

Item 1 – Cover Page

FIRM BROCHURE – FORM ADV PART 2A

MSP WEALTH MANAGEMENT, LLC

824 Pine Street
Klamath Falls, Oregon 97601
Phone: (541) 884-4164
Website: www.mspwealth.com/

September 8, 2021

This firm brochure provides information about the qualifications and business practices of MSP Wealth Management, LLC. If you have any questions about the contents of this firm brochure, please contact us at (541) 884-4164. 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.

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. Clients are encouraged to review this firm brochure and any brochure supplements (“brochure supplements”) for more information on the qualifications of our firm and our associates.

Additional information about MSP Wealth Management, LLC is available on the SEC’s website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for MSP Wealth Management, LLC is 306522.

Item 2 – Material Changes

Since our initial Brochure dated March 11, 2020, we have made the following material changes:

- Item 4 has been amended to reflect that our portfolio management services may include investment advice with respect to certain “held away” assets as may be requested and designated by the client. Please see Item 4 for further details.
- Item 17 was amended to disclose (i) the terms of our engagement of an independent third-party service provider, Chicago Clearing Corporation (“CCC”), to monitor and file securities claims class action litigation paperwork with claims administrators on behalf of our firm’s portfolio management clients and (ii) related disclosures about how this service affects our clients. Please see Item 17 for further details.

We will ensure that all current clients receive a Summary of Material Changes to this and subsequent firm brochures within 120 days of the close of our fiscal year. A Summary of Material Changes is also included within our firm brochure available on the SEC’s website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for MSP Wealth Management, LLC is set forth on the cover page of this firm brochure. Clients will further be provided with disclosure about material changes effecting our firm or a new brochure as may become necessary or appropriate at any time, without charge.

Currently, a copy of our firm brochure may be requested, free of charge, by contacting us at the telephone number reflected on the cover page of this firm brochure.

Item 3 – Table of Contents

	<u>Page</u>
Item 1 – Cover Page.....	i
Item 2 – Material Changes	ii
Item 3 – Table of Contents.....	iii
Item 4 – Advisory Business	1
Item 5 – Fees and Compensation	6
Item 6 – Performance-Based Fees and Side-By-Side Management	9
Item 7 – Types of Clients.....	9
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss	9
Item 9 – Disciplinary Information	14
Item 10 – Other Financial Industry Activities and Affiliations	14
Item 11 – Code of Ethics, Participation or Interest in Client Transaction & Personal Trading ...	15
Item 12 – Brokerage Practices	17
Item 13 – Review of Accounts.....	19
Item 14 – Client Referrals and Other Compensation.....	19
Item 15 – Custody	20
Item 16 – Investment Discretion.....	20
Item 17 – Voting Client Securities.....	21
Item 18 – Financial Information	21

Item 4 – Advisory Business

- A** MSP Wealth Management, LLC (“MSP”) is an Oregon limited liability company founded in 2002. The principal owners of MSP are Terrence “Terry” Scroggin, Andrew “Andy” Peterson, and Gerrin DeGroot. The firm is registered as an investment advisor with the SEC. Our principal offices are located in Klamath Falls, Oregon. We have an additional office located in Eagle Point, Oregon.

The information contained in this brochure describes our investment advisory services, practices, and fees. Please refer to the description of our investment advisory services below for information on how we tailor our services to the needs of our clients. As used throughout this firm brochure, the words “we,” “our,” “firm,” “MSP” and “us” refer to MSP Wealth Management, LLC and its investment advisor representatives, and the words “you,” “your,” and “client” refer to you as either a client or prospective client of our firm.

Prior to forming an investment advisor-client relationship, we may offer a complimentary general consultation to discuss the nature of our service offerings and to determine the possibility of a potential advisory relationship. Investment advisory services begin only after the client and MSP formalize their relationship in a written advisory agreement.

- B C** We offer a wide range of investment advisory services to our clients. Our investment advice is custom tailored according to each client’s unique investment profile. Clients deposit their assets at an independent qualified custodian (the “Custodian”), typically a licensed broker-dealer, banking or savings institution, and grant us limited authority to buy and sell securities either on a discretionary or non-discretionary basis. The full scope of our authority with respect to management of the client’s account will be set forth in a written advisory agreement entered with the client. We act as your fiduciary, responsible for the management of your investment account(s) at the Custodian, where assets are held in your name.

- Where you engage us on a discretionary basis, you authorize our firm and our investment advisor representatives to implement our investment recommendations directly within your account held at the Custodian *without* obtaining your specific consent prior to each transaction.
- Where you engage us on a non-discretionary basis, we will provide you with investment recommendations which you are free to accept or reject, in whole or in part. We will only implement our investment recommendations within your account held at the Custodian upon your request and *with* your prior approval.

Clients always have the ability to impose reasonable restrictions on our management of their account(s), including the ability to instruct us not to purchase certain specific securities, industry sectors, and/or asset classes. All such requests must be provided to us in writing. While we generally attempt to accommodate such restrictions, we reserve the right to reject such investment limitations if we believe they would frustrate our

management of your account, or for any other reason, in our sole discretion. We will notify you promptly if we are unable to honor any of your investment restrictions or limitations.

A description of the individual investment advisory services offered by our firm is set forth below.

Portfolio Management. Our firm offers ongoing and continuous portfolio management services that are uniquely tailored to your financial circumstances. Through periodic consultations with you, we will gather information regarding your financial goals, investment objectives, tolerance for risk, and the time horizon for your investments. The information we typically request in this process will include your current and expected income level, tax information, investment experience, current and expected cash needs, current portfolio construction/asset allocation, and risk tolerance level, among other items. Based on our analysis of these factors, we will prepare an investment policy statement (or similar documentation used to establish your investment objectives and suitability) outlining parameters for our management of your account(s). We will then implement an initial investment strategy and portfolio intended to align with your unique financial situation and goals. Client portfolios are typically constructed utilizing a diversified combination of mutual funds, exchange traded funds (“ETFs”), individual bonds, stocks and other instruments, as may be appropriate for the individual client.

