

# FORM ADV PART 2A DISCLOSURE BROCHURE



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This brochure provides information about the qualifications and business practices of MFA Wealth ("MFA" or the "Firm"). If you have any questions about the contents of this brochure, please contact us at [info@mfa-wealth.com](mailto:info@mfa-wealth.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. MFA is a registered investment adviser. Registration does not imply any level of skill or training.

Additional information about MFA is available on the SEC's website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).

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## **Item 2. Material Changes**

The last annual update of this brochure was filed on March 31, 2021. Since then no material changes have been made. If you would like an updated copy of MFA's Brochure, please contact us at (412) 343-8700 or [info@mfa-wealth.com](mailto:info@mfa-wealth.com).

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## Item 4. Advisory Business

MFA was formed in 2014 and is wholly owned by Christopher McMahon. The Firm is registered as an investment adviser with the Securities and Exchange Commission and, as of December 31, 2021, MFA managed \$393,830,692 client assets on a discretionary basis and \$5,257,824 on a non-discretionary basis.

GENERAL: MFA provides discretionary investment advisory services on a fee basis. MFA's annual investment advisory fee shall include investment advisory services, and, to the extent specifically requested by the client, financial planning and consulting services. In the event that the client requires extraordinary planning and/or consultation services (to be determined in the sole discretion of MFA), MFA may determine to charge for such additional services, the dollar amount of which shall be set forth in a separate written notice to the client. Please Note. MFA believes that it is important for the client to address financial planning issues on an ongoing basis. MFA's advisory fee, as set forth at Item 5 below, will remain the same regardless of whether or not the client determines to address financial planning issues with MFA.

To commence the investment advisory process, MFA will ascertain each client's investment objective(s) and then allocate the client's assets consistent with the client's designated investment objective(s). Once allocated, MFA provides ongoing supervision of the account(s). Before engaging MFA to provide investment advisory services, clients are required to enter into an Investment Management Agreement with MFA setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the fee that is due from the client.

**Limitations of Financial Planning and Non-Investment Consulting/Implementation Services.** To the extent requested by the client, MFA will generally provide financial planning and related consulting services regarding non-investment related matters, such as tax and estate planning, insurance, etc. MFA will generally provide such consulting services inclusive of its advisory fee set forth at Item 5 below (exceptions could occur based upon assets under management, special projects, stand-alone planning engagements, etc. for which Firm may charge a separate or additional fee). **Please Note.** MFA believes that it is important for the client to address financial planning issues on an ongoing basis. MFA's advisory fee, as set forth at Item 5 below, will remain the same regardless of whether or not the client determines to address financial planning issues with MFA. **Please Also Note:** MFA **does not** serve as an attorney, accountant, or insurance agent, and no portion of our services should be construed as same. Accordingly, MFA **does not** prepare legal documents, prepare tax returns, or sell insurance products. To the extent requested by a client, we may recommend the services of other professionals for non-investment implementation purpose (i.e. attorneys, accountants, insurance, etc.) including MFA representatives in their separate individual capacities as licensed insurance agents. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from MFA and/or its representatives. **Please Also Note:** If the client engages any recommended unaffiliated professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. At all times, the engaged licensed professional[s] (i.e. attorney, accountant, insurance agent, etc.), and **not** MFA, shall be responsible for the quality and competency of the services provided. **Please Further Note-Conflict of Interest:** The recommendation by a MFA representative that a client purchase an insurance product from an MFA representative in his/her individual capacity as an insurance agent, presents a **conflict of interest**, as the receipt of commissions may provide an incentive to recommend investment and/or insurance products based on commissions to be received, rather than on a particular client's need. **The fees charged and compensation derived from the sale of such insurance products is separate from, and in addition to, MFA's investment advisory fee.** No client is under any obligation to purchase any insurance products from an MFA representative. Clients are reminded that they may purchase insurance products recommended

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by a MFA representative through other, non-affiliated insurance agents. **ANY QUESTIONS: MFA's Chief Compliance Officer, Mary E. Keegan, remains available to address any questions that a client or prospective client may have regarding the above conflicts of interest.**

