You can use prospectus Fee Tables to help compare the annual expenses of different funds.

Mutual funds may also impose an early redemption fee if shares are redeemed within a short time period, usually within 30, 60 or 90 days from the date of purchase. The redemption fee is generally one percent. Advisor does not receive any of the Investment Company Expenses for investments in a Program Account.

### *Custodial Expenses*

Clients must pay the cost of services provided by their Custodian for: (1) arranging for the receipt and delivery of securities that are purchased, sold, borrowed or loaned for the Program Account; (2) making and receiving payments with respect to Program Account transactions and securities; (3) maintaining custody of Program Account securities; and (4) maintaining custody of cash, receiving dividends, and processing exchanges, distributions, and rights accruing to the Client's account. The Custodian may be compensated through commissions or other transaction-based fees for securities transactions executed through the Custodian (or its affiliates) or by asset-based fees for investments settled into the Custodian's accounts, or both. The specific fees and terms of each Custodian's services are described in the Client's separate custodial agreement.

Refer to Item 12 for more information regarding brokerage services provided by the Custodians.

### **Fees for Financial Planning Services & Consulting Services**

Fees for Financial Planning Services and Consulting Services typically range from \$100 to \$400 on an hourly basis, and up to \$15,000 (or more) on a fixed fee basis, depending on the scope and complexity of the engagement and the professional providing the services. The specific fee arrangement will be described in the client's Advisory Agreement.

For hourly arrangements, the Advisory Agreement will include the hourly rate and an estimate of the total fee. Client will pay a deposit of half of the fee upon signing of the Agreement, with the balance due upon completion of the agreed services, as provided in the Agreement.

Depending on the nature and scope of the services, Financial Planning Services typically require between 30 and 120 days to complete, assuming the client provides the information we request needed to complete the planning analysis and recommendations.

The Financial Planning Services terminate upon completion of the services described in the Financial Planning Agreement; alternatively, either party may terminate the Agreement at any time. Clients may engage Advisor for additional advisory services, in which case, Advisor will often discuss offsetting a portion of its fees for those services based upon the fees and services in the initial engagement for Financial Planning or Consulting Services.

Fees for the *Extended Planning Services* are negotiated like the fees for the Financial Planning Services; however, the Representative will consider the on-going nature of the services, the number

and frequency of client meetings, nature of other contacts, the overall scope of services over the initial one-year period as well as intermediate and longer terms, prospects for future investment management services, and the cost of providing the additional financial services client selects, among other factors. The Representative will provide the client with the proposed fees for the Extended Planning Services prior to the client entering into the Advisory Agreement. Fees are generally paid monthly or quarterly in advance; with client permitted to terminate the agreement and receive a refund of any unearned, prepaid fees based on any unearned fees not performed by with respect to fee collected.

## **General Information Regarding Fees**

### *Advisory Fees Calculated Using Tiered Method*

If the client's Advisory Agreement contains a Fee Schedule which reflects a different Advisory Fee Rate at each Asset Value Tier, then Advisory Fees under client's Advisory Agreement shall be calculated using the "tiered" method of calculation, whereby the Advisory Fee is calculated for each Asset Value Tier in the Fee Schedule for which assets are present, using the Advisory Fee Rate that corresponds to that tier, as reflected on the Fee Schedule, and the value of assets in that tier, as of the date for which fees are being determined. Advisory Fees may be calculated on the basis of the actual number of days in a calendar quarter or on the basis of 4 even calendar quarters, as we elect to apply on a consistent basis. Advisory Fees may be calculated on the basis of the actual number of days in a calendar quarter or on the basis of 4 even calendar quarters, as we elect to apply on a consistent basis.

### *Risk of Liquidations to Pay Fees*

The Custodian will be authorized to deduct the Advisory Fees directly from the Client's account, without notice to the Client. If sufficient cash is not available in the account to pay the Advisory Fees when due, the Custodian will liquidate securities selected by the Custodian or us without prior notice to the Client. If mutual funds (or variable annuity subaccounts) are liquidated, the Client may be charged a contingent deferred sales charge, a redemption or surrender fee, or a fee to discourage short-term trading of fund shares. If the liquidated securities have declined in value, the Client will realize a loss and lose the opportunity for future appreciation of the securities.

### *Deduction of Fees from Custodial Account*

The Advisory Agreement authorizes and directs the Custodian to deduct the Advisory Fees directly from the Program Account upon receipt of our instructions. We require clients to authorize the Custodian to deduct the Advisory Fees from the Program Account and pay us directly. Clients are not generally permitted to choose to have Advisory Fees billed directly to them for payment in lieu of billing the Custodian; however, this term may be negotiable in our sole discretion. The amount of the Advisory Fee deducted by the Custodian will be reflected on the Custodian's regular statements to the client.

### *Fair Valuation of Assets*

Typically, the value of the Program Account and Program Assets will be based on the value reported by the Custodian on its statements (or its internal electronic system). In the event a Custodian does not value the Program Account or any asset, or we determine a Custodian's value of the Program Account or an asset is materially inaccurate, the Program Account or such asset shall be valued by us in good faith to reflect its fair value. Money market accounts and bank accounts, if any, shall be valued as of the valuation date. Transactions that have not settled may be included in either the current or the following period, as determined for the Program Account maintained with each Custodian on a

consistent basis.

For clients with assets maintained with more than one Custodian (or in more than one of our programs), we will usually calculate the value of accounts and the Advisory Fees separately for each program and Custodian, as we determine in our discretion; however, in our sole discretion, we may aggregate the values for purposes of achieving any discounts which may be available under our fee schedule(s). The valuation method and time periods used to value the account and calculate Advisory Fees will be applied consistently for each Custodian, but may differ from the valuation method and time periods used to value the account or calculate combined Advisory Fees of other Custodians.

#### *Negotiability of Fees & Other Terms*

For all services, Advisor has the discretion to negotiate its fees, minimum account size, minimum annual fee, and other terms of each client's relationship with Advisor, and to negotiate different fees, minimums, or other terms on a client-by-client basis. When considering the amount of fees to charge (including any Flat Fee) and the clients to whom any contractual terms or other arrangements (including Flat Fee) will be offered, Advisor and the Representative will usually consider the possibility of additional assets to be invested, referrals of other prospective Clients, the amount of assets to be managed, anticipated future revenues and anticipated other business from the client or related persons, and other existing or anticipated relationships. Advisor may agree, in its discretion, to aggregate related client accounts for the purpose of achieving the minimum account size requirements and determining fees.

Because Advisory Fees and other terms of programs and services may be negotiated separately with individual clients, some accounts pay lower Advisory Fees than other accounts. Waivers, discounts or more favorable terms not generally available to other clients may be offered to family members and friends of employees and affiliates.