We may also recommend the engagement of certain independent third party money managers (“TPMMs”) to directly manage all or a portion of your account on a discretionary basis. You will be provided with a copy of each recommended TPMM’s Form ADV Part 2 firm brochure (or the equivalent) prior to the allocation of your assets to any TPMM managed account(s) (each a “TPMM Account”). Where a TPMM is engaged, we will continue to act as your fiduciary and a “co-advisor” to your TPMM Accounts. We will determine the suitability of the TPMM’s investment program, communicate any changes in your investment profile to the TPMM, and recommend changes in your TPMM allocations as we believe to be in your best interests. The TPMM shall be responsible for all portfolio management and trading functions related to your TPMM Accounts. You may be required to execute a separate advisory agreement and/or trading authorization in favor of such TPMMs at the time of their engagement.

Following implementation of your initial investment portfolio, we will monitor the performance of your investments (including any held in TPMM Accounts) on an ongoing basis and implement changes within your account as needed or appropriate, in consideration of current economic conditions, our market opinions and assumptions, and your individual financial circumstances and goals. It is your ongoing responsibility to advise us in writing of any material changes to your financial circumstances.

At your request, our investment recommendations under this service may also cover certain designated assets which are “held away” from the accounts placed directly under our management (e.g., employer sponsored retirement accounts, 529 college savings plan accounts, and variable annuities). You will be responsible to monitor these assets and keep us informed of their status. We will provide you with advice regarding how to invest and

allocate assets among the available investment options and you will make the ultimate investment decisions and be responsible for implementation. In certain instances, and only with your prior written consent, we will assist you with implementation of our investment recommendations regarding your held away assets.

You may elect to engage us for portfolio management services on a discretionary or non-discretionary basis.

Portfolio management clients receive complimentary annual financial planning services in the form described below.

Financial Planning and Consulting Services. Our firm offers traditional financial planning and consulting services to clients which may address, without limitation, some or all of the following financial topics:

- financial, budgeting, and cash management
- risk management, insurance planning, and analysis
- financial planning relating to divorce and marriage
- charitable giving
- estate planning
- retirement planning
- investment planning/asset allocation/portfolio design
- educational funding
- investment goal setting

We will consult with you and assist you in identifying areas of potential financial concern and provide you with a discrete set of short and/or long-term financial goals and actions designed to address your unique financial circumstances.

For annual retainer clients, our recommendations will be delivered to the client in the form of a written financial plan. Our written financial plans typically include general recommendations for a course of activity or specific actions to be taken by the client with respect to the covered financial topics. For example, recommendations may be made that the client begin or revise certain investment programs, create or revise wills or trusts, obtain or revise insurance coverage, commence or alter retirement savings, or establish education savings or charitable giving programs. The client is provided with a written summary of their financial situation, our observations, and financial planning recommendations.

For one-time financial planning/topical consulting engagements, we will provide the client with a shorter written report or checklist summarizing our observations and recommended actions for the client to address the selected financial topics.

Our financial planning and consulting services are offered on an annual retainer basis or on a one-time consulting basis.

- For annual retainer financial planning engagements, we will deliver an initial written financial plan and meet with you at least once annually thereafter to review

the plan, track progress towards your financial goals, and update the plan accordingly. We will also provide you with ongoing advice with respect to common financial issues occurring throughout the year which touch upon the topics addressed within your written financial plan. However, we reserve the right to charge additional fees for advice, investment research, due diligence, or other additional services requested by the client that we determine to be outside the scope of the financial planning engagement or which believe will require substantial additional work on the part of our firm and/or our associates. We will automatically offer annual retainer clients service the opportunity to renew the financial planning engagement annually.

- For one-time financial planning/topical consulting engagements, the client may select a discrete financial topic or topics upon which they would like to receive our financial advice. One-time financial planning and consulting services are narrower in scope than annual retainer services and do not include comprehensive financial planning. We will deliver our recommendations in the form of a written financial report or checklist at the conclusion of the engagement, after which time no further update or review of the financial report or checklist or other advice is provided (unless specifically requested by the client and agreed to in writing by MSP) and the engagement is deemed to be concluded.

Financial planning and consulting is a *non-discretionary* service - you retain the sole discretion to accept or reject any of MSP's financial planning or consulting recommendations, in whole or in part, and to determine the service providers to be utilized for their implementation. Upon request, we may assist you with implementation of our investment advice - additional fees may apply. Clients are never obligated to use our firm to implement any recommendations under this service and are never charged more than \$1,200, six (6) or more months in advance, for these services.

We may recommend the engagement of certain other professionals (attorneys, tax professionals, insurance agents, and others) to assist you in implementing our financial planning advice, including referrals to our affiliated accounting firm, Molatore, Scroggin, Peterson & Co. LLP ("Molatore CPAs") for accounting and/or tax advisory services. Clients are never obligated to engage Molatore CPAs for any services. Please see Item 10 for a discussion of the conflicts of interest that arise as a result of our policy of referring advisory clients to our affiliated accounting firm. We do not receive compensation or referral fees of any kind in connection with our recommendation of other professionals to advisory clients. You may elect to engage any recommended professional(s) at your own discretion and risk for additional fees to be negotiated independently with the chosen service provider. MSP does not provide legal or tax¹ advice of any kind.

D Wrap Fee Program. MSP offers its portfolio management services exclusively as part of a wrap fee program. Under a wrap fee, you will pay MSP a single asset-based advisory fee

¹ Clients who elect to independently engage our affiliated accounting firm, Molatore CPA, may receive tax advice subject to the terms of a written agreement with that firm.

(i.e., a fee based on a percentage of the value of your assets) which covers the combined costs of our investment advice and the advisory fees of any TPMMs, together with the costs of all brokerage commissions and fees, custodial charges (except those related to custody of alternative investments), spreads, mark-ups and mark-downs, incurred in your account held at the Custodian (a “Wrap Fee”). Please see our separate wrap fee brochure (“Wrap Brochure”) for further details regarding our Wrap Fee program. A copy of our Wrap Brochure will be provided to you at the inception of our relationship. Please call us at the telephone number found on the cover of this firm brochure if you did not receive a copy of our Wrap Brochure.