**Please Note: Retirement Rollovers-Potential for Conflict of Interest:** A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If MFA recommends that a client roll over their retirement plan assets into an account to be managed by MFA, such a recommendation creates a conflict of interest if MFA will earn new (or increase its current) compensation as a result of the rollover. **No client is under any obligation to roll over retirement plan assets to an account managed by MFA. MFA's Chief Compliance Officer, Mary E. Keegan, remains available to address any questions that a client or prospective client may have regarding the potential for conflict of interest presented by such rollover recommendation.**

**Portfolio Activity.** MFA has a fiduciary duty to provide services consistent with the client's best interest. The MFA will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including, but not limited to, investment performance, market conditions, fund manager tenure, style drift, account additions/withdrawals, and/or a change in the client's investment objective. Based upon these factors, there may be extended periods of time when MFA determines that changes to a client's portfolio are neither necessary, nor prudent. Clients remain subject to the fees described in Item 5 below during periods of account inactivity.

**Please Note: Socially Responsible Investing Limitations.** *Socially Responsible Investing* involves the incorporation of **Environmental, Social and Governance** considerations into the investment due diligence process ("ESG"). There are potential limitations associated with allocating a portion of an investment portfolio in ESG securities (i.e., securities that have a mandate to avoid, when possible, investments in such products as alcohol, tobacco, firearms, oil drilling, gambling, etc.). The number of these securities may be limited when compared to those that do not maintain such a mandate. ESG securities could underperform broad market indices. Investors must accept these limitations, including potential for underperformance. Correspondingly, the number of ESG mutual funds and exchange traded funds are few when compared to those that do not maintain such a mandate. As with any type of investment (including any investment and/or investment strategies recommended and/or undertaken by MFA), there can be no assurance that investment in ESG securities or funds will be profitable, or prove successful.

**Cryptocurrency:** For clients who want exposure to cryptocurrencies, including Bitcoin, MFA will consider investment in a corresponding exchange traded securities and/or private funds that provides cryptocurrency exposure. Crypto is a digital currency that can be used to buy goods and services, but uses an online ledger with strong cryptography (i.e., a method of protecting information and communications with codes) to secure online transactions. Unlike conventional currencies issued by a monetary authority, cryptocurrencies are generally not controlled or regulated and their price is determined by the supply and demand of their market. Cryptocurrency is currently considered to be a speculative investment. The speculative nature of cryptocurrencies notwithstanding, MFA may (but is not obligated to) utilize crypto exposure in one or more of its asset allocation strategies for diversification purposes. **Please Note:** Investment in cryptocurrencies is subject to the potential for **liquidity constraints, extreme price volatility and complete loss of principal.** **Notice to Opt Out.** Clients can notify MFA, **in writing**, to exclude cryptocurrency exposure from their accounts. Absent MFA's receipt of such written notice from the client, MFA may **(but is not obligated to)** utilize cryptocurrency as part of its asset allocation strategies for client accounts.

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**Please Note-Use of Mutual and Exchange Traded Funds:** MFA utilizes mutual funds and exchange traded funds for its client portfolios. In addition to MFA's investment advisory fee described below, and transaction and/or custodial fees discussed below, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).

**Wrap Program-Conflict of Interest.** MFA provide services on a wrap fee basis as a wrap program sponsor. Under MFA's wrap program, the client generally receives investment advisory services, the execution of securities brokerage transactions, custody and reporting services for a single specified fee. Participation in a wrap program may cost the client more or less than purchasing such services separately. The terms and conditions of a wrap program engagement are more fully discussed in MFA's Wrap Fee Program Brochure. **Conflict of Interest.** Because wrap program transaction fees and/or commissions are being paid by MFA to the account custodian/broker-dealer, MFA could have an economic incentive to maximize its compensation by seeking to minimize the number of trades in the client's account. **See separate Wrap Fee Program Brochure. MFA's Chief Compliance Officer, Mary e. Keegan, remains available to address any questions that a client or prospective client may have regarding a wrap fee arrangement and the corresponding conflict of interest.**

**Transaction Fees.** Beginning in October 2019, our clients' custodian, Charles Schwab, stopped charging transaction fees for individual equities (i.e., common stocks and ETFs). As the result, total transaction fees paid by MFA under the MFA wrap program decreased. MFA did not alter its advisory fee schedule as result of this change.