#### *Evaluate All Costs of Our Programs*

When evaluating the overall costs and benefits of the MPM Program, Clients should consider not just the Advisory Fees, but also the Brokerage and Investment Expenses, the Investment Company Expenses, and Custodial Expenses. Clients should consider carefully all of these direct and indirect fees and expenses of our services and the investment products Advisor recommends to fully understand the total costs and assess the value of Advisor's services. Our Advisory Fees and the other costs of the MPM Program may be higher than amounts charged by other advisers or financial services firms for similar services.

#### *Representative Recommendations; Purchases from Other Firms*

As explained in Item 10, certain Representatives are also broker-dealer registered representatives of PKS. The Representatives are also appointed as agents by various life insurance companies and licensed to sell life, health, and annuity products. As a registered representative of PKS and insurance agent, each Representative will continue to sell separate securities and insurance products to clients of Advisor (who are also customers of PKS) for which the Representative will receive securities or insurance customary compensation.

The Representative may recommend that the client purchase or sell securities or insurance products, reallocate existing investments, or take other steps to achieve their personal financial objectives. If the client elects to implement the recommendations of the Representative to purchase any securities or insurance products (including variable products), the Representative will generally receive commissions and other forms of direct and indirect compensation (including 12b-1 Fees, as described below) as a result of those purchases. The possibility of such additional compensation creates a conflict because it provides an incentive for the Representative to recommend such products based on

the motivation to receive such compensation rather than on the client's investment or insurance needs.

Client is under no obligation to implement or otherwise act upon the Representative's recommendations; and if the client elects to implement or act upon any such recommendation, the client is under no obligation to effect any transactions through Advisor, Representative, or any other associated person, broker-dealer, or affiliate of Advisor. Clients can generally purchase similar investment products or services through other firms that are not affiliated with us. Refer to Item 10 for further information regarding this conflict of interest.

Clients may also purchase mutual funds directly from mutual fund companies or other financial service providers not affiliated with us. The products may be available on a low or "no-load" basis. Although we recommend "load-waived" mutual fund share classes, they may carry 12b-1 Fees higher than a client may be able to obtain through direct purchases from a mutual fund company or from other financial services firms. If a client chooses to purchase investments directly or through another intermediary, the client will not receive the benefit of the services we provide in determining which investment products or services may be appropriate in view of the client's financial situation, investment objectives, risk tolerance, and liquidity needs.

#### *No Reduction or Offset of Advisory Fees*

We do not reduce or offset Advisory Fees by any 12b-1 Fees or sales-related compensation Representatives receive from a Custodian, other brokers, mutual fund companies, or insurance company based on or as a result of a client's purchase or sale of securities, insurance, or other investment products, or based on the value of a client's account, free credit balance, margin account balance, or retirement account balances.

#### *Fees in Arrears and Terminations*

Advisory fees for the MPM Program are paid in arrears. The "Effective Date" of an Advisory Agreement shall be determined pursuant to the terms of the Advisory Agreement; provided, if the terms of the Advisory Agreement do not provide the Effective Date, the Effective Date shall be the date the Advisory Agreement is executed by or on behalf of the last party to execute the Advisory Agreement (for this purpose, all clients treated as a "single client" for purposes of SEC Rule 202(a)(30)-1 shall be deemed to execute the Advisory Agreement on the date it is executed by any person who is treated as a single client with such person).

After an Advisory Agreement has been terminated: Client may be charged commissions, sales charges, and transaction, clearance, settlement, and custodial charges, at prevailing rates, by the Custodian and any executing or carrying broker-dealer; client will be responsible for monitoring all transactions and assets; and Advisor shall not have any further obligation to monitor or make recommendations with respect to the account or those assets.

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

We are required to disclose information about "performance-based" fee arrangements (fees based on a share of capital gains on or capital appreciation of the assets of a Client) and any situations where we manage both accounts with performance-based fee arrangements and accounts without such arrangements.

We do not have any performance-based fee arrangements with our Clients.

## Item 7 Types of Clients

Advisor provides investment advisory services to the following types of clients:

- Individuals, including high net worth individuals;
- Pension and profit sharing plans;
- Trusts, estates, and charitable organizations; and
- Corporations and other businesses entities.

Advisor does not charge a minimum fee or have a minimum account size for its services; provided, to participate in a Flat Fee arrangement, a client must invest through the Flat Fee arrangement, and maintain a minimum account value of \$1,000,000 investment through the MPM Program.

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

### Methods of Analysis

MPM's investment philosophy is grounded in Modern Portfolio Theory, which refers to the process of attempting to reduce risk in a portfolio through systematic diversification across asset classes and within those particular asset classes for both equities and bonds. We emphasize the analysis of mutual funds and fund managers in the selection of the investments that comprise the Portfolios, with additional consideration of market and economic factors in the specific allocations and weightings within each Portfolio, as well as decisions affecting changes in Portfolio investments, allocations, and weightings. Sources of information MPM may use includes financial newspapers and magazines, research materials prepared by others, and online research and analysis.

Each Representative may use additional methods of analysis to manage the Accounts of their clients. Following are methods of analysis that Representatives may use; however, clients should inquire of their Representative the particular method(s) the Representative intends to use in managing the Client's account:

#### *Fundamental Analysis*

Fundamental analysis involves analyzing a company's income statement, financial statements and health, its management and competitive advantages, and its competitors and markets. The fundamental analysis school of thought maintains that markets may misprice a security in the short run but that the "correct" price will eventually be reached. Profits can be made by trading the mispriced security and then waiting for the market to recognize its "mistake" and re-price the security. However, fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock. Therefore, unforeseen market conditions and company developments may result in significant price fluctuations that can lead to investor losses.

#### *Mutual Fund and ETF Analysis*

In analyzing mutual funds, we look at the experience and track record of the portfolio managers to determine if they have demonstrated the ability to invest successfully over periods of time and in different economic conditions. We also consider whether or not there is a significant overlap with the underlying investments held by other mutual funds. We monitor the funds in an attempt to determine if they are continuing to follow their stated investment strategies. We also evaluate the fees of the portfolio managers and the internal expenses to determine whether the client is receiving adequate value for these fees and expenses.

A risk of our mutual fund analysis is that, as in all investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund, managers of different mutual funds in a client's account may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund, which could make the fund less suitable for the client's portfolio. Moreover, we do not control the portfolio manager's daily business or compliance operations, and we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

An investment in a mutual fund or exchange-traded fund ("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 intra-day 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 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 potentially 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.