NOTE: In a Wrap Fee account, the costs of our investment advice and the costs of any TPMM advisory fees, together with the costs of all brokerage commissions and fees, custodial charges (except those related to custody of alternative investments), spreads, mark-ups and mark-downs incurred in your account held at the Custodian are absorbed within our Wrap Fee, with MSP retaining the remainder of the fees paid by the client. This creates an incentive for us to select TPMMs that charge reduced advisory fees, to trade your account less frequently, and/or to invest your account in assets that may be subject to waived or reduced brokerage commissions (if available), resulting in MSP retaining a greater portion of the Wrap Fee paid by the client. To address the foregoing conflicts, we manage your account in strict accordance with your investment policy statement and our ongoing fiduciary duty to you.

You are further advised that the Wrap Fee applicable to your account may represent a premium relative to what you might otherwise pay in a similar investment program operated as a non-wrap fee arrangement (i.e., where our advisory fees, the advisory fees of any TPMMs, and the brokerage and custodial charges and commissions are each billed separately to you) (a “Non-Wrap Fee”). Please consider that depending upon the level of our Wrap Fee, the amount of portfolio activity in your account, the value of the services that we provide to you, and other factors, the Wrap Fee we charge you may or may not exceed the aggregate cost of services if they were to be provided and charged to you separately. Stated differently, by participating in Wrap Fee arrangement, you may end up paying more or less than you would through a Non-Wrap Fee arrangement where a lower advisory fee is charged, but the TPMM advisory fees, brokerage and custodial charges and commissions are passed directly to you by the broker. As a general matter, Wrap Fee arrangements are relatively less expensive for actively traded accounts. However, they may result in higher overall costs to the client in accounts that experience little trading activity.

Types of Investments Recommended. While we do not recommend one particular type of investment or asset class over any other, we primarily advise our clients regarding investments in equity securities, mutual funds, ETFs, corporate debt securities, the selection of appropriate TPMMs, and variable products (life insurance and annuities). Depending on the client’s financial circumstances, our investment advice may also concern other instruments, including, without limitation, municipal securities, exchange traded notes, Delaware statutory trusts, business development companies, non-traded real estate investment trusts, limited partnership interests and private equity investments, money market accounts, and U.S. government securities. We may also provide advice regarding

investments held in the client's portfolio at the inception of our advisory relationship or advice concerning other investment instruments specifically requested by the client.

Please see Item 8 of this brochure or a description of the investment strategies we typically implement in client accounts.

- E** Assets Under Management. As of March 1, 2021, we manage approximately \$134,682,686 in regulatory assets under management on a discretionary basis and \$5,863,243 on a non-discretionary basis.

Item 5 – Fees and Compensation

- A** Fees for Portfolio Management. As described above, MSP's portfolio management services are subject to a Wrap Fee arrangement. Please see our Wrap Brochure for full details regarding our Wrap Fees.

Fees for Financial Planning Services. We charge hourly fees (typically ranging from \$150 to \$250 per hour) or fixed fees (typically ranging from \$1,500 to \$5,000) for our financial planning and consulting services. These fees are negotiable and the specific hourly rate or fixed fee applicable to your engagement will be determined prior to the commencement of our services based on our expectation of the complexity, time, research, and resources required to provide services to you, and any other factors we deem relevant. All fees for financial planning services are invoiced directly to the client either monthly or quarterly, and are payable to us within thirty (30) days of invoicing, unless otherwise agreed in writing. For one-time financial planning and consulting engagements, full payment of any earned but unpaid fees is due and payable to MSP at the time of delivery of the written financial report or checklist to the client.

- B** Direct Deduction of Fees; Account Statements. Our Wrap Fees for portfolio management services will be directly deducted from your account held at the Custodian upon your written approval of such arrangement and the periodic submission to the Custodian of a written invoice reflecting the amount of advisory fees to be charged to your account. Your authorization for direct fee deduction is set forth in a written advisory agreement and/or the account opening documents of your Custodian. Wrap fees will typically be paid from cash balances or through the liquidation of money market shares held in your account, however, if money market shares or cash value are not available, other investments may be liquidated to pay such fees when due. Please note that unexpected or premature liquidation of investments to pay our Wrap Fees may impair the performance of your account. We generally do not offer direct paper or electronic invoicing of our Wrap Fees.

The Custodian will send an account statement to you at least quarterly, identifying the amount of funds and each security in your account at the end of the period and setting forth all transactions in your account during the period, including the amount of any Wrap Fees paid. *We encourage you to review the Custodian's account statements and any reports we may provide carefully and promptly upon receipt.* If you believe there has been a

miscalculation of any fees or if there is any other issue with your account, you should contact us immediately at the phone number listed on the cover page of this brochure.

Fees for financial planning and consulting services are directly invoiced in paper or electronic form to the client.

- C** Additional Fees and Expenses Associated With Portfolio Management Services. Our Wrap Fee covers the combined costs of our investment advice and any TPMM advisory fees, together with the costs of all brokerage commissions and fees, custodial charges (except those related to custody of alternative investments), spreads, mark-ups and mark-downs, incurred in your account held at the Custodian. Our Wrap Fee does not cover the costs of any wire transfer fees, stock transfer fees or taxes associated with activity in your account, which shall be paid separately by the client. It also does not cover the costs of any client directed (non-advised) transactions within your account.

Separate and in addition to our Wrap Fee, the client shall be solely responsible to bear the costs of all internal management fees and other expenses that may be charged by mutual funds and/or ETFs to their shareholders.