Either party may terminate the agreement for services at any time by providing written notice to the other party. Termination is effective immediately upon receipt of the termination notice. Fees are prorated based on the number of days that services were actually provided during the final quarter and any prepaid, unearned fees are promptly refunded to you.

## **ERISA PLAN and 401(k) INDIVIDUAL ENGAGEMENTS:**

**Trustee Directed Plans.** MFA may be engaged to provide discretionary investment advisory services to ERISA retirement plans, whereby the Firm shall manage Plan assets consistent with the investment objective designated by the Plan trustees. In such engagements, MFA will serve as an investment fiduciary as that term is defined under The Employee Retirement Income Security Act of 1974 ("ERISA"). MFA will generally provide services on an "assets under management" fee basis per the terms and conditions of a *Discretionary Investment Management Agreement* between the Plan and the Firm.

**Participant Directed Retirement Plans.** MFA may also provide investment advisory and consulting services to participant directed retirement plans per the terms and conditions of a *Retirement Plan Consulting Agreement* between MFA and the Plan. For such engagements, MFA shall assist the Plan sponsor with the selection of an investment platform from which Plan participants shall make their respective investment choices (which may include investment strategies devised and managed by MFA), and, to the extent engaged to do so, may also provide corresponding education to assist the participants with their decision making process.

**Client Retirement Plan Assets.** If requested to do so, MFA shall provide investment advisory services relative to 401(k) plan assets maintained by the client in conjunction with the retirement plan established by the client's employer. In such event, MFA shall allocate (or recommend that the client allocate) the retirement account assets among the investment options available on the 401(k) platform. MFA's ability shall be limited to the allocation of the assets among the investment alternatives available through the plan. MFA will not receive any communications from the plan sponsor or custodian, and it shall remain the client's exclusive obligation to notify MFA of any changes in investment alternatives, restrictions, etc. pertaining to the retirement account.

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**Please Note: Non-Discretionary Service Limitations.** Clients that determine to engage MFA on a non-discretionary investment advisory basis must be willing to accept that MFA cannot effect any account transactions without obtaining prior consent to any such transaction(s) from the client. Thus, in the event that MFA would like to make a transaction for a client's account, and client is unavailable, MFA will be unable to effect the account transaction (as it would for its discretionary clients) without first obtaining the client's consent.

**Please Note: Cash Positions.** MFA treats cash as an asset class. As such, all cash positions (money markets, etc.) shall be included as part of assets under management for purposes of calculating MFA's advisory fee. At any specific point in time, depending upon perceived or anticipated market conditions/events (there being **no guarantee** that such anticipated market conditions/events will occur), MFA may maintain cash positions for defensive purposes. In addition, while assets are maintained in cash, such amounts could miss market advances. Depending upon current yields, at any point in time, MFA's advisory fee could exceed the interest paid by the client's money market fund. **ANY QUESTIONS: The MFA's Chief Compliance Officer, Mary E. Keegan, remains available to address any questions that a client or prospective may have regarding the above fee billing practice.**

**Borrowing Against Assets/Risks.** A client who has a need to borrow money could determine to do so by using:

- **Margin-**The account custodian or broker-dealer lends money to the client. The custodian charges the client interest for the right to borrow money, and uses the assets in the client's brokerage account as collateral; and,
- **Pledged Assets Loan-** In consideration for a lender (i.e., a bank, etc.) to make a loan to the client, the client pledges its investment assets held at the account custodian as collateral;

