

# MV Capital Management, Inc.

## **Form ADV Part 2A: Appendix 1 Wrap Fee Program Brochure Dated March 22, 2021**

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**This wrap fee program brochure provides information about the qualifications and business practices of MV Capital Management, Inc. (“MVCM”). If you have any questions about the contents of this brochure, please contact us at (301) 656-6545. 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 MV Capital Management, Inc. also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**References herein to MV Capital Management, Inc. as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.**

## **Item 2            Material Changes**

Since its last Annual Amendment filing on May 5, 2020 MV Capital Management Inc. (MVCM) has not materially amended this Brochure.

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## Item 4 Services, Fees and Compensation

A.

### INVESTMENT ADVISORY SERVICES

Clients can engage MVCMM to provide discretionary investment advisory services on a wrap fee basis, meaning clients pay a single fee for bundled services (i.e. investment advisory, brokerage, custody). The services included in a wrap fee agreement will depend upon each client's particular need.

### MVCMM PORTFOLIO MANAGER PROGRAM

MVCMM is the sponsor and investment manager of the MVCMM Portfolio Manager Program (hereinafter the "Program"). Under the Program, MVCMM offers participants discretionary or non-discretionary investment management services, for a single specified annual Program fee, inclusive of trade execution, custody, reporting, and investment management fees.

MVCMM charges an annual wrap fee for participation in the Program. The wrap fee is based on a percentage (%) of the market value of the assets placed under MVCMM's management, to be charged quarterly in advance based on account valuation as of the last business day of the previous quarter on a tiered basis, as follows:

<u>Account Assets</u>	<u>Fees % of Assets</u>	<u>Incremental Maximum</u>	<u>Total Maximum</u>	<u>Minimum Fees</u>
First \$2,000,000	1.50%	\$30,000	\$30,000	\$0
Next \$2,000,000	1.40%	\$28,000	\$58,000	\$30,000
Next \$1,000,000	1.30%	\$13,000	\$71,000	\$58,000
Next \$1,000,000	1.20%	\$12,000	\$83,000	\$71,000
Next \$1,000,000	1.10%	\$11,000	\$94,000	\$83,000
Next \$3,000,000	1.05%	\$31,500	\$125,500	\$94,000
Over \$10 Million	To be individually assessed.			

Under the Program, MVCMM, if engaged on a discretionary basis, shall be provided with written authority to determine which securities and the amounts of securities that are bought or sold. Any limitations on this discretionary authority shall be included in the written agreement between each client and MVCMM. Clients may amend these limitations, in writing, at any time. The client shall have reasonable access to one of MVCMM's investment professionals to discuss their account.

Fidelity Investments Brokerage Services, LLC ("Fidelity"), Charles Schwab & Co. ("Schwab") or TD Ameritrade, Inc. are eligible custodians for Program accounts. Additionally, MVCMM may be able to accommodate other account custodians. Unless directed otherwise by the client, the custodian of the client's assets is also used as the broker-dealer.

**Fee Calculation:** The fee charged is calculated as described above and is 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.

**Fee Payment:** Clients will be charged in advance at the beginning of each calendar quarter based upon the account valuation of the client's account(s) as of the last business day at the end of the previous quarter.

**Termination of Advisory Relationship:** The Investment Advisory Agreement between MVCMM and the client will continue in effect until terminated by either party by written notice in accordance with its terms. Upon termination, MVCMM shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

**Client Responsibilities:** In performing any of its services, MVCVM shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Furthermore, unless the client indicates to the contrary, MVCVM shall assume that there are no restrictions on its services, other than to manage the account in accordance with the client's designated investment objective. Moreover, it remains each client's responsibility to promptly notify MVCVM if there is ever any change in the client's financial situation or investment objectives for the purpose of reviewing, evaluating, or revising MVCVM's previous recommendations and/or services.

**Overall Investment Risk:** Investing in securities involves risk of loss that clients should be prepared to bear, including the complete loss of principal investment. Past performance may not be indicative of future results. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by MVCVM) will be profitable or equal any specific performance level. Investment strategies such as asset allocation, diversification, or rebalancing do not assure or guarantee better performance and cannot eliminate the risk of investment losses. There is no guarantee that a portfolio employing these or any other strategy will outperform a portfolio that does not engage in such strategies. While asset values may increase and client account values could benefit as a result, it is also possible that asset values may decrease and client account values could suffer a loss.