Additional Fees and Expenses Associated With Financial Planning and Consulting Services. The hourly or fixed advisory fees we charge for financial planning and consulting services only cover the costs of our investment advice. Separate and in addition to our advisory fees, the client shall be solely responsible to bear the costs of all internal management fees and other expenses that may be charged by mutual funds and/or ETFs to their shareholders, together with the costs of any management fees or other charges imposed by any TPMMs. You will also pay the Custodian of your account transaction charges, custodial, and/or brokerage fees and commissions, mark-ups and mark-downs, spreads paid to market makers, wire transfer fees and other fees and taxes associated with activity in your brokerage account.

We do not share in any portion of the additional fees and expenses described above. To fully understand the total cost you will incur by engaging any of our services, you should review the prospectus of each mutual fund, ETF, and/or TPMM advisory program in which you participate and the contractual arrangement with the Custodian of your account. For information on our brokerage practices, please refer to Item 12 of this brochure.

While we believe our advisory fees to be reasonable for the services provided, you are advised that lower fees for comparable services may be available from other sources. Our fees are negotiable and we may enter into fee arrangements that are materially different than those described above with certain clients.

- D** Our Termination and Refund Policy. Any of our advisory services may be terminated at any time by either party, within five (5) days of entering an advisory agreement, without penalty. Thereafter, any of our advisory services may be terminated by either party on ten (10) days' written notice to the non-terminating party. Termination of any separate TPMM

engagements and refunds shall be governed by the terms of conditions of the client's agreement with the terminated TPMM.

Where we are compensated by means of an asset-based advisory fee (*e.g.*, our Wrap Fee), upon termination, we shall be compensated a pro-rated portion of such fee based on the number of days in the terminating period during which services were provided, with any excess pre-paid fees returned to the client promptly following termination.

Where we are compensated by means of hourly fees, all hourly fees incurred but not yet paid through termination shall become immediately due and payable to our firm, with any excess pre-paid fees returned to the client promptly following termination. Where we are compensated by means of fixed fees, we shall be compensated a pro-rated portion of the agreed upon fixed fee based upon our good faith estimate of the total percentage of work conducted towards the project's completion at the time of termination (which shall be final and binding on the client), with any remaining balance refunded to the client. We consider substantially all of our financial planning services to be complete upon our delivery of the written financial plan or report to the client. Accordingly, any refunds after delivery of your written financial plan or report will be nominal.

- E** Compensation for Sale of Securities or Insurance Products. Certain associated persons of MSP are independently licensed to sell insurance in one or more states acting as a direct agent representative of a specific insurance company or companies. Insurance related business may be transacted with advisory clients and licensed individuals may receive commissions from insurance products sold to clients. Clients are advised that the fees paid to MSP or its associated persons for investment advisory services are separate and distinct from any commissions earned by MSP or its associated persons for selling insurance products to clients. If requested by a client, we will disclose the amount of commissions expected to be paid.

The receipt of insurance related commissions by any individual associated with our firm presents a conflict of interest. As fiduciaries we must act primarily for the benefit of our investment advisory clients. As such, we will only transact insurance related business with clients when fully disclosed, suitable, and appropriate. Further, we must determine in good faith that any commissions paid to our associated persons are appropriate. Clients are informed that they are under no obligation to use any individual associated with our firm for the purchase of insurance products or services. Clients may use any insurance firm or agent they choose for purchase of these products and services. We encourage you to ask us about the conflicts of interest presented by the insurance licensing of our associated persons.

Individual Retirement Account Rollover Disclosure. As part of our advisory services to you, we may recommend that you withdraw or "roll over" assets from an employer's retirement plan to an individual retirement account ("IRA") that we may advise on and which may therefore result in additional advisory fees payable to us. This type of recommendation represents a conflict of interest for our firm. If we make this type of recommendation you are under no obligation to follow such advice. Alternatively, you may

have the options of (1) maintaining your retirement plan as is, (2) rolling over your account to the employer's new retirement plan, (3) taking a taxable distribution, or (4) rolling over your account to a new IRA. It is important to understand the advantages and disadvantages of each approach, which will depend on individual financial circumstances. Prior to proceeding with any such action, we encourage you to contact us and your independent legal and/or tax professionals for more information.

Item 6 – Performance-Based Fees and Side-By-Side Management

We do not charge any performance-based fees for our services or engage in side-by-side management of client accounts.

MSP and/or individuals associated with our firm may manage accounts which belong either to themselves, individually, or to their family or their affiliates (collectively, "Proprietary Accounts") while simultaneously managing client accounts. It is possible that orders for Proprietary Accounts may be entered simultaneously (but typically only as part of a block trade) with or opposite to orders for client accounts, pursuant to, for instance, a neutral allocation system, a different trading strategy, or trading at a different risk level. The management of any Proprietary Account is subject to our Code of Ethics and the duty of our firm and its personnel to exercise good faith and fairness in all matters affecting client accounts.

Item 7 – Types of Clients

We typically provide investment advice to individuals, high net worth individuals, trusts, partnerships, corporations and other business entities. Because each client is unique, they must be willing to be involved in the planning and ongoing processes of our management of their account. Such involvement does not have to be time consuming, however we want our clients to remain informed and have a sense of security about their investments.

We do not require any minimum account size to engage our services.

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

A Our Methods of Analysis and Investment Strategies

The types of investments we typically recommend are discussed in Item 4 of this brochure.

We may use some or all of the following methods of analysis in providing investment advice to you:

Fundamental Analysis. In using fundamental analysis, we attempt to determine the intrinsic value of target securities through a review of, among other things, company specific financial disclosures, the strength and track record of management personnel, industry sector financial health, and at a macro level, the overall direction of the economy at large. We use this information as a basis to determine if such securities are underpriced or

overpriced relative to current market prices and then to make a buy or sell recommendation to you.

Relying on this type of analysis leaves open the risk that the price of a security may move along with the overall direction of the market, irrespective of the economic and financial factors which may have indicated that an opposite movement would have been expected. The main sources of information we rely upon when researching and analyzing securities using fundamental analysis include research materials prepared by others, annual reports, corporate rating services, prospectuses, and company press releases.

Technical Analysis. We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement. Technical analysis does not consider the underlying financial condition of a company or security. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of overall market movement.

