

**Form ADV Part 2A**

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**March 31, 2022**

As required by the United States Securities and Exchange Commission (“SEC”), Form ADV Part 2A (“Disclosure Brochure”) provides information about the qualifications and business practices of MKD Wealth Coaches, LLC (“MKD”). The information in our Disclosure Brochure has not been approved or verified by the SEC or by any state securities authority. Additional information about us also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). We are a registered investment adviser. Registration of an adviser does not imply any level of skill or training. If you have questions about the contents of our Disclosure Brochure, please contact Tim Mrock, our Chief Compliance Officer, at (248) 418-5100 or [tim@mkdwealthcoach.com](mailto:tim@mkdwealthcoach.com).

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**ITEM 2: MATERIAL CHANGES**

We will amend our Disclosure Brochure to reflect changes in our business practices, changes in regulations and routine annual updates as required by securities regulators. A summary of material changes or a complete Disclosure Brochure shall be provided to each affected client within a reasonable time following the occurrence of any material change.

The following material changes were made to our Disclosure Brochure since our last annual amendment dated March 30, 2021:

- Item 4 to update MKD's practices with respect to its recommendation to roll over retirement account assets.
- Item 8 to: 1) describe risks regarding investments in fixed income securities, interval funds, and ESG investments; and 2) describe catastrophic event risks.
- Item 18 to remove disclosure of MKD's participation in the Paycheck Protection program ("PPP"). In 2021, MKD received full forgiveness of the PPP loan it received in 2020.

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## **ITEM 4: ADVISORY BUSINESS**

### **Our Owners and Principals**

We established our firm in December 2006. Joseph Mackey, John Dankovich and Nathan Bohannon are our members, and each owns 33.33% of our firm's membership interests.

### **Our Advisory Services**

We are an investment adviser providing investment management services, financial planning, and consulting services to individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, corporations and business entities. We offer our services on a fee basis, and depending on the type of service, we charge an asset-based fee, hourly rate or fixed fee. Prior to engaging us to provide any investment advisory services, we will enter into one or more written agreements with you setting forth the terms and conditions under which we will provide our services.

### ***Investment Management Services***

If you choose to become an investment management client, you will sign an investment advisory agreement ("Advisory Agreement"), which establishes the general terms and conditions of our engagement. We will discuss your financial needs and goals as well as risk tolerance and other individual circumstances to determine which strategy will meet your investment objectives. You must notify us promptly when there are any changes in your financial situation or investment objectives or if you wish to impose any reasonable restrictions upon our management services. For additional information regarding our investment discretion see Item 16.

We also provide investment management services for annuity products, and individual accounts in an employer-sponsored retirement plan. We refer to these products and accounts as being an outside managed account ("OMA") because we are not engaged by the insurance company or your employer-sponsored retirement plan. Typically, when we provide these services your assets are maintained either at the specific insurance company that issued you the annuity product, or at the custodian designated by you or your retirement plan's sponsor. When providing advice regarding your annuity products or retirement plan, we utilize the asset allocation of one of our investment strategies and implement with the most appropriate funds made available by the insurance or plan provider.

We can also assist you with establishing a 529 plan and review its investments when needed.

### ***Financial Planning and Consulting Services***

We offer a broad range of comprehensive financial planning and consulting services, which include non-investment related matters. We offer comprehensive and continual financial planning, for which we will review your overall financial situation and provide recommendations covering retirement cash flow and estate planning, and risk management. If you desire financial planning on a more limited scope, we offer a variety of services, which include providing you with a report and recommendations regarding asset allocations, estate planning or retirement planning. If you choose to become a financial planning or

consulting client, you will sign a financial planning agreement (“Planning Agreement”). We also refer to our financial planning services as wealth coaching services. Wealth coaching services have the same meaning as financial planning services as described herein.

As part of your financial plan, we generally recommend other services we offer or the services of other professionals to implement our recommendations. While recommending our own services does present a conflict of interest, you are under no obligation to act upon any of our recommendations and you are not required to engage the services of any recommended professional, including us as an investment manager. You retain absolute discretion over all financial planning implementation decisions and may accept or reject any of our recommendations. It is your responsibility to notify us promptly if there is any change in your financial situation or investment objectives so that we can review, evaluate, or revise our previous recommendations and services.

For some clients our consulting services include one or more of the following: Closely Heald Advisory Team<sup>®</sup> (C.H.A.T.<sup>®</sup>), insurance reviews, and other financially related topics as requested.

### **Use of Alternative Investments**

To investors for whom an alternative investment is suitable, we will recommend investment in one or more alternative investment vehicles including, but not limited to, hedge funds, private equity funds, and private debt/credit investments. A recommendation to invest in such an alternative investment vehicle is done so on a non-discretionary basis. This means that even if we recommend an alternative investment, you are not required to make such investment and any investment will only be made upon your execution of subscription or other documents admitting you as an investor.

To invest in an alternative investment vehicle, you will be required to meet strict suitability criteria with regards to your net worth, liquid net worth, income and other applicable requirements. You will receive disclosure documents for each fund in which you are interested in investing. It is important that you read the disclosure documents and ask us if you have any questions prior to investing. See Items 5, 7 and 8 for additional information regarding our recommendation of alternative investments.