- B. Participation in the Program may cost more or less than purchasing these services separately. Also the Program fee charged by MVCVM for participation in the Program may be higher or lower than those charged by other sponsors of comparable wrap fee programs.

Depending upon the fee charged by MVCVM, the amount of portfolio activity in the client's account, and the value of custodial and other services provided, the wrap fee may or may not exceed the aggregate cost of services if they were provided separately or if MVCVM were to negotiate transaction fees and seek best execution for the client's account.

**Wrap Program Conflicts of Interest:** The services included in a wrap fee agreement will depend upon each client's particular need. If the client determines to engage MVCVM on a non-wrap fee basis the client will select individual services on an unbundled basis, paying for each service separately (i.e. investment advisory, brokerage, custody). Because wrap program transaction fees and/or commissions are being paid by MVCVM to the account broker-dealer/custodian, MVCVM could have an economic incentive to minimize the number of trades in the client's account or purchase funds that do not incur transaction fees to maximize its own compensation, which presents conflicts of interest. In addition, MVCVM may not incur transaction costs for Program clients on certain exchange traded funds ("ETFs"), and individual equities and ETFs with a transaction fee have a lower transaction cost if the client has agreed to electronic statement delivery from Fidelity. To help mitigate these conflicts of interest, MVCVM's trading activity and fund class selection on behalf of its clients is dictated by its clients' needs and anticipated market conditions, as opposed to transaction fee costs absorbed by MVCVM. Accordingly, when purchasing funds on clients' behalf, MVCVM generally endeavors to select the share classes with the lowest internal expense ratios and when managing a client's account on a wrap basis through the Program, it only purchases mutual funds that do not incur transaction fees if they are the only available share class at the time, or if they are the share class with the lowest available internal expense ratio at the time. **MVCVM's Chief Compliance Officer, remains available to address any questions regarding a wrap fee arrangement and the corresponding conflicts of interest presented.**

- C. The Program's wrap fee does not include certain charges and administrative fees, including, but not limited to, fees charged by Independent Managers, transaction charges (including mark-ups and mark-downs) resulting from trades effected through or with a broker-dealer other than the client's account custodian, transfer taxes, odd lot differentials, exchange fees, interest charges, American Depository Receipt agency processing fees, and any charges, taxes or other fees mandated by any

federal, state or other applicable law or otherwise agreed to with regard to client accounts. These fees and expenses are in addition to the Program's wrap fee.

- D. MVCVM's related persons who recommend the Program to clients do not directly receive compensation because of a client's participation in the wrap fee program.

## **Item 5 Account Requirements and Types of Clients**

MVCVM's clients shall generally include individuals, business entities, trusts, estates and charitable organizations. MVCVM generally requires an aggregate minimum asset level of \$1,000,000 per household for investment advisory services. MVCVM, in its sole discretion, may waive or reduce its minimum asset requirement or charge a lower investment management fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.). Independent Managers may also impose an account minimum and have the discretion to close an account that falls below or does not maintain the minimum balance.

## **Item 6 Portfolio Manager Selection and Evaluation**

MVCVM selects investments for client portfolios from a universe of, among others, mutual funds, exchange traded funds ("ETFs"), the separate managed accounts of independent (non-affiliated) portfolio managers and individual equity and fixed income securities. This section describes the selection and evaluation process pertinent to independent portfolio managers, any holding of which would be invested on behalf of clients as a separate managed account.

Participating portfolio managers for the Program are selected and reviewed on an on-going basis by the MVCVM Investment Committee ("Committee").

Based on information obtained from independent sources, the Committee employs a systematic approach to evaluation, selection and ongoing monitoring as briefly described below:

**Performance screening:** from information obtained through one or more independent data provider sources the Committee will consider performance attributes relevant to financial performance including risk and return characteristics, investment philosophy, tenure in the business, pedigree of key individuals, and firm culture, among others.

**Due diligence:** Committee members will review relevant documentation, conduct interviews with key individuals and undertake other activities consistent with prudent standards of due diligence.

**Review and approval:** the Committee will review at one of its periodic meetings the information obtained from the screening and due diligence processes, and the Committee will vote on the decision to approve or not approve the portfolio manager for inclusion in client buy lists.