These above-described collateralized loans are generally utilized because they typically provide more favorable interest rates than standard commercial loans. These types of collateralized loans can assist with a pending home purchase, permit the retirement of more expensive debt, or enable borrowing in lieu of liquidating existing account positions and incurring capital gains taxes. However, such loans are not without potential material risk to the client's investment assets. The lender (i.e. custodian, bank, etc.) will have recourse against the client's investment assets in the event of loan default or if the assets fall below a certain level. For this reason, MFA does not recommend such borrowing unless it is for specific short-term purposes (i.e. a bridge loan to purchase a new residence). MFA does not recommend such borrowing for investment purposes (i.e. to invest borrowed funds in the market). Regardless, if the client was to determine to utilize margin or a pledged assets loan, the following economic benefits would inure to MFA:

- by taking the loan rather than liquidating assets in the client's account, MFA continues to earn a fee on such Account assets; and,
- if the client invests any portion of the loan proceeds in an account to be managed by MFA, MFA will receive an advisory fee on the invested amount; and,
- if MFA's advisory fee is based upon the higher margined account value, MFA will earn a correspondingly higher advisory fee. This could provide MFA with a disincentive to encourage the client to discontinue the use of margin.

**Please Note:** The Client must accept the above risks and potential corresponding consequences associated with the use of margin or a pledged assets loans.

**Client Obligations.** In performing our services, MFA shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, it remains each client's responsibility to promptly notify MFA if there is ever any

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change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services.

**Please Note: Investment Risk.** Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by MFA) will be profitable or equal any specific performance level(s).

**Use of Independent Managers.** MFA may select certain Independent Managers to actively manage a portion of its clients' assets. The specific terms and conditions under which a client engages an Independent Manager may be set forth in a separate written agreement with the designated Independent Manager. In addition to this brochure, clients may also receive the written disclosure documents of the respective Independent Managers engaged to manage their assets. MFA evaluates a variety of information about Independent Managers, which includes the Independent Managers' public disclosure documents, materials supplied by the Independent Managers themselves and other third-party analyses it believes are reputable. To the extent possible, the Firm seeks to assess the Independent Managers' investment strategies, past performance and risk results in relation to its clients' individual portfolio allocations and risk exposure. MFA also takes into consideration each Independent Manager's management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other factors. MFA continues to provide services relative to the discretionary selection of the Independent Managers. On an ongoing basis, the Firm monitors the performance of those accounts being managed by Independent Managers. MFA seeks to ensure the Independent Managers' strategies and target allocations remain aligned with its clients' investment objectives and overall best interests.

**Schwab Donor-Advised Fund Advisory Services.** MFA participates as an investment adviser in the Schwab Charitable program for donor-advised fund accounts aimed to assisted clients with their philanthropic goals. Schwab Charitable is an independent nonprofit organization. The donor-advised fund account program allows clients to contribute cash or securities to a charitable account to realize potential tax benefits the year of the contribution to the donor-advised fund, while supporting their selected charities. Following regulations regarding charitable contributions set forth in the Internal Revenue Code of 1986, as amended, Schwab Charitable requires that contributions become the sole property of Schwab Charitable. Thus, all contributions accepted by Schwab Charitable are both irrevocable and unconditional. Once contributions are accepted, they are not refundable and become assets owned and held by Schwab Charitable. Moreover, they are subject to the exclusive legal authority and control of Schwab Charitable as to their use and distribution. Clients with an account size of \$250,000 or more may designate MFA to manage their donor-advised fund account contributions. MFA will facilitate the opening and investment management of the donor-advised fund account in accordance with Schwab Charitable Investment Policy Guidelines. MFA receives no other compensation or benefits from Schwab Charitable related to this arrangement. **Please Note:** MFA does not provide tax, legal or accounting advice. Before engaging in any charitable giving program, clients should review carefully the terms and conditions of the Schwab Charitable program that is accessible from Schwab and consult with their tax, legal, and accounting advisors regarding their individual situation.

## Item 5. Fees and Compensation

MFA charges fees based upon assets under management or advisement.

### Wealth Management Fees

MFA offers wealth management services for an annual fee based on the amount of assets under the Firm's management. This management fee generally varies between 0.40% and 1.65% in accordance with the following blended fee schedule:



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<u>PORTFOLIO VALUE</u>	<u>BASE FEE</u>
First \$100,000	1.65%
Next \$400,000	1.35%
Next \$500,000	1.00%
Next \$1,000,000	0.80%
Next \$1,500,000	0.60%
Next \$1,500,000	0.55%
Next \$5,000,000	0.50%
Above \$10,000,000	0.40%

The annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets being managed by MFA on the last day of the previous billing period.