Asset Allocation. Rather than focusing on selecting the particular securities or other assets to invest for your account, we attempt to identify an appropriate ratio of various types of investments (for example, stocks, fixed income, and cash) suitable to investment goals, time horizon, and risk tolerance. A risk of asset allocation is that you 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 to meet with your investment goals.

Mutual Fund and ETF Selection and Analysis. We evaluate and select mutual funds and/or ETFs for your account based on several factors which may include, without limitation, (1) the experience and track record of the underlying portfolio manager(s), (2) the performance of the mutual fund or ETF over time and through various market conditions; (3) expected market conditions that might impact the underlying holdings of the mutual fund or ETF or applicable market sector; and (4) whether and to what extent the underlying holdings of the mutual fund or ETF overlap with other assets held in your account. We also monitor the mutual fund or ETF in an attempt to determine if the fund is continuing to follow its stated investment strategy.

A risk of mutual funds and ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A fund manager's past track record of success cannot be relied upon as a predictor of success in the future. In addition, the underlying holdings of the fund are determined by independent fund managers and may change overtime without advance warning, creating the potential for overlap with other investments held in your account. This increase in the correlation of your holdings will increase the risk of loss where the value of any overlapping holdings should decrease. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the mutual fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

TPMM Selection and Analysis. This is the analysis of the experience, investment philosophies, and past performance of independent TPMMs in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. Key factors we consider when evaluating TPMMs are their investment process and philosophy, risk management methods and procedures, historical performance, investment strategy and style, fees and operating expenses, assets under management and number of clients, and tax-efficiencies. Our evaluation may also incorporate both qualitative and quantitative fundamental analysis to validate and confirm a TPMM's investment style and skill, as well as to compare them to other managers of similar style. We may utilize various research databases, proprietary models, financial periodicals, prospectuses and filings with the SEC, industry contacts and manager data, among other items, as part of the research process. Monitoring the TPMM's underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment completes the analysis. As part of the due-diligence process, the TPMM's compliance and business enterprise risks may be surveyed and reviewed.

Methods of analysis such as charting, fundamental, technical, or cyclical analysis may be used by the TPMMs we help select or recommend to clients. Please refer to the disclosure brochure of the TPMM for more information.

We typically use the following investment strategies in managing client accounts:

Long-term Purchases. We primarily take a long term, passive, "buy and hold" approach to investing client assets. In this type of investment strategy, we suggest the purchase of securities with the idea of holding them in a portfolio for a year or longer. Typically, we employ this strategy when (1) we believe the securities to be currently undervalued, and/or (2) we want the portfolio to have exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the recommendation to sell.

Short-term purchases. When utilizing this strategy, we may suggest the purchase of securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we recommend for purchase.

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. A trading program rather than an investment program may not be suitable for all clients. “Trading” refers to purchasing and selling securities on a short-term basis with the intention of achieving quick profits. Trading is, by definition, a form of speculating as distinguished from investing.

A trading 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. For these reasons, we will use trading strategies only in client accounts we believe will benefit from the strategy and which can assume the increased risk of loss.

- B** We use our best judgment and good faith efforts in rendering investment advice to our clients. We cannot warrant or guarantee any particular level of account performance, or that an account will be profitable over time. Not every investment recommendation we make will be profitable. **Investing in securities involves risk of loss that clients should be prepared to bear.** You assume all market risk involved in the investment of your account assets. Investments are subject to various market, currency, economic, political, and business risks.

Except as may otherwise be provided by law, we are not liable to you for:

- any loss that you may suffer by reason of any investment recommendation we made with that degree of care, skill, and diligence under the circumstances that a prudent person acting in a fiduciary capacity would use; or
- any independent act or failure to act by a custodian of your account(s).

- C** Summary of Investment Risks. While all investing involves risks and losses can and will occur, our advisory services generally recommend a broad and diversified allocation of mutual funds and other securities intended to reduce the specific risks associated with a concentrated or undiversified portfolio. Nonetheless, you should consider the following high-level summary of investment risks. **This list is not intended to be an exhaustive description of all risks you may encounter in engaging our firm for advisory services. We encourage you to inquire with us frequently about the risks related to any investments in your account.**

Risk of Loss. Securities investments are not guaranteed, and you may lose money on your investments. As with any investment manager that invests in common stocks and other equity securities, our investment recommendations are subject to market risk—the possibility that securities prices will decline over short or extended periods of time. As a result, the value of your account(s) will fluctuate with the market, and you could lose money over short or long periods of time. You should recognize whenever you determine to invest in the securities markets your entire investment is at risk. Clients should not invest money if they are unable to bear the risk of total loss of their investments.

Economic Risk. The prevailing economic environment is important to the health of all businesses. Some companies, however, are more sensitive to changes in the domestic or global economy than others. These types of companies are often referred to as cyclical businesses. Countries in which a large portion of businesses are in cyclical industries are thus also very economically sensitive and carry a higher amount of economic risk. If an investment is issued by a party located in a country that experiences wide swings from an economic standpoint or in situations where certain elements of an investment instrument are hinged on dealings in such countries, the investment instrument will generally be subject to a higher level of economic risk.

Financial Risk. Financial risk is represented by internal disruptions within an investment or the issuer of an investment that can lead to unfavorable performance of the investment. Examples of financial risk can be found in cases like Enron or many of the dot com companies that were caught up in a period of extraordinary market valuations that were not based on solid financial footings of the companies.

Market Risk. The value of your portfolio may decrease if the value of an individual company or multiple companies in the portfolio decreases or if our belief about a company's intrinsic worth is incorrect. Further, regardless of how well individual companies perform, the value of your portfolio could also decrease if there are deteriorating economic or market conditions. It is important to understand that the value of your investment may fall, sometimes sharply, in response to changes in the market, and you could lose money. Investment risks include price risk as may be observed by a drop in a security's price due to company specific events (*e.g.*, earnings disappointment or downgrade in the rating of a bond) or general market risk (*e.g.*, such as a "bear" market when stock values fall in general). For fixed-income securities, a period of rising interest rates could erode the value of a bond since bond values generally fall as bond yields go up. Past performance is not a guarantee of future returns.