**Ongoing Monitoring:** Portfolio managers, once included on approved client buy lists, will be subject to ongoing monitoring including performance reviews, due diligence updates and, where appropriate, sell decisions.

## **OTHER ADVISORY BUSINESS SERVICES**

### **INVESTMENT ADVISORY SERVICES**

#### **NON-WRAP FEE BASIS**

Clients can engage MVCMM to provide discretionary or non-discretionary investment advisory services on a non-wrap fee basis, in which case a client will select individual services on an unbundled basis and pay for each service separately (i.e. investment advisory, brokerage, custody).

#### **FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)**

To the extent requested by a client, MVCMM may provide financial planning or consulting services (on investment and non-investment related matters, including estate planning and insurance planning) on a stand-alone separate fee basis. Prior to engaging MVCMM to provide planning or consulting services, clients are generally required to enter into a Financial Planning and Consulting Agreement with MVCMM setting forth the terms and conditions of the engagement.

### **MISCELLANEOUS ADVISORY SERVICES DISCLOSURE**

#### **Limitations of Financial Planning and Non-Investment Consulting/Implementation Services.**

If requested by the client, MVCMM may provide financial planning and related consulting services regarding non-investment related matters, such as estate, tax and insurance planning either as part of the investment advisory engagement or according to the terms and conditions of a stand-alone Financial Planning and Consulting Agreement. Neither MVCMM, nor any of its representatives, serves as an attorney or accountant and no portion of MVCMM's services should be construed as legal or accounting services. Unless specifically agreed in writing, neither MVCMM nor its representatives are responsible to implement any financial plans or financial planning advice; provide ongoing financial planning services; or provide ongoing monitoring of financial plans or financial planning advice. The client is solely responsible to revisit the financial plan or financial planning advice with MVCMM, if desired. The client retains absolute discretion over all financial planning and related implementation decisions and is free to accept or reject any recommendation from MVCMM and its representatives in that respect. MVCMM's financial planning and consulting services are completed upon communicating its recommendations to the client, upon delivery of the written financial plan, or upon termination of the applicable agreement. To the extent requested by a client, MVCMM may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.), including certain of MVCMM's investment adviser representatives in their separate licensed capacities as discussed in Item 9 below. This presents conflicts of interest. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from MVCMM. If the client engages any unaffiliated recommended professional, and a dispute arises related to the engagement, the client should seek recourse exclusively from and against the engaged professional.

**Non-Discretionary Service Limitations.** Clients that determine to engage MVCMM on a non-discretionary investment advisory basis must be willing to accept that MVCMM cannot effect any account transactions without obtaining the client's consent. A client may suffer investment losses or miss potential investment gains should MVCMM be unable to reach the client or if the client does not act on our recommendations for transactions where we do not have discretion.

**Retirement Rollovers.** A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If MVCMM recommends that a client roll over their

retirement plan assets into an account to be managed by MVCVM, such a recommendation creates a conflict of interest if MVCVM will earn an advisory fee on the rolled over assets. **No client is under any obligation to roll over retirement plan assets to an account managed by MVCVM. MVCVM's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the conflict of interest presented by rollover recommendations.**

**Independent Managers.** MVCVM may invest or recommend that the client invest using unaffiliated independent investment managers ("Independent Managers") in accordance with the client's designated investment objectives. In these situations, the Independent Manager has the day-to-day responsibility for the active discretionary management of the client's assets. MVCVM will continue to monitor and review the client's account performance, asset allocation and investment objectives. Factors that MVCVM considers in recommending Independent Managers include the client's designated investment objectives, and the manager's management style, performance, reputation, financial strength, reporting capabilities, pricing structure, and published research, as described in this Item 6 above. When clients engage Independent Managers on a wrap basis they do not incur an additional fee for the Independent Managers' services. When clients engage Independent Managers on a non-wrap basis, the investment management fees charged by the designated Independent Managers are exclusive of, and in addition to, MVCVM's ongoing investment advisory fee, which will be disclosed to the client before entering into the Independent Manager engagement and/or subject to the terms and conditions of a separate agreement between the client and the Independent Managers.