ETFs may have tracking error risks. For example, the ETF investment adviser may not be able to cause the ETF's performance to match that of its Underlying Index or other benchmark, which may negatively affect the ETF's performance. In addition, for leveraged and inverse ETFs that seek to track the performance of their Underlying Indices or benchmarks on a daily basis, mathematical compounding may prevent the ETF from correlating with performance of its benchmark. In addition, an ETF may not have investment exposure to all of the securities included in its Underlying Index, or its weighting of investment exposure to such securities may vary from that of the Underlying Index. Some ETFs may invest in securities or financial instruments that are not included in the Underlying Index, but which are expected to yield similar performance.

**Municipal Securities:** Municipal securities, while generally thought of as safe, can have significant risks associated with them including, but not limited to: the credit worthiness of the governmental entity that issues the bond; the stability of the revenue stream that is used to pay the interest to the bondholders; when the bond is due to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same amount of interest or yield to maturity.

**Bonds:** Corporate debt securities (or "bonds") are typically safer investments than equity securities, but their risk can also vary widely based on: the financial health of the issuer; the risk that the issuer

might default; when the bond is set to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same rate of return.

## **Investment Strategies & Risks**

MPM reserves the right to employ more than one method of analyze a client's portfolio using Fundamental, Technical, and Economic (Cyclical) Analysis and possible solutions to a client's investment needs. Our Representatives often employ more than one method to analyze client portfolios, including long-term purchases, short-term purchases (investments expected to be held for less than a year), and trading (investments held less than 30 days). If MPM engages in strategies involving short-term purchases, or particularly, trading over periods of less than 30 days, account transaction costs will increase which will reduce performance.

In general, however, clients should expect that MPM's strategies will emphasize long-term investments in mutual funds intended to be held for a year or longer, acquired either when MPM believes the fund is currently undervalued or when MPM seeks exposure to a particular asset class over time, regardless of the current values. Portfolio composition and allocation at any given time will vary based on MPM's assessment of current market conditions and the relative risk and reward of particular investments.

### *Risk of Errors in Investment Decisions*

There is a risk that MPM's judgment about the attractiveness, relative value, or potential appreciation of a particular market sector or security, or about the timing of investment purchases or sales, may prove to be incorrect, resulting in losses to the client's account. The success of MPM's strategy for an account or Portfolio is subject to MPM's ability to continually analyze and select appropriate mutual fund investments, and allocate and re-allocate the investments consistent with the intended investment objectives and risk parameters. There is no assurance MPM's efforts will be successful

### *Reliance on Sources of Information*

MPM's method of analyzing investment opportunities assumes that the information MPM receives about funds, managers, and companies, the characteristics and ratings of the securities they issue, and other publicly-available sources of information MPM utilizes is accurate and unbiased. While MPM is alert to indications that data may be incorrect or skewed, there is always a risk that its analysis may be compromised by inaccurate or misleading information.

### *Management of Account Until MPM Receives Written Notice*

Unless and until the client notifies MPM in writing to designate a different Portfolio for their account, to notify MPM of material changes in their Suitability Information, MPM will continue to manage the account according to the Suitability Information in its records. Clients should inform MPM promptly of significant changes in their individual or family circumstances or financial situation, or in the investment goals or objectives, investment time horizon, tolerance for risk, or liquidity needs of their account so that appropriate changes can be made.

### *Management of IM Program Account Portfolios*

The Representative will work with the client to develop the clients IM Program Portfolio, which will be based on and managed according to MPM's model portfolios consistent with the Suitability Information. As a general matter, IM Program Portfolios do not typically follow an active "trading" strategy (purchases and sales within 30 days) that would create significant turnover of the portfolio; however, over short periods of time, due to market, economic, or other reasons, a Portfolio may employ a

strategy requiring above average investment turnover that could increase a Client's trading costs and cause the Client to realize net gains or losses. While MPM seeks to ensure that Clients' assets are managed in a manner consistent with their individual financial situations and investment objectives. In managing the Portfolio, the Representative shall have discretion to determine the appropriate amount of "drift" and "variance" a Portfolio will be permitted from their target asset allocations before rebalancing, as well as the amount by which to temporarily "overweight" or "underweight" one or more asset classes, market sectors, industries, geographic markets, or other areas for investment.

### *Risk of Loss*

All investing involves a risk of loss that investors should be prepared to bear. The descriptions contained below are a brief overview of the material risks related to MPM's investment strategies; however, it is not intended to serve as an exhaustive list or a comprehensive description of all risks and conflicts that may arise in connection with participation in the MPM Program.

**Business Risk** - the risk that the price of an investment will change due to factors unique to that company, investment or market segment and not the market in general.

**Leverage Risk** - the risk to specific companies' future earnings due to their use of debt. Companies that borrow money must pay it back at some future date, plus the interest charges. This increases the uncertainty about the company because it must have enough income to pay back this amount at some time in the future.

**Market Risk** - the risk that the price of a particular investment will change as a result of overall market conditions that are not specific to that particular company or investment.

**Event-Based Risks** - these are risks of events the market has not anticipated, known as "Black Swans." A Black Swan event is an event that is unprecedented or unexpected at the point in time it occurs, and which can cause large market dislocations.

**Interest Rate Risk** - the risk that interest rate changes will affect the price of a particular investment. For example, when interest rates rise, the price of bonds generally fall.

**Market Volatility Risk**--The prices of securities may be volatile. Price movements of securities in which MPM invests are influenced by, among other things: interest rates; changing supply and demand relationships; trade, fiscal, monetary and exchange control programs and policies of governments; and U.S. and international political and economic events and policies. In addition, governments from time to time intervene, directly or by regulation, in certain markets, particularly those in currencies and interest rate related futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations.

**Management Risk**-- The success of the MPM's Strategies for each Portfolio is subject to MPM's ability to continually analyze and select appropriate mutual fund investments, and allocate and re-allocate the investments as a suitable portfolio consistent with the intended investment objectives and risk parameters. There is no assurance that MPM's efforts will be successful.

### **Tax Considerations**

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not a consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you consult with a tax professional regarding the investing of your assets.

### **Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

### **Other Risk Considerations**

When evaluating risk, financial loss may be viewed differently by each client and may depend on many different risks, each of which may affect the probability and magnitude of any potential losses. The following risks may not be all-inclusive, but should be considered carefully by a prospective client before retaining our services.

**Liquidity Risk:** The risk of being unable to sell your investment at a fair price at a given time due to high volatility or lack of active liquid markets. You may receive a lower price or it may not be possible to sell the investment at all.

**Credit Risk:** Credit risk typically applies to debt investments such as corporate, municipal, and sovereign fixed income or bonds. A bond issuing entity can experience a credit event that could impair or erase the value of an issuer's securities held by a client.