### **Use of Independent Managers**

At times, MKD will select or recommend that you select certain Independent Managers to actively manage a portion of your assets. This generally includes recommending equity or fixed income managers but may include Independent Managers in other strategies where we believe it would be more effective for you. The specific terms and conditions under which you engage an Independent Manager are either in a separate written agreement with the designated Independent Manager or alternatively are in a sub-advisory agreement between MKD and the Independent Manager as permitted by your Advisory Agreement with MKD. In addition to our Disclosure Brochure, you will receive the Independent Manager’s written disclosure documents either from us or from the Independent Manager directly.

MKD evaluates a variety of information about Independent Managers, which may include the Independent Managers’ public disclosure documents and materials supplied by the Independent Managers themselves. To the extent possible, we seek to assess the Independent Managers’ investment strategies,

past performance and risk results in relation to its clients' individual portfolio allocations and risk exposure. We also take into consideration each Independent Manager's management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other factors.

On an ongoing basis, MKD monitors the performance of client accounts being managed by Independent Managers. We seek to ensure the Independent Managers' strategies and target allocations remain aligned with its clients' investment objectives and overall best interests.

### **IRA Rollover Recommendations**

Effective December 20, 2021 (or such later date as the US Department of Labor ("DOL") Field Assistance Bulletin 2018-02 ceases to be in effect), for purposes of complying with the DOL's Prohibited Transaction Exemption 2020-02 ("PTE 2020-02") where applicable, we are providing the following acknowledgment to you.

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

We benefit financially from the rollover of your assets from a retirement account that we do not manage on your behalf to an account that we manage or provide investment advice, because the assets increase our assets under management and, in turn, our advisory fees. As a fiduciary, we only recommend a rollover when we believe it is in your best interest.

Additional resources about IRA Rollovers are available to investors through FINRA's web site at [www.finra.org](http://www.finra.org).

### **Assets Under Management**

We manage client assets on both a discretionary and nondiscretionary basis, and as of December 31, 2021, we had \$320,908,240 in client assets managed on a discretionary basis and \$28,734,594 in client assets managed on a nondiscretionary basis.

## **ITEM 5: FEES AND COMPENSATION**

### **Investment Management Service Fees**

Our investment management services are billed quarterly in advance and are based upon a percentage of the market value of the assets in your account(s) under our management. Our fee varies depending upon the investment strategy and market value of the assets under management but will not exceed 1.75% per annum. Fees are typically charged based upon the market value of the assets on the last day of the prior quarter as valued by our portfolio reporting and billing software. Valuations in our software will vary slightly from your custodian based on position pricing sources, dividend posting dates, accrued interest treatment and other similar factors. Note that for certain alternative investments, our software and/or your custodian may report a market value that is 1-month or 1-quarter delayed. This lag sometimes occurs when the underlying fund manager to the alternative investment has not yet reported the current period-end market value for the investment to our software and/or your custodian. In such cases, MKD will rely upon the most recent valuation reported by our software and/or your custodian when calculating the fee.

The terms and conditions of our Investment Management Services and Fees are set forth in your Advisory Agreement.

### ***Fee Prorations***

We prorate the fee for your initial quarter starting the day your assets are designated for our management. Our agreement with you continues until one of us terminates the agreement by providing the other party with written notice. We prorate our fees through the date of termination and we refund you any outstanding balance, as appropriate, in a timely manner.

You may make additions to, and withdrawals from, your account at any time. Additions may be in cash or securities, although we reserve the right to liquidate any transferred securities or decline to accept certain securities into your account. You may withdraw assets from your account by contacting us and we will provide the appropriate paperwork required by the custodian to initiate a withdrawal. Any withdrawal is subject to the custodian's usual and customary securities settlement procedures. Generally, we prorate our fees for each capital contribution or withdrawal of \$50,000 or more made during the applicable calendar quarter.

### **Additional Information on Fees and Services**

We reserve the right to negotiate our fees with all clients, and your fees may be higher or lower than those described in this Brochure. Whether or not we negotiate fees, the fees we charge you will be set forth in your Advisory Agreement and/or Planning Agreement.

We generally waive our service fees for our employees and their immediate family members

Our fees do not include brokerage commissions, transaction and trade-away fees, and other related costs and expenses incurred in connection with providing investment advisory services to you. For additional information regarding brokerage arrangements see Item 12.

Mutual funds and exchange-traded funds charge internal management fees, which are disclosed in the fund's prospectus. If a mutual fund also imposes sales charges, you will pay an initial or deferred sales charge. Some mutual fund companies waive the sales charge, while others do not. However, we primarily recommend "no-load" mutual funds, which do not have a commission or sales charge. Internal fund management fees and sales charges are in addition to our advisory fee. Generally, many mutual funds and exchange-traded funds can be purchased directly, without using our services and without incurring our advisory fees.

