

**Item 1: Cover Page**  
**Part 2A Appendix 1 of Form ADV: Wrap Fee Program Brochure**

**Manhattan West Wrap Program Brochure**

MANHATTAN WEST

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**November 2, 2021**

This wrap fee program brochure provides information about the qualifications and business practices of Manhattan West Asset Management, LLC ("MWAM"). If clients have any questions about the contents of this brochure, please contact us at (310) 341-4585 or [bryan@mwestasset.com](mailto:bryan@mwestasset.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any State Securities Authority. Additional information about our firm is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Please note that the use of the term "registered investment adviser" and description of our firm and/or our associates as "registered" does not imply a certain level of skill or training.

## Item 2: Material Changes

Manhattan West Asset Management, LLC is required to make clients aware of material changes since the last update to this brochure ("Wrap Brochure") that was filed which may be important to them.

This Brochure, dated November 2, 2021, serves as an update to Manhattan West Asset Management, LLC's Brochure dated April 27, 2021 (the "Prior Brochure") in relation to its change in address.

You may request a copy of this Brochure by contacting MWAM at the address or telephone number provided on the Cover Page of this document.

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## Item 4: Services, Fees & Compensation

MWAM manages assets for many different types of clients to help meet their financial goals while remaining sensitive to risk tolerance and time horizons. As a fiduciary, it is our duty to always act in the client's best interest. This is accomplished in part by knowing the client. Our firm has established a service-oriented advisory practice with open lines of communication. Working with clients to understand their investment objectives, while educating them about our process, facilitates the kind of working relationship we value.

Our wrap fee program allows clients in the wrap fee program ("Wrap Clients") to pay a flat fee for investment advisory services and associated custodial transaction costs. MWAM absorbs trading costs associated with wrap advisory client accounts. Custodial transaction costs, however, are not included in the advisory fee charged by our firm and are to be paid by the client to their chosen custodian. By participating in a wrap fee program, clients may end up paying more or less through a non-wrap fee program where a lower advisory fee is charged, but trade execution costs are passed directly through to the client by the executing broker.

MWAM is an SEC-registered investment adviser with its principal place of business located in Los Angeles, California. MWAM is the sponsor of the wrap fee program described below. The services and management style provided in the wrap program are different than those provided through MWAM's non-wrap services. A wrap fee program is an advisory program under which a specified fee or fees not based directly on transactions in the client's account is charged for advisory services, including portfolio management and the execution of client transactions.

The Program is available to all accounts that are held in custody through Charles Schwab & Co., Inc., a broker-dealer and custodian.

This Wrap Brochure is limited to describing the services, fees and other necessary information you should consider prior to becoming a client in the wrap fee program. For a complete description of the other services offered by MWAM and the fees charged for those services, you should refer to MWAM's Form ADV Part 2A (the "Brochure"). You may obtain a copy of the Brochure by contacting us through the email or telephone information listed on the front cover of this wrap Brochure.

### **Our Wrap Advisory Services**

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#### **Comprehensive Wrap Portfolio Management**

As part of our Comprehensive Wrap Portfolio Management service, Wrap Clients will be provided asset management and financial planning or consulting services. This service is designed to assist clients in meeting their financial goals through the use of a financial plan or consultation. Our firm conducts client meetings to understand their current financial situation, existing resources, financial goals, and tolerance for risk. Based on what is learned, an investment approach is presented to the client, consisting of individual stocks, bonds, ETFs, options, mutual funds and other public and private securities or investments. Once the appropriate portfolio has been determined, portfolios are continuously and regularly monitored, and rebalanced based upon the client's individual needs, stated goals and objectives.

## Fee Schedule

Our fees are negotiable and the maximum annual fee charged for this service will not exceed 2.00%. Fees to be assessed will be outlined in the advisory agreement to be signed by the Wrap Client. Annualized fees are billed on a pro-rata basis quarterly in advance based on the value of the account(s) on the last day of the previous quarter. Accordingly, fees will be deducted from client account(s) in January, April, July and October. New accounts are billed for partial quarters. Adjustments will be made for deposits and withdrawals during the quarter. At its sole discretion, management reserves the right to negotiate fees. In rare cases, our firm will agree to directly invoice a client's account. As part of this process, clients understand the following:

- a) The client's independent custodian sends statements at least quarterly showing the market values for each security included in the assets and all account disbursements, including the amount of the advisory fees paid to our firm; and
- b) The management fees are shown on the custodial statements. In addition, upon request, reporting of management fees will be provided by MWAM directly to the client. The client is encouraged to reconcile the custodial statement and information provided by MWAM for accuracy.