If assets in excess of \$100,000 are deposited into or withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets is adjusted to reflect the interim change in portfolio value. For the initial period of an engagement, the fee is calculated on a pro rata basis. In the event the Investment Management Agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding or unearned portion of the fee is charged or refunded to the client, as appropriate.

Additionally, for asset management services the Firm provides with respect to certain client holdings (e.g., held-away assets, accommodation accounts, alternative investments, etc.), MFA may negotiate a fee rate that differs from the range set forth above.

## **Fee Dispersion**

MFA, in its discretion, may charge a lesser investment advisory fee, charge a flat fee, waive its fee entirely, or charge fee on a different interval, based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, complexity of the engagement, anticipated services to be rendered, grandfathered fee schedules, employees and family members, courtesy accounts, competition, negotiations with client, etc.). Please Note: As result of the above, similarly situated clients could pay different fees. In addition, similar advisory services may be available from other investment advisers for similar or lower fees. ANY QUESTIONS: MFA's Chief Compliance Officer, Mary E. Keegan, remains available to address any questions that a client or prospective client may have regarding advisory fees.

## **Additional Fees and Expenses**

In addition to the advisory fees paid to MFA, clients may also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively "Financial Institutions"). These additional charges may include securities brokerage commissions, transaction fees, custodial fees, overnight carrier fees for certain deliveries, early settlement fees when a client wishes to exit investment positions in order to withdraw cash, fees charged by the Independent Managers, margin costs, charges imposed directly by a mutual fund or ETF in a client's account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. The Firm's brokerage

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practices are described at length in Item 12, below.

## **Direct Fee Debit**

Clients generally provide MFA and/or certain Independent Managers with the authority to directly debit their accounts for payment of the investment advisory fees. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to MFA.

## **Account Additions and Withdrawals**

Clients may make additions to and withdrawals from their account at any time, subject to MFA's right to terminate an account. Additions may be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or declines to accept particular securities into a client's account. Clients may withdraw account assets on notice to MFA, subject to the usual and customary securities settlement procedures. However, the Firm generally designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. MFA may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, short-term redemption fees, fees assessed at the mutual fund level (e.g., contingent deferred sales charges) and/or tax ramifications.

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

MFA does not provide any services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets).

## **Item 7. Types of Clients**

MFA offers services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities.

## **Minimum Account Requirements**

MFA does not impose a stated minimum fee or minimum portfolio value for starting and maintaining an investment management relationship. Certain Independent Managers may, however, impose more restrictive account requirements and billing practices from the Firm. In these instances, MFA may alter its corresponding account requirements and/or billing practices to accommodate those of the Independent Managers.

Please Note: For certain clients, MFA may recommend the use of Schwab's Institutional Intelligent Portfolio ("IIP") program, referred to as the Compass Portfolio Program by MFA. Schwab imposes a \$5,000 account minimum before funds deposited in the IIP program are invested in the designated portfolio. Until the account reaches the \$5,000 minimum threshold, all such deposited amounts shall remain in a money market fund. ANY QUESTIONS: MFA's Chief Compliance Officer, Mary E. Keegan, Esq., IACCP®, remains available to address them.

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

### Methods of Analysis

MFA utilizes a fundamental method of analysis. Fundamental analysis involves an evaluation of the fundamental financial condition and competitive position of a particular fund or issuer. For MFA, this process typically involves an analysis of an issuer's management team, investment strategies, style drift, past performance, reputation and financial strength in relation to the asset class concentrations and risk exposures of the Firm's model asset allocations. A substantial risk in relying upon fundamental analysis is that while the overall health and position of a company may be good, evolving market conditions may negatively impact the security.

### Investment Strategies

MFA primarily allocates client assets among various mutual funds and exchange-traded funds ("ETFs"), as well as through a limited amount of individual debt and equity securities, in accordance with our clients' stated investment objectives.