Fees charged by Independent Managers to manage portions of your assets are separate from and in addition to our fees described above. Independent Manager fees are listed in each Independent Manager's investment advisory agreement with you or alternatively are listed in a sub-advisory agreement between MKD and the Independent Manager as permitted by your Advisory Agreement with MKD. In either scenario, we will obtain authorization to direct your custodian to deduct Independent Manager fees directly from your account.

We design our portfolios as long-term investments, and asset withdrawals could impair the achievement of your investment objectives. You are responsible for any commissions, transaction costs, account servicing fees, or taxes due in connection with the liquidation of investment positions to facilitate cash or asset withdrawals. When we liquidate securities transferred into your account from another custodian, you will incur applicable commissions, transaction fees, fees assessed at the mutual fund level or variable annuity level (e.g., contingent deferred sales charges, redemption fees) and/or taxes.

Generally, you will authorize us under our Advisory Agreement to direct your custodian to deduct our fees directly from your account. If you provide us such authorization, the custodian's periodic statements will show each fee deduction from your account. You have the option to withdraw this authorization for direct billing of these fees at any time by notifying your custodian or us in writing.

### **Financial Planning and Consulting Services Fees**

If you engage us to provide financial planning and consulting services, we charge you a fee for these services. Our financial planning and consulting fees are negotiable, but generally range from \$1,000 to \$50,000 on a fixed fee basis and from \$200 to \$500 on an hourly rate basis. The range of fees depends upon the level and scope of the services you desire. We typically require you to pay one-half of the estimated hourly or fixed fee when the written agreement is signed. The balance is due upon delivery of the financial plan or completion of the agreed upon services, or as otherwise stated in our Planning Agreement.

You may terminate our agreement at any time by giving us written notice and we may terminate our agreement by providing you with written notice. In the event you terminate our financial planning or consulting services, we refund the balance of any unearned fees to you. If termination occurs within five (5) business days of entering into an agreement you are entitled to a full refund.



**Insurance Fee**

We are a licensed insurance agency. Most of our investment adviser representatives, in their individual capacities, are licensed insurance agents and when appropriate or requested, will recommend the purchase of certain insurance products. In doing so, our representatives will earn insurance commissions. This presents a conflict of interest because our representatives will have an incentive to recommend insurance products that are based on the compensation they receive rather than on your needs. You have the option to purchase insurance products that are recommended by our representatives through other brokers or agents that are not affiliated with us. Generally, we do not charge investment management service fees on insurance products that earn a commission. If an investment management service fee is charged, it would be reduced to offset the commission earned.

**Alternative Investment Fees**

Our services for alternative investments include analyzing funds to determine specific recommendations, performing ongoing due diligence of funds and their sponsors, facilitating capital call payments, reporting on fund valuations, advising on distributions and recommending liquidation actions on funds that offer liquidity. Our services fee for alternative investments will be assessed in the same manner as your fees for other accounts and investments. Unless you are paying an all-inclusive flat fee for services, our alternative investment services fee will be based on the current valuation of “called capital.” Called capital is the amount of money you have invested at any given time with the alternative investment. If you do not have other accounts or investments under our advisement, the alternative investment platform provider or fund sponsor will assess our fee, quarterly in arrears, and remit it to us (and report it to you on your investment statement). In such cases, your fee will be based on the current valuation of “committed capital.” Committed capital is the contractual agreement that obligates you to invest money to the fund in the future.

For access to certain alternative investment funds, we will utilize a third-party platform provider. A platform provider will perform additional services including due-diligence, analysis, reporting and administrative support. For these services, the platform provider charges an annual management fee. This fee is in addition to any fees that we charge for our alternative investment services as described above.

The fund sponsor or manager of the underlying fund will also charge management fees and performance fees. These fees will be specified in the fund’s disclosure documents and will be in addition to our fees and those of the platform provider.

The custodian maintaining the asset will charge nominal transaction and holding fees on alternative investment vehicles.

See Items 4, 7 and 8 for additional information regarding our use of alternative investments.

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**ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

We do not charge any performance-based fees, which are fees based on a share of capital gains on, or capital appreciation of, your assets.

**ITEM 7: TYPES OF CLIENTS**

We are an investment adviser providing investment management, financial planning, and consulting services to individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, corporations and business entities. The minimum portfolio size for us to engage in investment management or financial planning services is generally \$500,000, though we may waive the minimum in our discretion.

**Limitation on Investments in Alternative Investment Vehicles**

If you desire to invest in an alternative investment vehicle, you will likely need to qualify as one or more of the following: an “accredited investor” as defined under Regulation D of federal securities law, a “qualified purchaser” as defined under the Investment Company Act of 1940, and/or a “qualified client” as defined under the Investment Advisers Act of 1940. Additionally, a purchase in an alternative investment vehicle may require a minimum investment amount.

See Items 4, 5 and 8 for additional information regarding our use of alternative investments.