Either party may terminate the advisory agreement signed with our firm for Comprehensive Wrap Portfolio Management service in writing at any time. Upon notice of termination, our firm will process a pro-rata refund of the unearned portion of the advisory fees charged in advance at the beginning of the quarter.

## Other Types of Fees & Expenses

The fees not included in the advisory fee for our wrap services are charges imposed directly by a mutual fund, index fund, or exchange traded fund, which are disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses), mark-ups and mark-downs, spreads paid to market makers, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. Our firm does not receive a portion of these fees.

## Wrap Fee Program Recommendations

Our firm does not recommend or offer the wrap program services of other providers.

## Item 5: Account Requirements & Types of Clients

Our firm has the following types of wrap fee program clients:

- Individuals
- High Net Worth Individuals;
- Trusts, Estates or Charitable Organizations;
- Endowments and Foundations;
- Public and Private Pensions;
- Profit Sharing Plans;
- Corporations, Limited Liability Companies and/or other business structures.

Our requirements for opening and maintaining accounts or otherwise engaging us:

- Our firm requires a minimum account balance of \$3,000,000 for our Comprehensive Wrap Portfolio Management service. At its sole discretion, the firm maintains the right to accept accounts below the stated minimum.
- Written financial plans are generally assessed a minimum fee of \$15,000. Wrap fee clients are not required to purchase a written financial plan to participate in our Comprehensive Wrap Portfolio Management service. At its sole discretion, the firm maintains the right to waive any fees that it may be entitled for written financial plans.

## Item 6: Portfolio Manager Selection & Evaluation

### Selection of Portfolio Managers

MWAM is the sponsor and portfolio manager of the Comprehensive Wrap Portfolio Management service wrap fee program. MWAM will not select any outside portfolio managers for the management of the wrap fee program.

### Advisory Business:

The services and management MWAM provides in the wrap fee program generally differ from the services and management that MWAM provides to its other clients. MWAM also provides financial planning and consulting services, retirement plan consulting services, special purpose vehicles, and private funds. Further details about each service can be found in MWAM's Brochure.

MWAM offers individualized investment advice to our wrap fee program clients. Each Comprehensive Wrap Portfolio Management client has the opportunity to place reasonable restrictions on the types of investments to be held in their account. Restrictions on investments in certain securities or types of securities may not be possible due to the level of difficulty this would entail in managing the account. However, in certain cases, the firm may customize accounts to make certain exclusions.

### Participation in Wrap Fee Programs:

MWAM offers wrap fee accounts to our clients, which are managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance, etc. MWAM sponsors and acts as portfolio manager for this wrap fee program, and receives a fee for providing services to Wrap Client accounts. Please refer to the fee information in Item 4: Services, Fees & Compensation.

### Performance-Based Fees & Side-By-Side Management:

MWAM does not charge performance-based fees to clients in the wrap fee program. Further, MWAM does not accept any other fees based on a share of capital gains on capital appreciation of the assets of wrap fee program clients.

Certain affiliates of MWAM receive performance-based compensation as manager or general partner to investments that are not offered to clients through the wrap fee program. More information about MWAM affiliates and the performance-based fees they receive is available in MWAM's Brochure.

## **Methods of Analysis, Investment Strategies & Risk of Loss:**

The following methods of analysis are utilized by MWAM when formulating investment advice and/or managing client assets in the wrap fee program:

*Fundamental analysis* considers the economic, financial, and other qualitative/quantitative factors that may impact the price of a security. Fundamental analysis attempts to measure its intrinsic value as compared to its current price. Risks may include using incorrect assumptions, financial misreporting and/or failure by management to disclose key, material events, and unforeseen micro/macroeconomic factors that may cause the price of a security to diverge from its intrinsic value.