TPMM Risks. A TPMM's past track record of success cannot be relied upon as a predictor of success in the future. In addition, the underlying holdings of your TPMM account(s) are determined by TPMM directly, and may change overtime without advance warning to our firm, creating the potential for overlap with other investments held in your account. This increase in the correlation of your holdings will increase the risk of loss where the value of any overlapping holdings should decrease. There is also a risk that a TPMM may deviate from the stated investment mandate or strategy of the account, which could make the holding(s) less suitable for the client's portfolio. We do not control any TPMM's daily business and compliance operations, and thus our firm may be unaware of any lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

Risks Related to Analysis Methods. Our analysis of securities relies in part on the assumption that the issuers whose securities we recommend for purchase and sale, 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.

Securities Transactions at the Direction of Clients. Irrespective of whether you engage us on a discretionary or non-discretionary basis, you always maintain the concurrent ability to direct transactions within your account held at the Custodian. We are not responsible for the consequences of your self-directed investment decisions or the costs and fees they generate within your account.

Interim Changes in Client Risk Tolerance and Financial Outlook. The particular investments recommended by our firm are based solely upon the investment objectives and financial circumstances disclosed to us by the client. While we strive to meet with clients at regular intervals (at least annually, unless otherwise agreed, either in person, telephonically, or by electronic means) to discuss any changes in the client's financial circumstances, the lack of constant and continuous communication presents a risk insofar as your liquidity, net worth, risk tolerance and/or investment goals could change abruptly, with no advance notice to our firm, resulting in a mis-aligned investment portfolio and the potential for losses or other negative financial consequences.

It is your continuing and exclusive responsibility to give us complete information and to notify us of any changes in your financial circumstances, income level, investment goals or employment status. We encourage you to contact us regularly and promptly to discuss any such changes.

Item 9 – Disciplinary Information

MSP is required to disclose all material facts regarding any legal or disciplinary event that would be material to your evaluation of our firm, or the integrity of our management. No principal or person associated with our firm has any information to disclose which is applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

- A** Registration as a Broker-Dealer or Registered Representative of a Broker-Dealer. Neither MSP nor its management personnel are or intend to become registered as a broker-dealer or registered representative of a broker-dealer.
- B** Futures or Commodities Registration. Neither MSP nor its management personnel are or intend to become registered as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of any of the foregoing.
- C** Other Material Relationships. Certain principals and associated persons of MSP are also principals and/or associated persons of Molatore, Scroggin, Peterson & Co. LLP (*i.e.*, “Molatore CPAs”), where they may provide accounting and/or tax advisory services and are paid separate compensation. Molatore CPAs typically recommends MSP to its accounting clients in need of investment advisory services. Conversely, MSP typically recommends Molatore, CPAs to advisory clients in need of accounting and/or tax advisory

services. Accounting and tax advisory services provided by Molatore CPAs are separate and distinct from MSP's advisory services and are provided to clients for typical compensation that is separate and distinct from MSP's advisory fees. MSP clients are never obligated to engage Molatore CPAs for any accounting or tax advisory services and conversely, no accounting client is obligated to use the advisory services of MSP.

Clients should be aware that the foregoing referral arrangements with our affiliate, Molatore CPAs, creates a conflict of interest that may impair the objectivity of our firm and our personnel when making advisory recommendations. MSP endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment advisor and discloses the potential for our firm and our employees to earn compensation (in the form of accounting fees) from advisory clients in addition to our firm's advisory fees.

- D** Recommendation of Other Advisors. While MSP may recommend or allocate a client's asset to certain TPMMs, we do not receive any referral fees or similar compensation, either directly or indirectly, in connection with such recommendations or allocations. We do not act as a solicitor for any TPMM.

Item 11 – Code of Ethics, Participation or Interest in Client Transaction & Personal Trading

- A** Our Code of Ethics. We subscribe to an ethical and high standard of conduct in all our business activity in order to fulfill the fiduciary duty we owe to our clients. Included in these ethical obligations is the duty to put our client's interests ahead of our own along with duties of loyalty, fairness, and good faith towards our clients. We disclose to clients material conflicts of interest which could reasonably be expected to impair our rendering of unbiased and objective advice.

MSP has a Code of Ethics ("Code") which all employees are required to follow. The Code outlines proper conduct related to all services provided to clients and will be made available to you, free of charge, upon request by contacting us at the phone number listed on the cover page of this brochure. Prompt reporting of internal violations is mandatory. MSP's Chief Compliance Officer and/or an appropriate designee evaluates employee performance to ensure compliance with our Code.

Designed to prevent conflicts of interest between the financial interests of clients and the interests of the firm and its staff, the Code requires, among other procedures, our "access persons" to report their personal securities transactions quarterly and to report all securities positions in which they have a beneficial interest at least annually. These reporting requirements allow supervisors at the firm to determine whether to allow or prohibit certain employee securities purchases and sales based on transactions made, or anticipated to be made, in the same securities which may be purchased or sold for client accounts. The Code is required to be reviewed annually and updated as necessary.

B-D Material/Proprietary Interests in Securities Recommended to Clients. Our firm and individuals associated with our firm do not have any proprietary or material interests in or any role in the management of any companies or investments that we recommend to our clients.

Personal Trading; Participation or Interest in Client Transactions. As described in Item 6 of this firm brochure, MSP and/or individuals associated with our firm may manage Proprietary Accounts. Proprietary Accounts may buy and sell some the same securities as we buy or sell for client accounts. This practice creates an actual conflict of interest with our clients insofar as our firm or individuals associated with our firm may have a financial incentive to trade in securities for Proprietary Accounts in advance of or opposite to transactions in the same securities for client accounts. To address this conflict, our policy is that, assuming the purchase or sale is otherwise appropriate for the subject client accounts, we will purchase or sell securities for our clients' accounts, as the case may be, before purchasing or selling any of the same securities for any Proprietary Accounts. In some cases we may buy or sell securities for our own account for reasons not related to the strategies adopted by our clients. The only exception to this general rule is where our Proprietary Accounts may participate in an aggregate ("block") trade simultaneously with client accounts.