**ITEM 8: METHODS OF ANALYSIS,  
INVESTMENT STRATEGIES AND RISK OF LOSS****Methods of Analysis**

In executing our investment management process, we create various model strategies. Clients with similar investment objectives and risk tolerances typically receive substantially identical portfolio recommendations, depending upon each client’s circumstances. We have engaged third-party consultants to provide us with investment research and analysis. Based on the investment analysis, the third-party consultants will recommend changes to our investment strategies. We will continue to determine which strategy is appropriate for our clients. The third-party consultants do not provide individualized client investment management but rather provide portfolio design, asset allocation, and securities selection for our investment strategies. We maintain discretion over all trading decisions in the management of our strategies.

We believe these resources for information are reliable and regularly depend on these resources for making our investment decisions; however, we are not responsible for the accuracy or completeness of this information. At least annually, we will evaluate the services provided by the third-party consultants.

## **Investment Strategies**

We use a variety of strategies depending on client goals and circumstances, each of which is comprised of one or more of the following investment vehicles: stocks, bonds, mutual funds, exchange-traded funds, municipal securities, and other types of investments. We often recommend mutual funds and exchange-traded funds to promote portfolio diversification within asset classes.

Our investment strategies include the following:

- **Cash and Equivalents:** Seeks to provide income and principal protection via money market funds and certificates of deposit.
- **Short-Term Income Instruments:** Seeks to provide income higher than current money market rates with volatility lower than 1-year to 3-year US Treasury obligations. Utilizes mutual funds and exchange-traded funds with underlying investments in bonds and other fixed income securities.
- **Income Instruments:** Seeks to provide an income level higher than 5-year U.S. Treasury obligations through investment in individual bonds.
- **Core Strategies:** Invests in a globally diversified mix of asset classes optimized around various constraints to achieve the greatest level of return for a given level of risk as measured by standard deviation. We offer our Core Strategies across a spectrum of risk types ranging from Cautious (less expected risk and less expected return) to Aggressive (more expected risk and more expected return). Our Core Strategies are passive in nature with allocation shifts or manager changes occurring approximately once per year. Our Core Strategies utilize a combination of investment vehicles including mutual funds, exchange-traded funds, stocks, bonds, Independent Managers, and alternative investments depending on account size, liquidity needs and client suitability among other factors. Although our Core Strategies are passive, certain investment vehicles utilized within our Core Strategies are actively managed by the fund managers.
- **Diversified Bond:** Invests in fixed income asset classes toward a primary goal of capital preservation.
- **Tax-Managed Income:** Invests primarily in state and municipal income tax-free bond obligations and looks to protect capital during periods of uncertainty.
- **Liquid Alternatives:** Seeks to diversify traditional asset allocation utilizing liquid alternative strategies (e.g., Long/Short, Event Driven, Market Neutral, Global Macro and Managed Futures).
- **Custom:** Strategies that deviate from the above based on a client's restrictions and objectives. There are typically derivations of our standard strategies with adjusted weightings or security substitutions.

## **Types of Investments and Risk of Loss**

You should be prepared to bear the risk of loss when you invest in securities. Obtaining higher rates of return on investments typically entails accepting higher levels of risk. We will work with you to attempt to identify the balance of risk and reward that is appropriate and comfortable for you. However, it is still

your responsibility to ask questions if you do not understand fully the risks associated with any investment or investment strategy.

Also, while we strive to render our best judgment on your behalf, many economic and market variables beyond our control can affect the performance of your investments and we cannot assure you that your investments will be profitable or that no losses will occur in your investment portfolio. Past performance is one consideration with respect to any investment or investment advisor, but it is not a predictor of future performance.

While our investment strategies do not hold a concentrated position in any one security, on occasion, a client may hold a more concentrated security position. This is often due to the client participating in an employer's stock plan. There is an inherent risk for clients who have their investment portfolios heavily weighted in one security, one industry or sector, one geographic location, one investment manager or one asset class.

We offer advice about a wide variety of investment types, including, but not limited to, mutual funds, exchange-traded funds, equity securities, fixed income securities, interval funds, variable annuities, and alternative investments, each having different types and levels of risk. We will discuss these risks with you in determining the investment objectives that will guide our investment advice for your account. We will explain and answer any questions you have about these kinds of investments, which present special considerations such as those described below.

### ***Mutual Funds***

Investing in mutual funds carries inherent risk. The major risks of investing in a mutual fund include the quality and experience of the portfolio management team and its ability to create fund value by investing in securities that have positive growth, the amount of individual company diversification, the type and amount of industry diversification, and the type and amount of sector diversification within specific industries. In addition, mutual funds tend to be tax inefficient and therefore investors pay capital gains taxes on fund investments while not having yet sold the fund.

### ***Exchange-Traded Funds***

Investing in exchange-traded funds ("ETFs") involves risk. Specifically, ETFs, depending on the underlying portfolio and its size, can have wide price (bid and ask) spreads, thus diluting or negating any upward price movement of the ETF or enhancing any downward price movement. Also, ETFs require more frequent portfolio reporting by regulators and are thereby more susceptible to actions by hedge funds that could have a negative impact on the price of the ETF. Volatility and liquidity can severely and negatively impact the price of the ETF's underlying portfolio securities, thereby causing significant price fluctuations of the ETF.