MFA tailors its advisory services to meet the needs of its individual clients and seeks to ensure, on a continuous basis, that client portfolios are managed in a manner consistent with those needs and objectives. MFA consults with clients on an initial and ongoing basis to assess their specific risk tolerance, time horizon, liquidity constraints and other related factors relevant to the management of their portfolios. Clients are advised to promptly notify MFA if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients may impose reasonable restrictions or mandates on the management of their accounts if MFA determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm's management efforts.

### Risk of Loss

#### *General Risk of Loss*

Investing in securities involves the risk of loss of principal. Clients should be prepared to bear such loss.

#### *Market Risks*

Investing involves risk, including the potential loss of principal, and all investors should be guided accordingly. The profitability of a significant portion of MFA's recommendations and/or investment decisions may depend to a great extent upon correctly assessing the future course of price movements of stocks, bonds and other asset classes. There can be no assurance that MFA will be able to predict those price movements accurately or capitalize on any such assumptions.

#### *Mutual Funds and ETFs*

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

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Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed based ETFs and potentially more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 20,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

## *Use of Independent Managers*

As stated above, MFA may select certain Independent Managers to manage a portion of its clients' assets. In these situations, MFA continues to conduct ongoing due diligence of such managers, but such recommendations rely to a great extent on the Independent Managers' ability to successfully implement their investment strategies. In addition, MFA generally may not have the ability to supervise the Independent Managers on a day-to-day basis.

## **Item 9. Disciplinary Information**

MFA has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of its management.

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

As indicated at Item 4 above, MFA does not serve as an attorney, accountant, or insurance agent, and no portion of our services should be construed as same. Accordingly, MFA does not prepare legal documents, prepare tax returns, or sell insurance products. To the extent requested by a client, we may recommend the services of other professionals for non-investment implementation purpose (i.e. attorneys, accountants, insurance, etc.), including MFA representatives in their separate individual capacities as licensed insurance agents. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from MFA and/or its representatives. **Please Also Note:** If the client engages any recommended unaffiliated professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. At all times, the engaged licensed professional[s] (i.e. attorney, accountant, insurance agent, etc.), and **not** MFA, shall be responsible for the quality and competency of the services provided. **Please Further Note-Conflict of Interest:** The recommendation by a MFA representative that a client purchase an insurance product from an MFA representative in his/her individual capacity as an insurance agent, presents a ***conflict of interest***, as the receipt of commissions may provide an incentive to recommend investment and/or insurance products based on commissions to be received, rather

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than on a particular client's need. The fees charged and compensation derived from the sale of such insurance products is separate from, and in addition to, MFA's investment advisory fee. No client is under any obligation to purchase any insurance products from an MFA representative. Clients are reminded that they may purchase insurance products recommended by a MFA representative through other, non-affiliated insurance agents. **ANY QUESTIONS: MFA's Chief Compliance Officer, Mary E. Keegan, remains available to address any questions that a client or prospective client may have regarding the above conflicts of interest.**

## Item 11. Code of Ethics, Participation or Interest in Client Transactions & Personal Trading

MFA has adopted a code of ethics in compliance with applicable securities laws ("Code of Ethics") that sets forth the standards of conduct expected of its Supervised Persons. MFA's Code of Ethics contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Firm or any of its Supervised Persons and the trading by the same of securities ahead of clients in order to take advantage of pending orders.

The Code of Ethics also requires certain of MFA's personnel to report their personal securities holdings and transactions and obtain pre-approval of certain investments (e.g., initial public offerings, limited offerings). However, the Firm's Supervised Persons are permitted to buy or sell securities that it also recommends to clients if done in a fair and equitable manner that is consistent with the Firm's policies and procedures. This Code of Ethics has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by certain personnel to be completed without any appreciable impact on the markets of such securities. Therefore, under limited circumstances, exceptions may be made to the policies stated below.