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 security.

*Quantitative analysis.* We subjectively evaluate non-quantifiable factors such as quality of management, labor relations, and strength of research and development factors not readily subject to measurement, and predict changes to share price based on that data. A risk is using qualitative analysis is that our subjective judgment may prove incorrect.

*Technical analysis* attempts to predict future price movements of a security based on historical data, such as price and volume. Technical analysis may involve using charts to identify recurring patterns and trends, but there is no guarantee that those patterns and trends will reoccur.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

*Asset Allocation.* Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

*Mutual Fund and/or ETF Analysis.* We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities 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 or ETF, managers of different funds held by the client 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 or ETF, which could make the holding(s) less suitable for the client's portfolio.

*Risks For All Forms of Analysis.* Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

The following investment strategies are used managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

*Long-Term Purchases:* We may buy securities for your account and hold them for a relatively long time (more than a year) in anticipation that the security's value will appreciate over a long horizon. The risk of this strategy is that we could miss out on potential short-term gains that could have been profitable to your account. Moreover, if our predictions are incorrect, it's possible that the security's value may decline sharply before we make a decision to sell.

*Short-Term Purchases:* We may buy securities for your account and decide to sell them within a relatively short time horizon (less than a year) in order to capitalize on short-term price fluctuations. There's no guarantee, however, that this strategy will be able to produce gains.

A short-term purchase strategy poses risks should the anticipated price swing not materialize; we are then left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss. In addition, this strategy involves more frequent trading than does a longer-term strategy, and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

*Trading:* We may buy securities for your account and sell them quickly (typically within 30 days) in order to take advantage of short-term price volatility. As with short-term purchases, there is no guarantee that this strategy will be able to produce gains.

Utilizing a trading strategy creates the potential for sudden losses if the anticipated price swing does not materialize. Moreover, under those circumstances, we are left with few options: having a long-term investment in a security that was designed to be a short-term purchase, or the potential of having to take a loss. In addition, because this strategy involves more frequent trading than does a longer-term strategy, there will be a resultant increase in brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

*Timing.* Even if we are correct in determining that the price of a security will decline, we run the risk of incorrectly determining when the decline will take place, i.e., being right too soon. Although a company is overvalued, it could conceivably take some time for the price to come down; during which you are vulnerable to interest, margin calls, etc.

*Inflation.* History has shown that over the long term, most securities appreciate. Even if a company barely improves over time, inflation should drive its share price up somewhat. In fact, short selling may not be appropriate in times of inflation for that very reason, as prices may adjust upwards regardless of the value of the stock.



*Risk of Loss.* Investing in securities involves risk of loss that clients should be prepared to bear. While the stock market may increase and your account(s) could experience a gain, it is also possible that the stock market may decrease and your account(s) could suffer a loss. It is important that you understand the risks associated with investing in the stock market, are appropriately diversified in your investments, and ask any questions you may have.

**Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

**Voting Client Securities:**

Our firm does not accept the proxy authority to vote the securities in wrap fee program accounts. Wrap Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are received by MWAM, MWAM will forward them to the appropriate client. Clients may call, write or email us to discuss questions they may have about proxy votes or other solicitations they may receive. Notwithstanding, we highly encourage clients to direct all proxy questions to the issuer of the security.

### **Item 7: Client Information Provided to Portfolio Manager(s)**

MWAM is the portfolio manager for this wrap fee program. All Wrap Client information that is collected, including basic information, risk tolerance, sophistication level, and income level will be collected by MWAM.

MWAM has adopted a written privacy Policy, in accordance with Regulation S-P under section 504 of the Gramm-Leach-Bliley Act, which restricts MWAM and MWAM employee use of and access to client nonpublic personal information. In order for MWAM to effectively manage a client account(s) and assist in meeting financial objectives, the client must update MWAM as soon as possible when any changes to personal or financial information occur. Clients may obtain a complete copy of MWAM's privacy policy by contacting the main office at the number listed on the front of this brochure.