### ***Equity Securities***

Investing in individual companies involves inherent risk. The major risks relate to the company's capitalization, quality of the company's management, quality and cost of the company's services, the

company's ability to manage costs, efficiencies in the manufacturing or service delivery process, management of litigation risk, and the company's ability to create shareholder value (i.e., increase the value of the company's stock price). Foreign securities, in addition to the general risks of equity securities, have geopolitical risk, financial transparency risk, currency risk, regulatory risk and liquidity risk.

### ***Fixed Income Securities***

While we emphasize risk-averse management and capital preservation in our fixed-income bond portfolios, you can lose money, including losing a portion of your original investment. Below is a representative list of the types of risks you should consider before investing in fixed income securities or funds that invest in fixed income securities.

- **Interest rate risk.** Prices of bonds tend to move in the opposite direction to interest rate changes. Typically, a rise in interest rates will negatively affect bond prices. The longer the duration and average maturity of a portfolio, the greater the likely reaction to interest rate moves.
- **Credit (or default) risk.** A bond's price will generally fall if the issuer fails to make a scheduled interest or principal payment, if the credit rating of the security is downgraded, or if the perceived creditworthiness of the issuer deteriorates.
- **Liquidity risk.** Sectors of the bond market can experience a sudden downturn in trading activity. When there is little or no trading activity in a security, it can be difficult to sell the security at or near its perceived value. In such a market, bond prices may fall.
- **Call risk.** Some bonds give the issuer the option to call or redeem the bond before the maturity date. If an issuer calls a bond when interest rates are declining, the proceeds may have to be reinvested at a lower yield. During periods of market illiquidity or rising rates, prices of callable securities may be subject to increased volatility.
- **Prepayment risk.** When interest rates fall, the principal of mortgage-backed securities may be prepaid. These prepayments can reduce the portfolio's yield because proceeds may have to be reinvested at a lower yield.
- **Extension risk.** When interest rates rise or there is a lack of refinancing opportunities, prepayments of mortgage-backed securities or callable bonds may be less than expected. This would lengthen the portfolio's duration and average maturity and increase its sensitivity to rising rates and its potential for price declines.

### ***Interval Funds***

When consistent with your investment objectives, we will allocate a portion of investment assets to interval funds. Investment companies structured as interval funds are generally designed for long-term investors who do not require daily liquidity. Shares in interval funds typically do not trade on the secondary market. Instead, their shares are subject to periodic redemption offers by the fund at a price based on net asset value. Accordingly, interval funds are subject to liquidity constraints. Interval funds investing in securities of companies with smaller market capitalizations, derivatives, or securities with substantial market and/or credit risk tend to have the greatest exposure to liquidity risk. Generally, the interval funds we recommend offer liquidity during a one-to-two-week period, on a quarterly basis, during which you can redeem previously purchased shares. Given the lack of secondary market, the

infrequent nature of the offers to buy back shares, and liquidity gates (or re-purchase limits during the quarterly liquidity windows), you should consider the shares of interval funds to be illiquid.

### ***Variable Annuities***

Variable annuities are highly complex financial products offered by insurance companies. Investment in a variable annuity contract is subject to both general market risk and the insurance company's credit risk. These and other risks are described in the variable annuities' prospectuses. Variable annuities are regulated under both securities and insurance laws and related rules and regulations. Variable annuities offer various benefits and features which may or may not have value to you depending on your circumstances, which we can discuss with you.

### ***Alternative Investments***

Alternative investment vehicles are speculative and involve a high degree of risk. Opportunities for withdrawal or redemption and transferability of interests are restricted, and you will not have access to capital on an as needed basis. It is likely that for most funds there will not be a secondary market for your interests and none should be expected to develop. An investment should not be made unless you are prepared to lose all or a substantial portion of your investment. The offering documents for a specific investment will contain risk disclosures which relate to that investment. We urge you to review and carefully consider those risk factors.

See Items 4, 5 and 7 for additional information regarding our use of alternative investments.

### ***Independent Managers***

As stated above, MKD may select or recommend certain Independent Managers, primarily in equity and fixed income strategies, to manage a portion of your client assets. In these situations, we continue to conduct ongoing due diligence of these managers, but such selections or recommendations rely to a great extent on the Independent Managers' ability to successfully implement their investment strategies. In addition, we do not supervise the Independent Managers on a day-to-day basis. As a result, there can be no assurance that every Independent Manager will invest on the basis expected by us. Furthermore, because we have no control over any Independent Manager's day-to-day operations, you may experience losses due to the fraud, poor risk management, or recklessness of the Independent Managers.

### ***Environmental, Socially Responsibility and Corporate Governance ("ESG") Investments***

At your specific request, we will make recommendations for ESG strategies that align with your request. Generally, you will provide us with your particular ESG parameters. ESG investments can exclude sectors or industries, which could have a negative impact on your accounts and result in underperformance as compared to other strategies recommended by us.