**Single Strategy Program.** MVCVM may also recommend that clients invest in one or more investment strategies offered in the Single Strategy Program ("SSP") consistent with the client's investment objectives and risk profile. Assets using a strategy in the SSP will be managed in a separate account from all other assets and strategies. Although the strategies used may be considered part of a client's overall portfolio allocation, each strategy in the SSP is independently managed based on proprietary guidelines developed and implemented by MVCVM.

**Client Obligations.** MVCVM will not be required to verify any information received from the client or from the client's other professionals and is expressly authorized to rely on the information in its possession. Clients are responsible for promptly notifying MVCVM if there is ever any change in their financial situation or investment objectives so that MVCVM can review, and if necessary, revise its previous recommendations or services.

**Portfolio Trading Activity.** As part of its investment advisory services, MVCVM will review client portfolios on an ongoing basis to determine if any trades are necessary based upon various factors, including but not limited to investment performance, fund manager tenure, style drift, account additions/withdrawals, the client's financial circumstances, and changes in the client's investment objectives. Based upon these and other factors, there may be extended periods of time when MVCVM determines that trades within a client's portfolio are neither necessary nor prudent. Clients nonetheless remain subject to the fees described in Item 4 during periods of portfolio trading inactivity.

**Tailored Services.** MVCVM shall provide investment advisory services specific to needs of each client. Prior to providing investment advisory services, an investment adviser representative will discuss with each client, their particular investment objective(s). MVCVM shall allocate each client's investment assets consistent with their designated investment objective(s). Clients may, at any time, impose restrictions, in writing, on MVCVM's services.

**Treatment of Wrap and Non-Wrap Fee Programs.** There is no material difference between how MVCVM manages wrap fee accounts and non-wrap fee accounts. However, as stated above, if a client determines to engage MVCVM on a wrap fee basis the client will pay a single fee for bundled services (i.e. investment advisory, brokerage, custody) The services included in a wrap fee agreement will depend upon each client's particular need. If the client determines to engage MVCVM

on a non-wrap fee basis the client will select individual services on an unbundled basis, paying for each service separately (i.e. investment advisory, brokerage, custody).

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

Neither MVCM nor any supervised person of MVCM accepts performance-based fees.

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

MVCM's investment strategy is premised on delivering results in alignment with the long-term objectives, risk considerations and specific circumstances germane to each client. Conditions in the capital marketplace are continuously evolving, and from time to time we will re-evaluate our approach in light of empirical evidence from the market. In principle, however, our analysis and decision process consistently revolves around the core activities of asset allocation, security selection and ongoing monitoring and rebalancing. With regard to each component of this overall investment strategy we follow a particular analytical methodology as described below.

#### Asset Allocation:

Over a period of many decades of analysis, the asset allocation decision has been shown in many studies to be the most important driver of portfolio performance (see for example the seminal study by Brinson, Hood and Beebower from 1986 and periodically updated since). Asset allocation involves a quantification of the return, risk and correlation properties of different asset classes including but not necessarily limited to mean-variance analysis, multi-factor regression models, and stress testing under alternative economic scenarios. This methodology elicits an understanding of which asset classes (a) most likely offer potential growth upside, (b) offer some form of downside protection through lower volatility, and (c) have low correlation properties with other classes so as to vary in different ways during particular periods of the market cycle.

Based on these criteria we will assign each portfolio to a model strategy consistent with the return and risk characteristics of the client in question. Actual weightings for each asset class may vary depending on client-specific considerations, including tax considerations for taxable portfolios, and thus we expect there will be variance between all the portfolios contained in any given model strategy.

On an annual basis we will review the allocation weightings for each model strategy, make adjustments as appropriate and rebalance portfolios in alignment with the new weightings. From time to time we may make additional adjustments in the course of a calendar year to the extent we believe that client circumstances and/or market conditions so warrant.

#### Security Selection:

MVCM's investment selection process is undertaken by the Investment Committee at meetings periodically throughout the year. As a matter of practice our goal is to obtain exposure to securities – private money managers, mutual funds, exchange-traded funds, individual equity or fixed income securities and from time to time others – that offer cost-efficient and liquid access to the desired asset class properties within a reasonable range of tracking error.