**Inflation and Interest Rate Risk:** Security prices and portfolio returns will likely vary in response to changes in inflation and interest rates. Inflation causes the value of future dollars to be worth less and may reduce the purchasing power of a client's future interest payments and principal. Inflation also generally leads to higher interest rates which may cause the value of many types of fixed income investments to decline.

## **Item 9 Disciplinary Information**

On October 23, 2013, the US Securities and Exchange Commission ("SEC") entered administrative and cease-and-desist proceedings against Advisor, G. Thomas Damasco II, and Bryan F Ohm. Advisor, Mr. Damasco and Mr. Ohm agreed to settle the proceedings without admitting or denying the SEC's findings.

The SEC determined that Advisor failed to correct violations that had first been noted by the SEC in a 2008 examination and, despite Advisor's assurances that they would be corrected, were not sufficiently corrected at the time of another examination in 2011.

Specifically, the SEC maintained that at the time of the 2008 review Advisor failed to conduct a required annual compliance program review in 2006, failed to correct statements on its website claiming exclusive access to the mutual funds offered by Dimensional Fund Advisors, and provided performance advertisements that failed to follow Advisor's own policies and procedures and that provided model results that did not deduct advisory fees.

Upon examining Advisor in 2011, the SEC determined that Advisor did not complete an annual compliance program review in 2009 and continued to make misleading statements regarding access to the DFA funds. In addition, the SEC determined that Advisor had reported on its website that it had over \$600 million "in assets" when Advisor directly managed less than \$325 million in client assets.

The SEC determined that Mr. Damasco and Mr. Ohm aided and abetted these violations.

To settle these proceedings, Mr. Damasco and Mr. Ohm each agreed to take 30 hours of compliance training before November 2014. Mr. Damasco and Mr. Ohm were ordered to cease and desist from committing or causing future violations, were censured, and were fined \$50,000 each. Advisor agreed

to designate someone other than Mr. Damasco or Mr. Ohm as Chief Compliance Officer and to continue to work with an independent compliance consulting firm for three years. Advisor was ordered to cease and desist from committing or causing future violations, was censured, and was fined \$75,000.

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

### **Registered Representatives and Insurance Agents**

One of MPM's investment adviser representatives (a "Representative") is also a broker-dealer registered representative of PKS. This Representative and other MPM Representatives are also appointed as agents by various life insurance companies and licensed to sell life, health, and annuity products. As a registered representative of PKS and as independent insurance agents, the Representatives will continue to sell separate securities and insurance products for which the Representative will receive customary compensation. However, the Representatives will not sell securities or insurance products to an advisory client that will be managed by MPM in an advisory account.

Representatives may recommend that a Client (in his or her separate capacity as a brokerage or insurance customer) buy or sell securities or insurance products which are entirely separate from investments made for the Client's advisory account. For these separate brokerage or insurance recommendations, PKS and Representative will receive customary brokerage or insurance compensation. In many cases, the compensation from mutual funds will include an initial commission or sales charge, plus on-going "12b-1 fees" or similar types of compensation that will continue for as long as the customer owns the investment, as described in the prospectuses for those products; not all mutual funds pay 12b-1 fees. For certain types of investments, a portion of the compensation may be deferred until the investment is sold (this is generally limited to particular classes of mutual fund shares).

Management employees of MPM, in their individual capacities, are also appointed as agents by various life insurance companies and licensed to sell life, health, and annuity products. As such, these employees may recommend that a Client (in his or her separate capacity as an insurance customer) buy insurance products which are entirely separate from investments made for the Client's advisory account. For these separate insurance recommendations, the employees will receive customary insurance compensation. Clients, however, are not under any obligation to engage these employees when considering implementation of insurance recommendations.

Customers have the right to decide whether or not to act on such recommendations, and if they choose to act on such recommendations, whether to purchase such products or services through PKS or another broker-dealer, insurance agency, or financial institution of their choosing, which may charge less (or more) for such products or services.

The possibility of receiving additional compensation from selling securities or insurance products to a customer provides an economic incentive for a Representative or employee to recommend these products based on the compensation to be received rather than on a customer's investment needs. This is a conflict of interest that customers should consider.

MPM has adopted the following steps to address this conflict of interest in this situation:

- we disclose the existence of the conflict of interest that arises from the incentive Representative or employee has to earn additional compensation from recommending the purchase of securities and insurance products over and above the Advisory Fees MPM receives, and we endeavor to act consistent with our fiduciary duty;

- we disclose to Clients they have the right to decide whether or not to act on such recommendations, and if they choose to act on such recommendations, whether to purchase such products through PKS and Representative (or employee) or another broker-dealer, insurance agency, or financial institution of their choosing, which may charge less (or more) for such products;
- we request Clients to provide and update material information regarding their personal and financial situation, and the investment objective, tolerance for risk, liquidity needs, and investment time horizon for the advisory account that will be managed by us, and we conduct regular reviews of account investments;
- we require that our employees seek prior approval of outside employment activity so that we may detect conflicts of interests and ensure such conflicts are properly addressed;
- we periodically ask employees to certify information regarding their disclosed outside employment activities; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to Clients.

## **Accountants**

Certain of our related persons are also accountants (the "Accountants") with one of the following "Accounting Firms": (i) Tucker, Kissling and Associates, (ii) Beene Garter LLP, or (iii) AlphaTax Accounting and Tax Service. Each of the Accounting Firms typically recommends MPM to accounting clients in need of advisory services. Conversely, MPM typically recommends the Accounting Firms to advisory clients in need of accounting services. Accounting services provided by the Accounting Firms are separate and distinct from MPM's advisory services, and are provided for separate and typical compensation. No advisory client is obligated to use the Accounting Firms for any accounting services and conversely, no accounting client is obligated to use the advisory services provided by MPM. These individuals will spend the majority of their time on their accounting practice.

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

### **A. Code of Ethics**

MPM has adopted a Code of Ethics expressing its commitment to ethical conduct. The Code of Ethics describes MPM's fiduciary responsibilities to its Clients, and its procedures in supervising the personal securities transactions of its supervised persons who have access to information regarding Client recommendations or transactions ("access persons").

A copy of the Code of Ethics is available to Clients and prospective Clients. You may request the Code of Ethics by email at [compliance@mpmwealth.com](mailto:compliance@mpmwealth.com) or by calling MPM at (800) 814-1706.

MPM owes a duty of loyalty, fairness, and good faith towards Clients and an obligation to adhere not only to the specific provisions of the Code of Ethics but also to the general principles that guide the Code.

The Code of Ethics includes policies and procedures for the review of access persons' quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by access persons. Among other things, the Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. The Code also provides for oversight, enforcement, and record keeping provisions.