### ***Margin Leverage***

Although we generally do not utilize leverage, there are limited instances in which recommended mutual funds, exchange-traded funds, or interval funds will utilize leverage. The use of margin leverage could

cause a portfolio to liquidate positions when it may not be advantageous to do so to satisfy obligations, and therefore, subjects a portfolio to higher losses than if it had not been leveraged. Further, the use of leverage generally results in additional interest costs to the fund.

### **Cybersecurity Risk**

Cybersecurity incidents may allow an unauthorized party to gain access to customer data, or proprietary information, or cause an advisor, and/or other service providers (including custodians and financial intermediaries) to suffer data breaches, data corruption or loss of operational functionality.

### **Catastrophic Event Risk**

The value of securities may decline as a result of various catastrophic events, such as pandemics, natural disasters, and terrorism. Losses resulting from these catastrophic events can be substantial and could have a material adverse effect on MKD's business and client accounts.

The risk of loss described herein should not be considered an exhaustive list of all the risks that you should consider.

## **ITEM 9: DISCIPLINARY INFORMATION**

As a registered investment adviser, we must disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of us or the integrity of our management. We have no legal or disciplinary events to disclose.

## **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

### **Related Attorney**

In addition to his capacity as member and investment adviser representative, John Dankovich is a licensed practicing attorney who maintains a limited legal practice, separate and distinct from our firm. No portion of our services to you constitutes legal advice. Rather, you should consult with and seek the advice of your own attorney.

### **Insurance Agency**

MKD is a licensed insurance agency. A conflict of interest exists because our representatives have a financial incentive to recommend that you purchase insurance that generates commission or additional compensation to the representative. However, to mitigate this conflict, if you decide to implement our recommendation to purchase insurance products you are not required to purchase insurance through our affiliated agency or representatives. You have the option to purchase insurance products through another insurance agency of your choice. See Item 5 – Fees and Compensation in this brochure for more information about the compensation received by insurance agents who are affiliated with our firm.



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**ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST  
IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

We have adopted a code of ethics establishing standards of conduct for our firm and the persons associated with us which we call associated persons. Our code requires that our associated persons comply with applicable securities laws. In accordance with Section 204A of the Advisers Act, our code contains written policies reasonably designed to prevent the unlawful use of material non-public information by us or any of our associated persons. Our code also requires that personnel who have access to confidential client information report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings. You can request a copy of our code of ethics by contacting Tim Mrock, our Chief Compliance Officer, at (248) 418-5100 or [tim@mkdwealthcoach.com](mailto:tim@mkdwealthcoach.com).

Employee accounts that are also managed accounts of the firm own the same securities that we recommend to our clients. While this is viewed as presenting a conflict of interest, orders for accounts within a strategy, whether owned by client or employee, are generally aggregated or “batched” into one large order in accordance with our trade aggregation and allocation policy described in more detail in the “Aggregation of Orders” section under Item 12.

Also, when we are purchasing or selling, or considering for purchase or sale, any security on behalf of a client that is not part of an aggregated order, an access person cannot purchase or sell that same security before we complete our purchase or until a decision has been made not to purchase or sell such security for our clients. These requirements are not applicable to: (1) direct obligations of the U.S. Government; (2) money market instruments, bankers’ acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (3) shares issued by mutual funds or money market funds; and (4) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

**Clients with Whom MKD has an Outside Relationship**

MKD has clients with whom it has relationships other than its investment advisory relationship (“outside relationship”). Among MKD’s current advisory clients are vendors or owners of vendors that provide services to MKD clients and for whom MKD provides recommendations of their services to its clients. Actual or apparent conflicts of interest arise when MKD has an outside relationship with a client. Because of the outside relationship, MKD could have an incentive to treat clients with whom it has an outside relationship more favorably than clients with whom it does not have an outside relationship. MKD’s duty of loyalty to clients with whom it has an outside relationship can conflict with MKD’s duty of loyalty to other clients. Where conflicts of interest arise between clients with whom MKD has an outside relationship and other clients of MKD, MKD will proceed in a manner that ensures that the client with whom it has an outside relationship will not be treated more or less favorably.



## **ITEM 12: BROKERAGE PRACTICES**

### **Directed Brokerage and Soft Dollars**

Although we do not require you to use a specified broker-dealer, we have established a relationship with Fidelity Brokerage Services, LLC (“Fidelity”) for custodian and brokerage services. As part of this relationship, we receive benefits from Fidelity that we would not receive if we were not on their institutional platform. These benefits include: providing technology to access your account data; facilitating trade executions; providing research, pricing information, and other market data; facilitating in the payment of our fees from your account; and assisting with back-office functions, record-keeping, and client reporting. As a result, we may have an incentive to recommend Fidelity based on our interest in receiving these other benefits, rather than on your interest in receiving most favorable execution. When we select and recommend custodians or any other broker, we consider the commission rates, execution capabilities, financial responsibility, responsiveness to instructions and the full range of services provided, including research and custodial services. Accordingly, you potentially pay commissions in excess of those which another broker charges for transactional services alone, in recognition of the additional services we receive from our recommended custodian.