In summary, our practice of buying and selling for Proprietary Accounts the same securities that we buy or sell for client accounts is restricted by the following controls:

- We are required to uphold our fiduciary duty to our clients;
- We are prohibited from misusing information about our clients' securities holdings or transactions to gain any undue advantage for ourselves or others;
- We are prohibited from buying or selling any security that we are currently recommending for client accounts, unless we participate in an aggregated trade with clients, or unless we place our orders after client orders have been executed; and
- We are required to periodically report our securities holdings and transactions to the firm's Chief Compliance Officer, who must review those reports for improper trades.

We act in a fiduciary capacity. If a conflict of interest arises between us and you, we shall make every effort to resolve the conflict in your favor. Conflicts of interest may also arise in the allocation of investment opportunities among the accounts that we advise. We will seek to allocate investment opportunities according to what we believe is appropriate for each account. We strive to do what is equitable and in the best interest of all the accounts we advise.

We will disclose to advisory clients any material conflict of interest relating to us, our representatives, or any of our employees which could reasonably be expected to impair the rendering of unbiased and objective advice.

Item 12 – Brokerage Practices

- A Recommendation of Broker-Dealers and Best Execution; Directed Brokerage; Soft Dollar Practices. Although clients may request us to execute transactions for their account through any broker-dealer of their choosing, we generally recommend that clients engage the custodial and brokerage services of TD Ameritrade Institutional (“TDA”), a division of TD Ameritrade, Inc., Member FINRA/SIPC. We are not affiliated with TDA and TDA does not monitor or control the activities of our firm or its personnel. The client has the sole discretion to select the Custodian to be used for custody and execution of transactions for the client’s account. The client independently selects the Custodian by executing the appropriate account opening documentation, and in doing so, authorizes our firm to direct the execution of transactions for the client’s account through the chosen Custodian.

In recommending broker-dealers, we have an obligation to seek the “*best execution*” of transactions in your account. This duty requires that we seek to execute securities transactions for clients such that the total costs or proceeds in each transaction are the most favorable under the circumstances. The determinative factor in the analysis of best execution is not the lowest possible commission cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of the recommended broker-dealer’s services. The factors we consider when evaluating a broker-dealer for best execution include, without limitation, the broker-dealer’s:

- Execution capability;
- Commission rates;
- Financial responsibility;
- Responsiveness and customer service;
- Custodian capabilities;
- Research services/ancillary brokerage services provided; and
- Any other factors that we consider relevant.

Therefore, we will seek competitive commission rates, but we may not obtain the lowest possible commission rates for specific account transactions. With this in consideration, our firm will continue to recommend that clients use TDA until their services do not result, in our opinion, in best execution of client transactions.

If the client selects a Custodian other than our recommended Custodian for execution of transactions (*i.e.*, directed brokerage), you are advised that we may be unable to seek best execution of your transactions and your commission costs may be higher than those of our recommended Custodian. For example, in a directed brokerage account, you may pay higher brokerage commissions and/or receive less favorable prices on the underlying securities purchased or sold for your account because we may not be able to aggregate your order with the orders of other clients. In addition, where you direct brokerage, we may place orders for your transactions after we place transactions for clients using our recommended Custodian. We reserve the right to reject your request to use a particular

Custodian if such selection would frustrate our management of your account, or for any other reason.

The Custodian(s) we recommend to you may provide us with certain brokerage and research products and services that qualify as “brokerage or research services” under Section 28(e) of the Securities Exchange Act of 1934 (“Exchange Act”). This is commonly referred to a “*soft dollar*” arrangement. These research products and/or services will assist us in our investment decision making process. Such research generally will be used to service all of our client accounts, but brokerage charges and similar fees paid by the client may be used to pay for research that is not used in managing that specific client’s account. Your account may pay the recommended Custodian a charge greater than another qualified broker-dealer might charge to effect the same transaction where we determine in good faith that the charge is reasonable in relation to the value of the brokerage and research services received.

Clients should be aware that there is no direct link between TDA and MSP in connection with the advice MSP provide to clients. MSP is required to disclose that it receives economic benefits through the custody and operating relationships it has with TDA that are not typically available to retail investors. These benefits include the following products and services, provided by TDA without cost or at a discount: duplicate client statements and confirmations, research related products and tools, consulting services, access to a trading desk serving representatives, access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares directly to or from client accounts), the ability to have advisory fees deducted directly from client accounts, access to an electronic communications network for client order entry and account information, access to mutual funds with no transaction fees, and discounts or no fees on compliance, marketing, research, technology, and practice management products and services provided by third-party vendors.

TDA may also pay for business consulting, professional services, and research received by MSP and its associated persons and may also pay or reimburse expenses (travel, lodging, meals, and entertainment expenses) for MSP’s personnel to attend conferences or meetings relating to their service platforms or to their advisor custody and brokerage services generally. Some of these products and services made available by TDA, may benefit MSP, but may not benefit its clients. Such other services made available by TDA are intended to help MSP manage and further develop its business enterprise, and such services may or may not depend on the amount of brokerage transactions directed to them.

Clients should be aware that the receipt of economic benefits by MSP described above, in and of itself, creates a potential conflict of interest and may directly or indirectly influence MSP’s recommendation of TDA for custody and brokerage services.

Other than the services described above, MSP and its representatives do not direct transactions and the commissions they generate (soft dollars) to brokerage firms or other parties to receive research or other benefits.

MSP does not process transactions through TDA in return for TDA referring new clients to MSP.

- B** Trade Aggregation. Our firm aggregates (combines) orders for client accounts. Please see Item 16 below for information on the conditions under which we may include your account in a “*block trade*” and the manner in which we price and allocate securities purchased or sold in this manner.