### **Item 8: Client Contact with Portfolio Manager(s)**

MWAM places no restrictions on a client's ability to contact MWAM, its Portfolio Managers, or any Investment Advisor Representative ("IAR"). An IAR may be contacted during MWAM's regular business hours using the contact information listed on the cover page of the respective IAR's Form ADV Part 2B Brochure Supplement.

## Item 9: Additional Information

### **Disciplinary Information**

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#### ***Criminal or Civil Actions***

There are no criminal or civil actions to report.

#### ***Administrative Proceedings***

There are no administrative proceedings to report.

#### ***Self-regulatory Organization Proceedings***

There are no self-regulatory organization proceedings to report.

#### ***Registration as a Broker/Dealer or Broker/Dealer Representative***

Neither MWAM nor its representatives are registered as or have pending applications to become a broker/dealer or as representatives of a broker/dealer.

#### ***Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor***

Neither MWAM nor its representatives are registered as or have pending applications to become a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor.

#### ***Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests***

**Firm Registration.** Manhattan West Asset Management, LLC is a registered investment adviser with the U.S. Securities & Exchange Commission (registration with the U.S. Securities & Exchange Commission does not imply a certain level of skill or training). Neither MWAM nor its investment adviser representatives are a broker/dealer, nor are they affiliated with a broker/dealer.

**Management Personnel Registrations.** Some personnel of our firm, in their individual capacities, are licensed insurance agents. Further, for clients who seek estate planning counsel through the use of insurance vehicles, MWAM is affiliated with Manhattan West Insurance Services, LLC (California Department of Insurance License# 0M20440), which may receive compensation based upon its placement of term and whole life insurance policies. The amount of the compensation depends largely upon the type of insurance policy placed.

In the event that a client purchases an insurance product from one of our licensed agents, that individual will receive separate, yet customary commission compensation for executing that transaction. Clients, however, are not under any obligation to engage these individuals when considering whether to purchase a particular insurance product. The implementation of any or all insurance product recommendations is solely at the discretion of the client.

## **Code of Ethics, Participation or Interest in Client Transactions & Personal Trading**

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MWAM's Code of Ethics (the "Code") is designed to meet the requirements of Rule 204A-1 of the Investment Advisers Act of 1940 (the "Advisers Act"). The Code applies to MWAM's "Access Persons," and all MWAM representatives are deemed to be Access Persons.

As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. Our fiduciary duty is the underlying principle for our firm's Code of Ethics, which includes procedures for personal securities transaction and insider trading. MWAM firm requires all representatives to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment with our firm, and at least annually thereafter, all representatives of our firm will acknowledge receipt, understanding and compliance with our firm's Code of Ethics. Our firm and representatives must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients.

MWAM recognizes that the personal investment transactions of its representatives demands the application of a Code of Ethics with high standards and requires that all such transactions be carried out in a way that does not conflict with the endanger the interest of any client. At the same time, MWAM also believes that if investment goals are similar for clients and for its representatives, it is logical, and even desirable, that there be common ownership of some securities.

To prevent conflicts of interest, MWAM has established procedures for transactions effected by its representatives for their personal accounts. The Code also sets forth certain reporting and pre-clearance requirements with respect to personal trading by representatives. Representatives must provide MWAM's Chief Compliance Officer with a list of their personal accounts and an initial holdings report within 10 calendar days of becoming a representative. In addition, MWAM's representatives must provide annual holdings reports and quarterly transaction reports in accordance with Advisers Act Rule 204A-1. Additionally, representatives may only transact in securities that meet the definition of "reportable securities" under the Advisers Act with approval of MWAM's Chief Compliance Officer. To monitor compliance with MWAM's personal trading policy, MWAM has pre-clearance requirements and a quarterly securities transaction reporting system for all of its representatives.

The Code also describes MWAM's duty to protect material non-public information about securities and investment recommendations provided to (or made on behalf of) its Clients. MWAM employees are prohibited from trading in their personal portfolios if their decision to transact was based on information that was substantially derived, in whole or in part, because of the employee's possession of material non-public information. Additionally, MWAM employees are required to maintain confidentiality of any material non-public information about a public company in their possession.