We must determine in good faith that the amount of any trade cost paid is reasonable in relation to the value of the brokerage and research services provided. We must also determine that any services we receive provide lawful and appropriate assistance in the performance of our investment decision-making responsibilities. Consistent with the foregoing, while we will seek competitive rates, we will not necessarily obtain the lowest possible commission rates for your transactions.

We have not and do not intend to enter into any contractual third-party soft-dollar arrangements, such as where we commit to place a specific level of brokerage with a specific firm in return for which the brokerage firm will pay for various research related products or services for us, such as communications links or services, computer hardware or software, investment publication subscriptions or other research related products or services that are generally available for separate purchase.

### **Client Directed Brokerage**

As stated above, we do not require you to use a specified broker-dealer. You may direct us, in writing, to utilize a specified broker-dealer of your choice to effect transactions for or with your account. Subject to our duty of best execution, we generally decline your request to direct brokerage if, in our sole discretion, such directed brokerage arrangements would result in additional operational complexities.

If you choose to direct your brokerage, you should understand that, in the case of such a directed brokerage arrangement:

- you are solely responsible for negotiating the terms and arrangements on which those brokers and dealers are engaged, and we will have no responsibility for reviewing the fairness of those terms and arrangements;
- we will not seek better execution services or prices from other brokers and dealers in connection with transactions for your account;

- we will not be able to “batch” or “aggregate” transactions for your account with transactions for our other clients not subject to a similar such arrangement; and,
- we will not monitor the performance of, or the services provided by, the brokers and dealers so designated.

We will seek better execution services or prices from other brokers or dealers or “batch” your transactions for execution if such action is required by law or fiduciary duties, including but not limited to, the fiduciary duty provisions under ERISA, or if the designated broker or dealer is unable or unwilling to effect particular transactions, which may occur with certain transactions involving fixed-income securities.

### **Aggregation of Orders**

When trading securities across a particular investment strategy, we will generally aggregate orders for all clients invested in the strategy, including any employee accounts invested in the strategy. In doing so, we strive to treat each client fairly and will not favor one client or employee account over another. When executed, we will allocate the aggregated order in accordance with policies and procedures intended to achieve fair treatment. The purpose of aggregating orders is for operational efficiency, mitigation of errors and, in some transactions, to obtain better execution for the aggregated order than might be achieved by processing each of the transactions separately.

Each account in an aggregated order receives the average share price executed among all orders in the aggregate. If an aggregated order is not filled in its entirety, it will be allocated among all participating accounts on a pro rata basis with all accounts receiving the average share price of the executed amount.

We do not have the capability to aggregate orders for a client having a directed brokerage relationship with a client who does not have a directed brokerage relationship with the same broker-dealer. Orders executed in separate transactions will not receive the same pricing as orders that have been aggregated.

### **Mutual Fund Share Class Selection**

Mutual funds generally offer multiple share classes available for investment based upon certain eligibility and/or purchase requirements. For instance, in addition to retail share classes (typically referred to as class A, class B and class C shares), funds may also offer institutional share classes or other share classes that are specifically designed for purchase by investors who meet certain specified eligibility criteria, including, for example, whether an account meets a certain minimum dollar amount. Institutional share classes usually have a lower expense ratio than other share classes.

When we recommend investments in mutual funds, it is our policy to review and consider available share classes. Our policy is to select the most appropriate share classes based on various factors including but not limited to: minimum investment requirements, trading restrictions, internal expense structure, transaction charges, availability and other factors. When considering all the appropriate factors, we can select a share class other than the ‘lowest cost’ share class. In order to select the most appropriate share class, we consider retail, institutional or other share classes of the same mutual fund. Regardless of such considerations, you should not assume that you will be invested in the share class with the lowest possible

expense ratio. You should ask your adviser whether a lower cost share class is available instead of those we select. We periodically review the mutual funds held in client accounts to select the most appropriate share classes in light of our duty to obtain best execution.

### **ITEM 13: REVIEW OF ACCOUNTS**

#### **Reviews**

Our investment committee meets on a regular basis to review our investment strategies in the aggregate. When the committee deems it necessary or appropriate, we will implement changes to our investment strategies. As described under Item 8, we also utilize third-party consultants to monitor the investments held within our strategies.

If you are an investment management client, we monitor your account on an ongoing basis. To assist us in reviewing your account we use various reporting tools to (1) identify if your account is not properly aligned with your investment strategy, (2) determine if the growth / loss in your account during the quarter requires us to rebalance your holdings back to their target allocation, and (3) review your cash position to determine if it is within the pre-determined risk range. In addition, we conduct regular account reviews at least annually. If you are a financial planning or consulting client, we conduct reviews on an agreed upon basis.

We encourage you to discuss your financial needs, goals and objectives with us and to keep us informed of any changes. We contact our ongoing investment advisory clients at least annually to review our previous services and make any necessary recommendations, as well as discuss the impact resulting from any changes in the client's financial situation and investment objectives.

#### **Reports**

If you are a financial planning or consulting client, we provide a written report and recommendations to you at the completion of a project. As described in Item 15, if you are an investment management client, you will receive confirmations of your purchases and sales and statements from your broker-dealer or custodian containing account information such as account value, transactions and other relevant account information.