The Code of Ethics prohibits the misuse of material non-public information. While MPM does not believe that it has any particular access to material non-public information regarding publicly traded

companies that would be subject to misuse, all employees are reminded that any such information may not be used in a personal or professional capacity.

MPM and its officers, and employees may act as investment adviser for others, may manage funds or capital for others, may have, make and maintain investments in its or their own names, or may serve as an officer, director, consultant, partner or stockholder of one or more investment partnerships or other businesses, subject to compliance with the Code of Ethics. In doing so, MPM or such persons may give advice, take action, and refrain from taking action, any of which may differ from advice given, action taken or not, or the timing of any action, for any particular Client.

Neither MPM nor any Representative has any obligation to purchase or sell, or to recommend for purchase or sale, any security which MPM or any principal, officer, or employee purchases or sells for his own account or for the accounts of other Clients, unless such conduct is a fiduciary obligation.

## **B. Recommendations Involving Financial Interests**

Certain of MPM's management persons maintain their own real estate development and rental businesses. From time to time, Clients have invested in promissory notes issued by companies controlled by one or the other of these management persons, which are secured by mortgages or similar security instruments. Although these transactions are not conducted directly by MPM, in view of these individuals' positions in the company, and the fact they are engaging in transactions with Clients (although with assets not being managed by MPM), MPM is sensitive to the treatment of these Clients, and encourages them to contact our Chief Compliance Officer if they have any questions or concerns regarding their transactions with the management persons of our company. Our CCO can be reached at: Christine Ohm, [compliance@mpmwealth.com](mailto:compliance@mpmwealth.com), (800) 814-1706.

These management persons have (and will) invest with Clients in other secured or unsecured business ventures. These business ventures will not be associated with, or conducted by, MPM. However, in view of these management persons' positions in the company, and the fact they are engaging in transactions with Clients (although with assets that will not be managed by MPM), MPM is sensitive to the treatment of the Clients involved. Clients are encouraged to contact our Chief Compliance Officer if they have any questions or concerns regarding their transactions with our management persons. Our CCO can be reached at: Christine Ohm, [compliance@mpmwealth.com](mailto:compliance@mpmwealth.com), (800) 814-1706.

Recommendation of the promissory notes provided financing for the management persons' real estate projects instead of obtaining financing from commercial lenders; and participating in business ventures with MPM's management persons will result in such ventures raising greater amounts of capital. MPM's management persons will benefit economically from the Client participating in these investments. These economic benefits create a conflict of interest because they provide an incentive to recommend the investments based on the economic benefits to be received by the management person rather than based on the investment needs of the Client.

## **C. Investments in Securities Recommended to Clients**

Individuals associated with MPM may buy or sell securities for their personal accounts identical to or different from those recommended to Clients. It is the policy of MPM that no person employed by it shall prefer his or her own interest to that of an advisory Client or make personal investment decisions based on the investment decisions of Clients. Subject to the Code of Ethics, MPM and its employees are permitted to trade for their own accounts side-by-side and in block transactions with MPM's Clients in the same securities, and at the same time. We have adopted the procedures described in Item 11.D to address the actual and conflicts of interest raised by our policies.

## **D. Investments around Time of Client Transactions**

Subject to the procedures in this section 11.D, MPM and its employees are permitted to trade for their own accounts side-by-side with Clients in the same securities at or around the same time as Clients on the same trading day, and are permitted to aggregate trades for their proprietary accounts with trades for Client accounts. MPM and its employees may buy or sell securities for their personal accounts identical to the securities recommended to Clients. We have adopted the procedures described below to address the conflicts of interest arising from our policies described in Items 11.C and 11.D:

- MPM prohibits employees from purchasing or selling securities (other than mutual funds or other securities that are not treated as "reportable securities") immediately prior to Client transactions, in order to prevent employees from benefiting from transactions placed on behalf of advisory accounts;
- no director, officer, or employee shall buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment, unless the information is also available to the investing public on reasonable inquiry;
- no director, officer, or employee shall knowingly prefer his or her own interest to that of an advisory Client;
- MPM maintains records of securities held by it and its access persons. These holdings are reviewed on a regular basis by Representative;
- MPM emphasizes the unrestricted right of the Client to decline to implement any advice it has rendered (except where it has entered an order pursuant to exercise of discretionary authority);
- MPM requires all employees to act in accordance with all applicable Federal and State laws and regulations governing registered investment advisory practices; and
- any individual not in observance of the above may be subject to discipline, including termination.

## **Item 12 Brokerage Practices**

### **Recommending Custodians and Brokers**

Client assets must be maintained in an account maintained with a qualified custodian. MPM requires clients to use Schwab or TD Ameritrade. For investments in subaccounts of variable annuities, the insurance company (or its transfer agent) must serve as the qualified custodian. Schwab and TD Ameritrade (and any required variable annuity custodian) are each referred to as "Custodian."

Custodian will hold Client assets in an account and buy and sell securities when MPM instructs. Client will ultimately decide whether to open the account by entering into an account agreement directly with the Custodian to open the custodial account. MPM does not open the custodial account for the Client. If a Client does not wish to place their assets with the Custodian, MPM will not manage the Client's account. Not all advisers require Clients to use a Custodian selected by the adviser. Even though Client's account is maintained at a particular custodian, under certain circumstances MPM may still be able to use other brokers to execute trades for the Client's account, as described below.

### **Best Execution**

**How MPM Selects Brokers/Custodians.** MPM seeks custodians which are brokers and who will hold Client assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. MPM considers a wide range of factors, including, among others, the following:

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody);

- capability to execute, clear and settle trades (buy and sell securities for Client's account);
- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.);
- breadth of investment products made available (stocks, bonds, mutual funds, exchange traded funds, etc.);
- availability of investment research and tools that assist MPM in making investment decisions;
- quality of services;
- competitiveness of the price of those services (commission rates, other fees, etc.) and willingness to negotiate them;
- reputation, financial strength and stability of the provider;
- their prior service to MPM and its other clients; and
- availability of other products and services that benefit MPM, as discussed below (see "Products and Services Available to Us from Custodian").

**Client Custody and Brokerage Costs.** Schwab and TD Ameritrade generally do not charge Clients separately for custody services, but are compensated by charging Client accounts commissions or other fees on trades that the Custodian executes or that settle into the account maintained with the Custodian. The Custodians charge the Client a flat dollar amount as a "prime broker" or "trade away" fee for each trade MPM places through a different broker-dealer but where the securities bought or proceeds are deposited (settled) into the Client's account with the Custodian. These fees are in addition to the commissions or other compensation the Client pays the executing broker-dealer. Because of these additional costs, MPM executes trades through the Custodian; it is unlikely trades will be placed through other brokers.