When the Firm is engaging in or considering a transaction in any security on behalf of a client, no Supervised Person with access to this information may knowingly effect for themselves or for their immediate family (i.e., spouse, minor children and adults living in the same household) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the Supervised Person is completed as part of a batch trade with clients; or
- a decision has been made not to engage in the transaction for the client.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients and prospective clients may contact MFA to request a copy of its Code of Ethics.

## Item 12. Brokerage Practices

### Recommendation of Broker/Dealers for Client Transactions

MFA generally recommends that clients utilize the custody, brokerage and clearing services of Schwab Advisor Services<sup>TM</sup> ("Schwab") or Fidelity Brokerage Services, LLC ("Fidelity") for investment management

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accounts.

Factors which MFA considers in recommending any broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. Broker-dealers may enable the Firm to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by Schwab or Fidelity may be higher or lower than those charged by other Financial Institutions.

The commissions paid by MFA's clients to broker-dealers recommended by MFA comply with the Firm's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified Financial Institution might charge to effect the same transaction where MFA determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a Financial Institution's services, including among others, the value of research provided, execution capability, commission rates and responsiveness. MFA seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker/dealers in return for investment research products and/or services which assist MFA in its investment decision-making process. Such research generally will be used to service all of the Firm's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because MFA does not have to produce or pay for the products or services.

MFA periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.

## **Software and Support Provided by Financial Institutions**

MFA receives, without cost, computer software and related systems support from broker-dealers recommended to clients, which allow MFA to better monitor client accounts maintained at such broker-dealers. MFA received the software and related support without cost because the Firm renders investment management services to clients that maintain assets at Schwab. The software and support are not provided in connection with securities transactions of clients (i.e., not "soft dollars"). The software and related systems support may benefit MFA, but not its clients directly. In fulfilling its duties to its clients, MFA endeavors at all times to put the interests of its clients first. Clients should be aware, however, that MFA's receipt of economic benefits from a broker/dealer creates a conflict of interest since these benefits may influence the Firm's choice of broker/dealer over another that does not furnish similar software, systems support or services.

Specifically, MFA received the following benefits from Schwab and Fidelity:

- Receipt of duplicate client confirmations and bundled duplicate statements;
- Access to a trading desk that exclusively services its institutional traders;
- Access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and



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- Access to an electronic communication network for client order entry and account information.

In addition, while not a benefit to the Firm, Schwab has agreed to reimburse clients for fees charged to them by current Financial Institutions to move accounts to Schwab. Schwab covered up to \$51,375 for such fees. These benefits received from Schwab, were one-time benefits provided to MFA clients when clients transitioned to Schwab. These benefits have been exhausted and are no longer available to MFA's clients or prospective clients.

In addition, while not a benefit to the Firm, upon initial conversion, Fidelity will reimburse up to \$10,000 in account termination fees charged to Advisor's clients by former custodian. This reimbursement will be available during the first 12 months from the start of the Advisor's relationship with Fidelity, measured by asset start date.

## **Directed Brokerage**

The client may direct MFA in writing to use a particular Financial Institution to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that Financial Institution and the Firm will not seek better execution services or prices from other Financial Institutions or be able to "batch" client transactions for execution through other Financial Institutions with orders for other accounts managed by MFA (as described above). As a result, the client may pay higher commissions or other transaction costs, greater spreads or may receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, MFA may decline a client's request to direct brokerage if, in the Firm's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

## **Trade Aggregation**

Transactions for each client generally will be effected independently, unless MFA decides to purchase or sell the same securities for several clients at approximately the same time. MFA may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Firm's clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among MFA's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that the Firm determines to aggregate client orders for the purchase or sale of securities, including securities in which MFA's Supervised Persons may invest, the Firm generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. MFA does not receive any additional compensation or remuneration as a result of the aggregation.

In the event that the Firm determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an

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allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, the Firm may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

## **Share Class**

When recommending investments in mutual funds, it is the Firm's policy to review and consider available share classes. The Firm's 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 the firm may select a share class other than the 'lowest cost' share class. In order to select the most appropriate share class, the Firm may select retail, institutional or other structured share classes when appropriate. Institutional share class mutual funds typically have lower cost than other share classes and generally do not have an associated 12b-1 fee, leading to a lower overall expense ratio than class A, B, or C shares of the same mutual fund.