### **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

In previous years, we hosted and sponsored an annual all-day golf outing. We may or may not host and sponsor the event again. When we offer the event, we invite current clients and Centers-of-Influence to be team captains and to invite three potential prospects that have not yet met us. The majority of the cost for the outing is born by us. We do, from time to time, have mutual fund or ETF product manufacturers contribute financially to reduce our cost. We choose the vendor on the basis of whether we are currently utilizing any of their products, and then ask them if they would like to contribute. The amount of contribution, if any, is decided by them. While the amount varies with each event, the product

manufacturers have previously contributed between 5.0% and 20.0% of the cost of the event. We give verbal recognition to the vendor at the golf outing. Sometimes representatives of the vendor will attend the event for part of the day (usually for lunch). The amount the vendor contributes ranges from 0.075% to 0.225% of our annual income, which we believe does not create any influence on what products we utilize in client portfolios. We do attend and sponsor other events that other companies host.

We must inform you if we or a related person directly or indirectly compensates a third-party for referring clients to us. There have been several past arrangements where we engaged with an individual as a solicitor to market our services. However, we do not currently have any active solicitor arrangements. If we engage with a solicitor in the future, any client subject to the arrangement will receive a separate solicitor's disclosure brochure describing our solicitation arrangements, the compensation we pay to the solicitor and the terms of that relationship.

We are not incentivized to recommend that clients invest in funds of a particular sponsor over another. For example, our custodian does not provide any benefit to us for recommending their own funds nor do we receive 12b-1 fees or a share of other fund operating expenses. Rather, we recommend the funds that we deem to be in the best interest of our clients based on a variety of factors including, but not limited to, total cost of ownership, past performance, tradability and solvency.

#### **ITEM 15: CUSTODY**

We do not maintain custody of client assets. Rather, each client appoints a qualified custodian to take possession of all client funds and securities. We do not accept cash or securities. We have procedures in place to direct our associated persons on handling the inadvertent receipt of any client funds or securities. Nevertheless, we are deemed to have custody when we are authorized, by the client, to directly debit our advisory fees from the client's custodian account. We are also deemed to have custody when a client establishes certain types of letters of instruction or other asset transfer authorization arrangement with their qualified custodian, authorizing us to disburse funds to one or more third parties specifically designated by the client.

Some of our clients provide us with personal identification numbers and passwords so that we can access their accounts for trading purposes and/or planning purposes. Because we have this information in our possession, we are deemed to have "custody" of certain clients' assets under Rule 206(4)-2 of the Investment Advisers Act of 1940. We have engaged an independent public accounting firm to conduct surprise examinations of these accounts. The accounting firm will conduct audits each year at a time chosen by the accounting firm without prior notice to us, and that is irregular from year to year.

You will receive statements from the broker-dealer, bank or other qualified custodian that holds and maintains your investment assets at least quarterly. We urge you to carefully review such statements and compare such official custodial records to account summaries that we provide to you, if any.

**ITEM 16: INVESTMENT DISCRETION**

We generally receive discretionary authority in writing from you at the outset of our relationship per the Advisory Agreement. Discretionary authority grants us the ability to determine, without obtaining your specific consent, the securities to be bought or sold for your portfolio, the amount of securities to be bought or sold, the selection of one or more Independent Managers to manage all or a portion of your portfolio, and in most cases, the broker or dealer to be used and the commission rate to be paid.

Independent Managers generally also receive discretionary authority in writing from you per a separate written agreement with the designated Independent Manager or alternatively per a sub-advisory agreement between MKD and the Independent Manager as permitted by your Advisory Agreement with MKD. You may establish written investment guidelines and restrictions to limit our discretionary authority in relation to your accounts. In all cases, we exercise such discretion consistent with your investment policies, limitations, restrictions, account size and risk tolerance.

Also, you will likely sign an agreement with your custodian which generally includes a limited power of attorney granting us authority to direct and implement the investment and reinvestment of your assets within the account, but not direct the assets outside of your custodial account.

**ITEM 17: VOTING CLIENT SECURITIES**

As a matter of firm policy, we will not be responsible for responding to proxies solicited with respect to annual or special meetings of shareholders of securities held in your account. Where an Independent Manager is engaged to manage a portion of your client portfolio, the Independent Manager is typically delegated proxy voting responsibility for that portion of your account. The delegation of proxy voting authority to the Independent Manager is specified in your account agreement with the custodian. If you are an ERISA plan, the plan fiduciary of your account expressly retains the authority and responsibility for voting any proxies and we are expressly precluded from voting your proxies. If you have questions about a particular solicitation, please contact us at (248) 418-5100 to discuss.

**ITEM 18: FINANCIAL INFORMATION**

As a registered investment adviser, we must provide you with certain financial information or disclosures about our financial condition if we have financial commitments that impair our ability to meet contractual and fiduciary commitments to you. We have not been the subject of a bankruptcy proceeding and do not have any financial commitments that would impair our ability to meet any contractual or fiduciary commitments to you.