This disclosure is provided to give all clients a summary of MWAM's Code of Ethics. If a client, or a potential client, wishes to review MWAM's Code of Ethics in its entirety, he or she may request a copy by contacting MWAM using the contact information listed on the cover of this Brochure.

### ***Investing Personal Money in the Same Securities as Clients***

From time to time, representatives of MWAM may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of MWAM to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may

create a conflict of interest. MWAM, however, will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

### ***Trading Securities At/Around the Same Time as Clients' Securities***

From time to time, representatives of MWAM may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of MWAM to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest; however, MWAM will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

Representatives of MWAM are encouraged to refrain from buying or selling the same securities as clients unless included in a block trade (to ensure that the representative's interest is never superior to that of a MWAM client) or unless the CCO confirms that the representative's price is the same or worse than a MWAM client.

### ***Related Persons' Investments***

Related persons MWAM firm may buy or sell securities and other investments that are also recommended to clients. To minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics (which requires pre-clearance of all transactions in reportable securities), a copy of which is available upon request.

Likewise, related persons of MWAM buy or sell securities for themselves at or about the same time they buy or sell the same securities for client accounts. To minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request. Further, our related persons will refrain from buying or selling the same securities prior to buying or selling for our clients in the same day unless included in a block trade or unless MWAM's Chief Compliance Officer CCO confirms that the related person(s)'s price is the same or worse than MWAM clients.

### ***Review of Accounts***

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Our management personnel or financial advisors endeavor to review accounts on a periodic basis, but at least on an annual basis, for each of our Comprehensive Wrap Portfolio Management clients. The nature of these reviews is to learn whether clients' accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. Our firm may review client accounts more frequently than described previously. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc.

MWAM will provide at least one written report per year to each client. Verbal reports to clients take place on at least an annual basis when our Comprehensive Wrap Portfolio Management clients are contacted. Further, clients may request more frequent 'ad hoc' report(s) whenever a need arises.

In addition to hardcopies of report(s), in an effort to promote transparency, Wrap Clients may access their wrap accounts custodied at Schwab in real time using Schwab's website and mobile application (use of Schwab's website and/or mobile application is subject to the terms and conditions as set forth by Schwab. MWAM cannot guarantee enrollment, access or functionality.). In addition,

Wrap Clients may access their account information via MWAM's website, which provides access to a client portal.

### **Other Compensation from Broker-Dealer/Custodian**

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The Comprehensive Wrap Portfolio Management service is available to brokerage accounts established with Charles Schwab & Co., Inc. ("Schwab"), a broker-dealer and custodian. MWAM recommends that Wrap Clients use Schwab as broker/custodian for their Comprehensive Wrap Portfolio Management service accounts. Wrap Clients open their brokerage accounts directly with Schwab; MWAM does not open such accounts with Schwab. MWAM generally uses Schwab to trade the securities in Wrap Client accounts, but is able to utilize other brokers to execute trades. Utilization of Schwab for the Comprehensive Wrap Portfolio Management service provides benefits to Wrap Clients and also to MWAM, as described below, certain of which benefit only MWAM. MWAM seeks to address conflicts of interest when recommending brokers/custodians by selecting brokers/dealers subject to "best execution", as described in Item 12 of MWAM's Brochure, which is available upon request by contacting MWAM using the contact information listed on this Wrap Brochure.

MWAM recognizes its obligation to recommend for Wrap Clients a broker/custodian who will hold client assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others, these:

- 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 the 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 (ETFs), etc.)
- availability of investment research and tools that assist us in making investment decisions
- quality of services
- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- reputation, financial strength and stability of the provider
- their prior service to us and our other clients
- availability of other products and services that benefit us, as discussed below (see "*Products and Services Available to us from Schwab*")

### **Custody & Brokerage Costs**

Schwab generally does not charge separately for custody services. Schwab is compensated by charging commissions or other fees on trades that it executes or that settle into the Schwab account. For some accounts, in addition to what is covered by our advisory fee, Schwab may charge a percentage of the dollar amount of assets in the account in lieu of commissions. Schwab's commission rates and/or asset-based fees applicable to our client accounts were negotiated based on our commitment to maintain a minimum threshold of our clients' assets in accounts at Schwab. This commitment benefits the client because the overall commission rates and/or asset-based fees paid are lower than they would be if we had not made the commitment. In addition to commissions or

asset-based fees Schwab charges a flat dollar amount as a “prime broker” or “trade away” fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into the Schwab account. These fees are in addition to the commissions or other compensation paid to the executing broker-dealer. Because of this, to minimize trading costs, we have Schwab execute most trades for the client account.