**Products and Services Available to Us from Custodians.** MPM participates in the institutional advisor programs offered by Schwab and TD Ameritrade. Through these programs, Schwab and TD Ameritrade offer to independent investment advisors various services not generally available to retail investors, including custody of securities, trade execution, clearance and settlement, and access to mutual funds otherwise only available to institutional investors. Schwab and TD Ameritrade also make available various support services. Some of those services help MPM manage or administer Client accounts while others help MPM manage and grow its business. Custodian's support services are generally available on an unsolicited basis (we don't have to request them) and at no charge to us as long as we keep a minimum amount of client assets in accounts with the Custodian. For example, Schwab's support services are generally and at no charge to us as long as we keep a total of at least \$10 million of our clients' assets in accounts at Schwab.

**Services that Benefit Clients.** Custodians' brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through the Custodians include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment, and access to mutual funds with no transaction fees and to certain institutional money managers which may result in lower Client expenses. These services generally benefit Clients and their accounts.

**Services that May Not Directly Benefit Clients.** Some of the useful benefits and services made available by the Custodians through their institutional programs may benefit MPM but may not benefit all or any Client accounts. When MPM selects or recommends Schwab or TD Ameritrade, MPM may take into consideration whether the Custodian provides MPM with such benefits and services. Clients pay the Custodian trading fees to execute transactions. These products and services assist MPM in managing and administering Client accounts. They include investment research-related products and tools, both the Custodian's own and that of third parties. MPM may use this research to service all or some substantial number of Clients' accounts, including accounts not maintained at the particular Custodian. In addition to investment research, the Custodians also make available software and other technology that:

- provide access to Client account data (such as duplicate trade confirmations and account statements);
- facilitate trade execution, including access to a trading desk serving MPM's Clients;
- access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the aggregated trade orders to multiple client accounts);
- provide pricing and other market data;
- facilitate deduction of Advisory Fees directly from Clients' accounts;
- access to an electronic communications network for Client order entry and account information;
- assist with back-office functions, record keeping and Client reporting.

**Services that Generally Benefit Only MPM.** Custodians also offer other services intended to help MPM manage and further develop its business enterprise. These services include:

- educational conferences and events;
- technology, compliance, marketing, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.

Custodians may provide some of these services directly, or in other cases, will arrange for third-party vendors to provide the services to MPM. They may also discount or waive fees for some of these services or pay all or a part of a third party's fees. A Custodian may also provide MPM with other benefits such as occasional business entertainment of MPM personnel.

Schwab also provides MPM with the PortfolioCenter software application, which provides a suite of client reporting and related tools and functionalities which are important to MPM's business. Schwab provides a discount of 33% off the regular cost charged for the PortfolioCenter application, based on the value of assets in Client accounts maintained with Schwab.

**Additional Services Agreement with TD Ameritrade.** MPM and TD Ameritrade have entered into a separate agreement ("Additional Services Addendum") pursuant to which MPM receives from TD Ameritrade certain additional economic benefits ("Additional Services") that are only offered to certain independent investment advisers participating in TD Ameritrade's institutional adviser platform who meet significant minimum levels of assets in accounts. TD Ameritrade provides the Additional Services to our firm in its sole discretion and at its own expense, and MPM does not pay TD Ameritrade for the Additional Services.

In deciding to provide Additional Services to MPM, TD Ameritrade likely considers the amount and profitability of the assets in, and trades placed for, MPM's Client accounts. TD Ameritrade has the right to terminate the Additional Services Addendum, in its sole discretion, under certain conditions. The Additional Services Addendum creates a conflict of interest because of the economic incentive MPM has to recommend Clients maintain their accounts with TD Ameritrade based on MPM's interest in continuing to receive the Additional Services rather than based on the Client's interest in receiving the best value in custody services and the most favorable execution of Client's transactions. Although MPM continues to have a fiduciary obligation to act in the best interests of its clients, the economic incentive to continue receiving Additional Services may impair its judgment or ability to act without self-interest.

**Brokerage Services Do Not Benefit Specific Accounts.** MPM does not attempt to put a dollar value on the useful benefits and services each account receives from the Custodians, nor does it attempt to allocate or use the economic benefits and services received from a Custodian for the benefit of the accounts maintained with that Custodian, or attempt to use any particular Item to service all accounts. Some of the products and services made available by Custodians may benefit MPM but may not

benefit all or any of MPM's Client accounts. The benefits and services MPM receives from a Custodian are used to help MPM to fulfill its overall Client obligation.

**MPM Interest in the Custodians' Services.** The availability of these services from the Custodians benefits MPM because it does not have to produce or purchase them. MPM doesn't have to pay for Schwab's services so long as it keeps a total of at least \$10 million of client assets in accounts at Schwab. These services are not contingent upon us committing any specific amount of business to the Custodians in trading commissions or assets in custody. However, if we did not recommend the Custodians' services, it is unlikely that we would continue to receive their services. Our interest in continuing to receive the Custodians' services gives us an incentive to recommend clients maintain accounts with the Custodians, based on our interest in receiving the Custodians services that benefit our business rather than based on the client's interest in receiving the best value in custody services and the most favorable execution of our transactions. This is a conflict of interest. We believe, however, that our selection of the Custodians as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of the Custodians' services (see above, "How MPM Selects Brokers/Custodians") and not the Custodians' services that benefit only us.

## **Soft Dollars**

MPM generally does not engage in formal soft dollar arrangements where MPM commits to direct portfolio brokerage commissions to a broker-dealer in return for specified brokerage or research services that MPM may use in making investment decisions for its Clients. MPM, however, receives the useful benefits and services described above received from the Custodians.

Section 28(e) of the Securities Exchange Act of 1934 provides that an advisor does not breach fiduciary duties under state or federal law solely by causing its Clients' accounts to pay brokerage commissions in excess of the amount another broker-dealer would have charged if the adviser determines in good faith that the commissions are reasonable in relation to the value of brokerage and research services received. It is MPM's policy to operate within the safe harbor of Section 28(e).

Beyond that, these services are not contingent upon MPM committing any specific amount of business to a Custodian in trading commissions or assets in custody.] The \$10 million minimum may give MPM an incentive to recommend that Clients maintain their accounts with Schwab based on MPM's interest in receiving Schwab's services that benefit MPM's business rather than based on Client's interest in receiving the best value in custody services and the most favorable execution of Client's transactions. This is a conflict of interest. MPM believes, however, that its selection of Schwab and TD Ameritrade as custodian and broker is in the best interests of MPM's clients. It is primarily supported by the scope, quality and price of Schwab's services (based on the factors discussed above - see "How We Select Brokers/Custodians [to Recommend]") and not Custodians' services that benefit only MPM. MPM has in excess of \$400 million of assets under management, and do not believe that maintaining at least \$10 million of those assets with Schwab to avoid paying a quarterly service fee presents a material conflict of interest.