MFA periodically and systematically reviews the mutual funds held by its clients to select the most appropriate share classes in light of its duty to obtain best execution.

## **Item 13. Review of Accounts**

### **Account Reviews**

MFA monitors client portfolios on a continuous and ongoing basis while regular account reviews are conducted on at least an annual basis. Such reviews are conducted by the Firm's investment adviser representative assigned to the account and include a review of each client's asset allocation and underlying securities to ensure they are in line with the client's goals and objectives. All investment advisory clients are encouraged to discuss their needs, goals and objectives with MFA and to keep the Firm informed of any changes thereto. The Firm contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and as needed to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

### **Account Statements and Reports**

Clients are provided with transaction confirmation notices and regular summary account statements directly from the Financial Institutions where their assets are held. MFA may also provide clients with access to certain account and/or market-related information, such as an inventory of account holdings or account performance via a cloud-based offering. Clients should compare the account statements they receive from their custodian with any documents or reports they receive from MFA or an outside service provider.

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

### **Client Referrals**



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Where MFA provides compensation to third-parties for client referrals, solicitor agreements are in place in accordance with the requirements of Rule 206(4)-1 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from MFA's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to MFA by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of MFA's written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between MFA and the solicitor, including the compensation to be received by the solicitor from MFA.

## Item 15. Custody

MFA generally does not maintain physical custody of client assets; however, MFA is deemed to have custody of account where the Firm directly deducts fees. Clients are directed to use a qualified custodian that provides, at least quarterly, statements containing account information including, but not limited to: Type, name, price per share and number of shares owned for each security. Clients should carefully review these statements.

For certain clients, MFA provides performance appraisals containing account information, including but not limited to: Type, name, price per share and number of shares owned for each security, their time weighted rates of return, and comparison to benchmarks chosen for performance evaluation. The performance appraisal should not be a substitute for the official custodial statements. Clients should compare account statements received from the qualified custodian to those they receive from MFA.

### Standing Letters of Authorization

In limited circumstances, MFA is also deemed to have custody when clients have standing authorizations with their custodian to move money from a client's account to a third-party ("SLOA") and under that SLOA authorize MFA to designate the amount or timing of transfers with the custodian. MFA has implemented procedures to meet the specific conditions as stated in the SEC's SLOA no action letter which are intended to protect client assets in such situations, which SIM follows. Additionally, as a result of following these conditions, MFA is not required to obtain a surprise examination.

## Item 16. Investment Discretion

MFA may be given the authority to exercise discretion on behalf of clients. MFA is considered to exercise investment discretion over a client's account if it can effect and/or direct transactions in client accounts without first seeking their consent. MFA is given this authority through a power-of-attorney included in the investment management agreement between MFA and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). MFA takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased, sold, or allocated to each account;
- When transactions are made; and
- The Independent Managers to be hired or fired.

## Item 17. Voting Client Securities

### Declination of Proxy Voting Authority

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MFA generally does not accept the authority to vote a client's securities (i.e., proxies) on their behalf. Clients receive proxies directly from the Financial Institutions where their assets are held and may contact the Firm at the contact information on the cover of this brochure with questions about any such issuer solicitations.

## **Item 18. Financial Information**

MFA is not required to disclose any financial information due to the following:

- The Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of services rendered;
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.

The Firm participated in the Paycheck Protection Program ("PPP") loan program. The Firm determined that the results of COVID-19, including the many "shelter in place" orders and the severe volatility in the marketplace, created significant economic uncertainty. Without the PPP loan, the Firm would have had to consider laying off staff. Although we believe that our current business continuity plan allows the Firm to continue to provide services to our clients without interruption, the PPP Loan allows us to maintain our current staff at pre-COVID-19 levels.

Although the Firm is disclosing its participation in the PPP Loan program, the receipt or repayment of this loan does not impose a financial commitment that would impair the Firm's ability to meet contractual and fiduciary commitments to clients.