Item 13 – Review of Accounts

- A** Account Review Policy. Portfolio management accounts are typically reviewed by the investment advisor representative and/or portfolio manager who is primarily responsible for managing the client’s account. However, individuals conducting reviews may vary from time to time, as personnel join or leave our firm. The frequency of reviews is determined based on each client’s investment objectives and investment profile. Accounts are generally reviewed quarterly, but in any event, no less than annually.

Annual retainer financial planning and consulting clients receive comprehensive, written financial plans that are formally reviewed and updated annually. Our investment advisor representatives conduct these reviews in person, over the phone and/or via the internet. One-time financial planning and consulting client do not receive updates or account reviews following delivery of our written investment recommendations unless the client specifically requests such review, MSP agrees to the additional review in writing, and the client pays an additional advisory fee.

- B** More Frequent Account Reviews. More frequent reviews of portfolio management accounts may be triggered by a change in client’s investment objectives; risk/return profile; tax considerations; contributions and/or withdrawals; large sales or purchases; security specific events; or changes in the economy more generally.
- C** Reporting to Clients. Clients will receive trade confirmations and standard account statements from TDA or any other Custodian selected by the client no less than quarterly. We will provide you with independently prepared written reports as you may reasonably request. Reports we provide to you will contain relevant account and/or market-related information such as an inventory of account holdings and account performance, as examples.

Item 14 – Client Referrals and Other Compensation

- A** As referenced in Item 12 above, TDA provides research that we may use to service all accounts, including accounts that do not execute trades with TDA.
- B** We have no arrangements, written or oral, in which we compensate others or are compensated for client referrals.

Item 15 – Custody

With the exception of our ability to directly debit fees as outlined in Item 5, we do not hold, directly or indirectly, client funds or securities, or have any authority to obtain possession of them. All client assets are held at the qualified Custodian, usually TDA. We currently recommend TDA to act as your qualified Custodian to hold your assets and execute securities transactions for your account.

We shall have no liability to you for any loss or other harm to any property in your account held by the Custodian, including any harm to any property in the account resulting from the insolvency of the Custodian (including, without limitation, TDA) or any acts of the agents or employees of the Custodian, whether or not the full amount of such loss is covered by the SIPC or any other insurance which may be carried by the Custodian. Clients understand that the SIPC provides only limited protection for the loss of property held by a Custodian.

Item 16 – Investment Discretion

Investment Discretion. When you engage us for portfolio management services you will have the option to grant us ongoing and continuous discretionary authority to execute our investment recommendations within your account held at the Custodian *without* obtaining your prior approval for each specific transaction. In a discretionary arrangement, you authorize us to purchase and sell securities and instruments in your account(s), arrange for delivery and payment in connection with the foregoing, retain and terminate TPMM relationships, and act on your behalf in all matters necessary or incidental to the handling of the account, including monitoring of your assets. Except for direct deductions of its advisory fees, MSP will not be permitted to initiate transfers of funds in or out of client accounts. Our discretionary management of your account will be conducted in strict accordance with your investment policy statement (or similar document used to establish each client's objectives and suitability). You may elect to grant us discretionary authority by executing a written discretionary advisory agreement with our firm.

Order Aggregation. We may aggregate client orders, so long as it is done for purposes of achieving best execution, and so long as no client is systematically advantaged or disadvantaged. Before aggregating client orders, we document the participating accounts and the allocation instructions. We submit allocation instructions to the broker-dealer before the market closes on the day of the order. We allocate aggregated orders to client accounts at the average price obtained. We allocate partially filled orders pro rata based on the size of the order placed by each account. If we judge that we cannot or should not allocate a partially filled order pro rata (*e.g.*, if the quantity of securities obtained is too small or would not have a material impact if distributed among each account), then we apply the following procedures:

- We allocate the order to client accounts only (*i.e.*, no employees that participated in the order may receive any allocation); and
- We document our allocation decision.

Item 17 – Voting Client Securities

- A** We will not vote proxies on behalf of clients and will not provide advice to clients on how the client should vote.
- B** We do not have or accept authority to vote client securities. Most clients will receive proxies and other solicitations directly from the custodian or transfer agent. If any proxy materials are received on behalf of a client, they will be sent directly to the client or a designated representative of the client, who is responsible to vote the proxy.

Security Claims Class Action Litigation

MSP has engaged an independent third-party service provider, Chicago Clearing Corporation (“CCC”), to monitor and file securities claims class action litigation paperwork with claims administrators on behalf of our firm’s portfolio management clients. MSP does not receive any fees or remuneration in connection with this service, nor does it receive any fees from the third-party provider(s). CCC earns a fee based on a flat percentage (typically 15%) of all claims it collects on behalf of MSP’s clients. This fee is collected and retained by CCC out of the claims paid by the claim administrator.

Clients are advised that it may be necessary to share client information, such as your name and account number, with CCC in connection with this service. All clients who engage MSP for portfolio management services are automatically enrolled in this service, unless they elect to opt-out. You may opt-out of this service at any time by notifying us in writing. If a client opts out, MSP does not have an obligation to advise or take any action on behalf of a client with regard to class action litigation involving investments held in or formerly held in a client’s account. We have the right to change the provider of this service at our sole discretion. If we do so, we will notify you and send you another opt-out election form.

Because we are providing this service through CCC, we no longer monitor class action suits or process claim forms on your behalf (whether or not you participate in the service CCC provides). We are not responsible or liable for: (a) any assistance we provide to CCC concerning monitoring or processing class action claims or (b) any CCC act in monitoring or processing such claims.

Item 18 – Financial Information

- A** MSP does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.
- B** Advisors who have discretionary authority over client accounts, custody of client assets, or who require or solicit pre-payment of more than \$1,200 in fee per client, six months or more in advance, are required to disclose any financial condition that is reasonably likely to impair their ability to meet contractual commitments to clients. MSP maintains

discretionary authority over client funds and securities. We have no financial commitments that would impair our ability to meet contractual and fiduciary commitments to our clients.

- C** Neither MSP nor any of its principals, have been the subject of a bankruptcy petition at any time in the past.