The availability of these useful services creates a financial incentive for MPM to recommend the Custodians for Clients accounts so MPM can continue to receive these services and avoid paying for them separately at MPM's own expense. Our interests conflict with our Clients' interests in obtaining the lowest possible execution costs.

Although we strive to address this conflict in a manner consistent with our fiduciary duty, our judgment may be affected such that our efforts may not be entirely successful. To help mitigate this conflict, we have adopted procedures to analyze periodically the services and programs provided by or available through our brokers, to evaluate the usefulness of these services in relation to the costs of the

services, and to assess the overall quality of the services.

## **Lower Costs Available for Similar Services**

We offer no assurance that the commissions or investment expenses Clients will incur by using Schwab or TD Ameritrade as their custodian and broker will be as low as the commissions or investment expenses charged by other firms for similar services. It is likely that lower costs may be available for similar services from other advisers, brokers or custodians, and by paying lower costs, Clients could significantly improve their long-term performance.

## **Directed Brokerage Arrangements**

MPM may, in its sole discretion, agree to accept Client direction to use a broker-dealer other than Schwab to purchase the recommended investments. In such cases, MPM will direct the Client's transactions through the designated broker-dealer. The Client's custodian may charge additional fees to execute and settle these transactions at another broker or custodian.

When a Client directs the use of a particular broker-dealer, orders for these accounts will not be placed until after orders are placed for accounts that have not directed the use of a particular broker. Also, MPM will not have discretion to place trade orders with other brokers. Consequently, as a result of directing brokerage, the client will not receive the benefit of reduced transaction costs or better prices that may result if MPM had discretion to negotiate the terms of the orders, such as commissions, volume discounts, or seek price improvement from other broker-dealers. The Client may incur higher transaction costs, delays in execution, and less favorable prices than the transactions effected for accounts that do not direct brokerage.

This practice may cost the Client more money than if MPM had discretion to select the broker-dealer. A disparity may arise such that Clients who direct brokerage may pay higher overall transaction costs and receive less favorable prices than Clients who do not direct brokerage.

## **Order Aggregation**

MPM may aggregate orders for the purchase or sale of securities on behalf of the accounts it manages. Proprietary accounts of our firm or its supervised persons (employees) may participate in block orders on the same basis as Clients. The ability to have orders aggregated into a "block order" with other Clients can offer economic benefits, including the potential for volume discounts on their orders, timelier execution, a reduction of adverse market effects that can occur from separate, competing orders, and mutual sharing of transaction costs. For accounts that purchase individual securities, such as stocks or bonds, the broker may be able to negotiate price improvements for block orders.

Block orders are typically placed through an "average price account" or similar account such that transactions for accounts participating in the order are averaged as to price (which will be NAV for all mutual fund securities), and the securities purchased or net proceeds received are allocated pro rata among the accounts in proportion to their respective orders placed that trading day. For mutual fund orders, if no economic benefit is received from the use of block orders, they will not be used.

Typically, partial fills will be allocated among accounts in proportion to the total orders participating in the block, unless we determine that another method of allocation is equitable (such as an alphabetical rotation, rotation based on the Clients of a particular Representative, or other method). Exceptions may be granted or allowed due to varying cash availability, divergent investment objectives, existing concentrations, tax considerations, performance relative to a benchmark, performance relative to other accounts in the same strategy or portfolio, or a desire to avoid "odd lots" (an amount of a security that

is less than the normal unit of trading for that security).

## **Trade Errors**

It is MPM's policy for Clients to be made whole following a trade error. If a trade error results in a loss, MPM will make the Client whole and absorb the loss. If a trade error results in a gain, the Client shall generally keep the gain. The Custodians may have a policy where an adviser is not required to reimburse trade errors resulting in a loss below a de minimis amount (e.g., \$100). In such circumstances, the Custodian will absorb the loss and there is no financial impact to the Client. Likewise, if a trade error results in a gain less than a de minimis amount (e.g., \$100), the Custodian will keep the gain or donate it to charity. In all other circumstances, trade errors will be corrected as described above.

## **Item 13 Review of Accounts**

### **A. Account Reviews**

The Representative monitors the accounts of his or her MPM Program clients on an ongoing basis, and performs at least semi-annual reviews of account holdings for consistency with client Suitability Information, investment restrictions, and to ensure the Portfolio's allocation is within acceptable target ranges and guidelines. More frequent reviews may be triggered by changes in the Suitability Information, as well as by economic, macroeconomic, political, or market activity or events.

Generally, Financial Planning or Consulting Services do not include reviews, unless specifically included in the client's Advisory Agreement. Extended Planning Services clients receive on-going account reviews through frequent meetings with their Representative and (approximately) semi-annual account reviews, as client and Representative mutually agree.

### **B. Client Reports**

Clients participating in the MPM Program will receive monthly or quarterly account statements from their Custodian. MPM provides reports to MPM Program clients only if agreed in the Advisory Agreement, but not otherwise. Financial Planning Services and Extended Planning Services clients receive a written financial plan or report from MPM only if agreed in the Advisory Agreement, but not otherwise.

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

### **A. Economic Benefits**

As discussed in Item 12, MPM participates in institutional advisor programs offered by Schwab and TD Ameritrade (jointly, "Custodian"). MPM recommends each Custodian to Clients for custody and brokerage services. There is no direct link between MPM's participation in such programs and the investment advice it gives to its Clients, although MPM receives economic benefits through its participation in these programs not typically available to retail investors. Refer to Item 12 for a description of the useful benefits and services each Custodian provides to MPM in connection with its institutional advisor program.

MPM addresses the conflicts of interest described in this Item and Items 10 and 12 by disclosing them in this Brochure. MPM also monitors its Clients' accounts and evaluates periodically the quality and costs of the services provided by each Custodian to determine whether the recommendations of the service provider continues to meet its fiduciary obligations. Although MPM believes that its

recommendations and selections continue to be appropriate for its Clients, its judgment may be materially affected by its dependence on or desire to receive services from, each Custodian.

Additionally, please refer to the discussion in Item 12 for a discussion of the conflict of interest arising from the Additional Services Agreement between MPM and TD Ameritrade pursuant to which MPM receives from TD Ameritrade certain additional economic benefits ("Additional Services"). TD Ameritrade provides the Additional Services in its sole discretion and at its own expense, and MPM does not pay for the Additional Services. MPM has an economic interest in continuing to receive the Additional Services without paying for them from its separate funds, which conflicts with the Client's interest in receiving the best value in custody services and the most favorable execution of Client's transactions. Although MPM continues to have a fiduciary obligation to act in the best interests of its clients, the economic incentive to continue receiving Additional Services may impair its judgment or ability to act without self-interest.