### **Products & Services Available from Schwab**

Schwab Advisor Services (formerly called Schwab Institutional) is Schwab’s business serving independent investment advisory firms like our firm. They provide our firm and clients with access to its institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help manage or administer our client accounts while others help manage and grow our business. Schwab’s support services are generally available on an unsolicited basis (our firm does not have to request them) and at no charge as long as MWAM maintains a total of at least \$10 million of client assets in accounts at Schwab. If MWAM has less than \$10 million in client assets at Schwab, MWAM may be charged quarterly service fees. The availability to us of Schwab’s products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

### **Services that Benefit Clients**

Schwab’s institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. Schwab may also aid in the payment of fees associated with the custodial transfer. The investment products available through Schwab include some to which our firm might not otherwise have access to or that would require a significantly higher minimum initial investment by our clients. Schwab’s services described in this paragraph generally benefit clients and their accounts.

### **Services that May Not Directly Benefit Clients**

Schwab also makes available other products and services that benefit MWAM but may not directly benefit clients or their accounts. These products and services assist in managing and administering our client accounts. They include investment research, both Schwab’s and that of third parties. This research may be used to service all or some substantial number of client accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- provides access to client account data (such as duplicate trade confirmations and account statements);
- facilitates trade execution and allocate aggregated trade orders for multiple client accounts;
- provides pricing and other market data;
- facilitates payment of our fees from our clients’ accounts; and
- assists with back-office functions, recordkeeping and client reporting.

### **Services that Generally Benefit Only Our Firm**

Schwab also offers other services intended to help manage and further develop our business enterprise. These services include:

- marketing, educational conferences and events;



- technology, compliance, 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.

Schwab may provide some of these services itself. In other cases, Schwab will arrange for third-party vendors to provide the services to our firm. Schwab may also discount or waive fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide our firm with other benefits such as occasional business entertainment for our personnel.

Irrespective of direct or indirect benefits to our client through Schwab, our firm strives to enhance the client experience, help clients reach their goals, and put client interests before that of our firm or associated persons.

### **Our Interest in Schwab's Services**

The availability of these services from Schwab benefits our firm because our firm does not have to produce or purchase them. Our firm does not have to pay for Schwab's services so long as a total of at least \$10 million of client assets in accounts are kept at Schwab. However, to the extent MWAM recommends Schwab for such services, it is because MWAM believes that it is in the clients' best interest based on the quality and pricing of the execution, benefits of an integrated platform for brokerage and advisory accounts, and other services provided by Schwab. MWAM does not believe that maintaining at least \$10 million in assets at Schwab to avoid paying Schwab quarterly service fees presents a material conflict of interest.

### **Client Referrals**

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MWAM pays referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm in accordance with Rule 206 (4)-3 of the Investment Advisers Act of 1940 (the "Advisers Act"). Such referral fee represents a share of our investment advisory fee charged to our clients. This arrangement will not result in higher costs to the referred client. In this regard, our firm maintains Solicitors Agreements in compliance with Rule 206 (4)-3 of the Advisers Act and applicable state and federal laws.

All clients referred by Solicitors to our firm will be given full written disclosure describing the terms and fee arrangements between our firm and Solicitor(s). In cases where state law requires licensure of solicitors, our firm ensures that no solicitation fees are paid unless the solicitor is registered as an investment adviser representative of our firm. If our firm is paying solicitation fees to another registered investment adviser, the licensure of individuals is the other firm's responsibility.

### **Financial Information**

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We are not required to provide financial information in this Wrap Brochure because we do not require the prepayment of more than \$1,200 in fees and six or more months in advance, and we do not have a financial condition or commitment that impairs our ability to meet contractual and fiduciary obligations to clients. Our firm has never been the subject of a bankruptcy proceeding.