We evaluate the appropriateness of securities primarily through the prism of the contribution of each asset to other assets in the portfolio; i.e., in terms of the emergent properties that proceed from a complex mix of individual securities. Both relative performance measures (e.g. beta, Treynor ratio, correlation coefficient, information ratio) and absolute performance measures (e.g. Sharpe & Sortino ratios, skewness and kurtosis) help build a fuller picture for determining portfolio inclusion.



We do not believe that past performance is a reliable indicator of future returns and therefore do not place a high value on the return histories of actively-managed pooled security types like mutual funds or private money managers (particularly relatively brief histories within a 1-5 year time span); however we will invest in such actively-managed vehicles based on other considerations such as investment philosophy and interaction with other assets in the portfolio. Considerations we take into account for selection include a qualitative assessment of factors including manager tenure, demonstrated fidelity to strategy and regulatory record, as well as quantitative variables such as dispersion of absolute and risk-adjusted results around a central tendency in different stages of a full market cycle.

**Monitoring, Rebalancing, and Communications:**

As described above, we rebalance portfolios on an annual basis consistent with changes made to our strategic asset allocation models. We also periodically review all investments approved for client buy lists on a rolling basis throughout the calendar year. We maintain communications with our clients at minimum on a quarterly basis through commentaries mailed to each client along with his or her quarterly statement.

On certain occasions, portfolio weightings may move significantly out of line with the model as a result of capital market developments. We retain the flexibility to react to these changes and take action if circumstances suggest. However, we do not maintain a strict percentage-of-portfolio threshold for making rebalancing decisions. On the basis of ongoing monitoring and the availability of significant-variance reports we will make a qualitative consideration as to the need to conduct interim systematic rebalancing.

**Voting Client Securities**

MVCM does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.

MVCM will not be responsible and each client has the right and responsibility to take any actions with respect to any legal proceedings, including without limitation, bankruptcies and shareholder litigation, and the right to initiate or pursue any legal proceedings, including without limitation, shareholder litigation, including with respect to transactions, securities or other investments held in the client's account or the issuers thereof. MVCM is not obligated to render any advice or take any action on a client's behalf with respect to securities or other property held in the client's account, or the issuers thereof, which become the subject of any legal proceedings, including without limitation, bankruptcies and shareholder litigation, to which any securities or other investments held or previously held in the account, or the issuers thereof, become subject.

Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact MVCM to discuss any questions they may have with a particular solicitation.

**Item 7 Client Information Provided to Portfolio Managers**

MVCM shall be the Program's portfolio manager. MVCM shall provide investment advisory services specific to needs of each client. Prior to providing investment advisory services, an investment adviser representative will determine each client's investment objectives. Thereafter, MVCM will invest or recommend that the client invest their assets consistent with their investment objectives. Clients may, at any time, impose restrictions, in writing, on MVCM's services.

As indicated above, clients are responsible for promptly notifying MVCM if there is ever any change in their financial situation or investment objectives so that MVCM can review, and if necessary, revise its previous recommendations or services.

To the extent the Program uses Independent Managers, MVCMM will provide the Independent Managers with each client's particular investment objectives. Any changes in the client's financial situation or investment objectives reported by the client to MVCMM will be communicated to the Independent Managers within a reasonable period of time.

## **Item 8 Client Contact with Portfolio Managers**

The client shall have, without restriction, reasonable access to the Program's portfolio manager.

## **Item 9 Additional Information**

- A. MVCMM has not been the subject of any disciplinary actions.

### **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

**Broker Dealer.** Neither MVCMM, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

**Affiliated Insurance Firm / Licensed Insurance Agents.** MV Financial Group, Inc. ("MVFG") is an affiliated insurance agency, that licensed in various states to sell life and health insurance. Certain of MVCMM's representatives, in their individual capacities, are licensed insurance agents, working through MVFG, and may recommend the purchase of certain insurance-related products on a commission basis.

The recommendation by MVCMM's representatives that a client purchase an insurance commission product presents a conflict of interest, as the receipt of commissions may provide an incentive to recommend insurance products based on commissions received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from MVCMM's representatives. Clients are reminded that they may purchase insurance products recommended by MVCMM through other, non-affiliated insurance agents.