MPM addresses the conflicts of interest described in this Item by disclosing them in this Brochure. MPM also monitors its accounts and evaluates the quality and costs of the services provided by the Custodians to determine whether MPM's recommendations of the Custodians continues to meet MPM's fiduciary obligations. Although MPM continues to believe that its recommendations and selections are appropriate for its clients, its judgment may be materially affected by its dependence on the services the Custodians provide.

## **B. Referral Arrangements with Third Parties**

MPM pays referral fees to independent persons or firms ("Solicitors") for introducing clients to it. MPM requires the Solicitor to provide prospective clients with a copy of this Brochure or MPM's General Brochure, and a separate disclosure statement that includes the information required by SEC Rule 206(4)-3. Unless otherwise disclosed to the prospective client, the advisory fees paid to MPM by clients referred by solicitors are not increased as a result of the referral. It is MPM's policy not to accept or allow our supervised persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services MPM provides to clients.

## **Item 15 Custody**

MPM is deemed to have "custody" of the assets of client accounts as a result of MPM's ability to deduct fees from the Client's custodial account, as authorized by the client's Advisory Agreement. The Custodian maintains client assets in accounts in the client's name. Refer to Item 5 for information regarding deduction of MPM Fees from client accounts.

The Custodian will deliver account statements directly to the client on at least a quarterly basis. MPM urges clients to review the Custodian's account statements and compare them with any report received from MPM to identify any discrepancies. Report any issues promptly to MPM using the contact information provided on the front of this Brochure.

### **Third-Party Authorizations**

MPM is also deemed to have custody of client assets for purposes of the SEC Custody Rule, because MPM is permitted to direct the Custodian to transfer client assets to specified third parties; however, because MPM's custody is limited to "third-party standing letters of authorization," it is not required to obtain a surprise verification of client assets by an independent public accountant, according to guidance of the Staff of the Division of Investment Management in Investment Adviser Association, Staff No-Action Letter (Feb. 21, 2017). According to the IAA No-Action Letter, an adviser is permitted to direct transfers with respect to SLOAs, only after the client has pre-authorized the sending and receiving accounts, the adviser is limited to changing only the timing or among of the transfers, and maintains necessary records.

## Item 16 Investment Discretion

Generally, Program Accounts are managed on a discretionary or non-discretionary basis, as selected by the client in the Advisory Agreement. For the discretionary accounts, Client executes the Advisory Agreement granting MPM and Representative (acting on behalf of MPM) full authority and discretion to manage the Program Assets according to the terms of the Program and the Advisory Agreement, guided by the Suitability Information, other Program documents, and information provided to MPM regarding the Program Accounts and Program Assets, from time to time.

All grants of discretionary authority must be in writing. If a client wishes to impose reasonable investment restrictions on the types of securities we buy or limitations on the securities we sell, such restrictions and limitations must be included in the Advisory Agreement or otherwise submitted to us in writing.

We may, in our sole discretion, agree to accept accounts to be managed on a non-discretionary basis, on terms to be negotiated separately on a client-by-client basis. Clients should be aware that because we must obtain client consent prior to placing trades for a non-discretionary account, the additional processing time will usually result in trades being placed for execution after trades for discretionary accounts, and often after those trades have been filled. As a result, orders for non-discretionary accounts will fill later and run the risk the same security may not be available (and potentially, at less advantageous prices), as orders for discretionary accounts.

Additionally, orders for non-discretionary accounts will not be included in aggregated orders with discretionary accounts, and therefore, will not receive the benefits of sharing execution costs or using an average price account, where participating accounts average their execution prices or proceeds with the other accounts participating in the averaged order. Consequently, non-discretionary accounts are more likely to experience less favorable transaction costs, quality of execution, and overall performance, as compared to discretionary accounts.

## Item 17 Voting Client Securities

MPM requires all Clients to retain responsibility for voting Program Account securities. MPM will not vote proxies, exercise rights, make elections, or take other such actions with respect to securities held for Program Accounts. If desired, a Client may instruct MPM in writing to forward to the Client or to a third-party any materials MPM receives pertaining to proxy solicitations or similar matters. Upon receipt of the Client's written instructions, MPM will use reasonable efforts to forward such materials in a timely manner. In the absence of a written request, MPM will discard proxy and related materials.

Clients may obtain proxy materials by written request to the account's custodian. For information about obtaining proxy materials from a custodian, contact MPM by email at [compliance@mpmwealth.com](mailto:compliance@mpmwealth.com), or by mail to the address on the front of this Brochure. However, MPM does not provide advice about the issues raised by proxy solicitations or other requests for corporate actions.

Similarly, MPM does not advise or exercise rights, make elections, or take other actions with respect to legal proceedings involving companies whose securities are or were held for a Client's Program Account, such as asserting claims or voting in bankruptcy or reorganization proceedings, or filing "proofs of claim" in class action litigation.

If desired, a Client may instruct MPM in writing to forward to the Client or a third party any materials MPM receives pertaining to such matters. Upon MPM's receipt of such written instructions, MPM will use reasonable efforts to forward such materials in a timely manner. In the absence of a written request, MPM will discard such materials. Written instructions should be sent by email to

[compliance@mpmwealth.com](mailto:compliance@mpmwealth.com), or by mail to the address shown on the cover page of this Brochure.

## **Item 18 Financial Information**

### *Prepayment of Fees Six Months or More in Advance*

Advisers who solicit or accept fees of more than \$1,200 per client, six months or more in advance are required to provide their clients an audited balance sheet.

Because we do not accept pre-paid fees exceeding \$1,200 per client, six months or more in advance, we have not provided a balance sheet.

### *Disclosure of Certain Financial Conditions*

We are required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual commitments to our clients. On April 22, 2020, the firm received a Paycheck Protection Program ("PPP") loan in the amount of \$181,800 through the U.S. Small Business Administration, which was part of the economic relief provided under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Due to the economic uncertainties surrounding the current COVID-19 pandemic, we believed it was necessary and prudent for us to apply for, and accept, the Payroll Protection Program loan offered by the Small Business Administration in order to support our ongoing operations. The firm used the PPP funds to continue payroll for the firm's employees, and make other permissible payments. The loan is forgivable provided the firm satisfies the terms of the loan program.

### *Bankruptcy within Past Ten Years*

Advisers who have been the subject of a bankruptcy petition during the past ten years must disclose certain information about the matter.

We have never been the subject of a bankruptcy petition.