**MVCMM's Chief Compliance Officer, Mark Underwood, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

MVCMM does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

MVCMM may receive from Fidelity, Schwab and TD Ameritrade, Inc. (and potentially other broker-dealers, custodians, investment platforms, unaffiliated investment managers, vendors, or fund sponsors) free or discounted support services and products. Certain of these products and services assist MVCMM to better monitor and service client accounts maintained at these institutions. The support services that MVCMM obtains may include investment-related research; pricing information and market data; compliance or practice management-related publications; discounted or free attendance at conferences, educational or social events; or other products used by MVCMM to further its investment management business operations.

Certain of the support services or products received may assist MVCMM in managing and administering client accounts. Others do not directly provide this assistance, but rather assist MVCMM to manage and further develop its business enterprise. MVCMM's clients do not pay more for investment transactions effected or assets maintained at Fidelity, Schwab and TD Ameritrade, Inc. because of these arrangements. MVCMM does not participate in any Soft-Dollar Arrangement nor receive any compensation and there is no corresponding commitment made by MVCMM to Fidelity, Schwab and TD Ameritrade, Inc. or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangements.

## **CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

MVCM maintains an investment policy relative to personal securities transactions. This investment policy is part of MVCM's overall Code of Ethics, which serves to establish a standard of business conduct for all of MVCM's representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, MVCM also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by MVCM or any person associated with MVCM.

Neither MVCM nor any related person of MVCM recommends, buys, or sells for client accounts, securities in which MVCM or any related person of MVCM has a material financial interest.

MVCM and/or representatives of MVCM may buy or sell securities that are also recommended to clients. This practice may create a situation where MVCM and/or representatives of MVCM are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if MVCM did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed prior to those of MVCM's clients) and other potentially abusive practices.

MVCM has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of MVCM's "Access Persons". MVCM's securities transaction policy requires that Access Person of MVCM must provide the Chief Compliance Officer or his/her designee with a written report of the their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date MVCM selects.

MVCM and/or representatives of MVCM *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where MVCM and/or representatives of MVCM are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a conflict of interest. As indicated above, MVCM has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of MVCM's Access Persons.

## **REVIEW OF ACCOUNTS**

For those clients to whom MVCM provides investment services, account reviews are conducted on an ongoing basis by MVCM's investment adviser representatives. All investment clients are advised that it remains their responsibility to advise MVCM of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with MVCM on an annual basis.

MVCM *may* conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.

Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts.

## **CLIENT REFERRALS AND OTHER COMPENSATION**

As referenced above, MVCM may receive certain benefits from its custodian(s), however, MVCM does not participate in a “soft-dollar arrangement” with any custodian.

Neither MVCM nor any related person of MVCM directly or indirectly compensates any person for client referrals.

## **FINANCIAL INFORMATION**

MVCM does not solicit fees of more than \$1,200, per client, six months or more in advance.

MVCM is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.

MVCM has not been the subject of a bankruptcy petition.

**ANY QUESTIONS: MVCM’s Chief Compliance Officer, Mark Underwood, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**

## **MV CAPITAL MANAGEMENT, INC.**

### **PRIVACY NOTICE**

MV Capital Management, Inc. (“MVCM”) maintains physical, electronic, and procedural safeguards that comply with federal standards to protect its clients’ nonpublic personal information (“information”). Through this policy and its underlying procedures, MVCM attempts to secure the confidentiality of customer records and information and protect against anticipated threats or hazards to the security or integrity of customer records and information.

It is the policy of MVCM to restrict access to and/or the sharing of all current and former clients’ information (i.e., information and records pertaining to personal background [including social security number and address], investment objectives, financial situation, financial planning issues, tax information/returns, investment holdings, account numbers, account balances, etc.) to those employees and affiliated/nonaffiliated entities who need to know that information in furtherance of the client’s engagement of MVCM.

MVCM shall disclose, as necessary, the client’s information: (1) to service providers in order establish and maintain the client’s accounts and process transactions (i.e., broker-dealer, account custodian, record keeper, proxy management service provider, insurance company, etc.); (2) required to do so by judicial or regulatory process; or (3) otherwise permitted to do so in accordance with applicable federal and/or state privacy regulations.

However, MVCM does not, and shall not, disclose or share information with any affiliated or unaffiliated persons, entities or service providers for marketing or any other purposes or reasons not referenced above.

Should you have any questions regarding the above, please contact Mark E. Underwood, Chief Compliance Officer.



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