



Part 2A, Appendix 1 of Form ADV: Wrap Fee Brochure

WealthPursuit™ Classic
WealthPursuit™ Strategist
WealthPursuit™ Custom Separately Managed Accounts (“SMA”)
WealthPursuit™ Custom Unified Managed Accounts (“UMA”)
WealthPursuit™ Envoy
WealthPursuit™ Custom

Sponsored by

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This wrap fee brochure provides information about the qualifications and business practices of M Holdings Securities, Inc. (“**We,**” or “**Us,**” or “**M Securities**”). If you have any questions about the contents of this brochure, please contact us at (888) 520-6784 or MHScompliance@mfin.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“**SEC**”) or by any state securities authority.

Additional information about M Securities is also available on the SEC’s website at www.adviserinfo.sec.gov. You obtain information by entering our unique identifying number, known as a CRD number. Our firm’s CRD number is 43285. Registration does not imply a certain level of skill or training.



Item 2 Material Changes

For this filing and all future filings, this Item 2 will be used to provide Clients with a summary of material changes that are made to the brochure since the last annual update.

This brochure is a combined brochure for M Securities' wrap fee account Programs ("Wrap Program Brochure"), and replaces the brochure which was last updated on March 31, 2022. In this Annual Update, M Securities clarified language and made other general updates. We also included Structured Products as an investment strategy which may be used in client portfolios. We do not believe any of these changes are material, as defined by the SEC, however, we want to bring this information to your attention.



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Item 4 Services, Fees, and Compensation

GENERAL INFORMATION

M Securities is an SEC Registered Investment Adviser (“RIA”) firm with its principal place of business located in Portland, Oregon. M Securities began conducting business as an investment advisory firm in 2000. We are a wholly owned subsidiary of M Financial Holdings Incorporated, doing business as M Financial Group. We provide services through a nationwide network of Investment Advisor Representatives (“Financial Professionals”) operating within independently operated businesses (“Member Firms”) associated with, and typically stockholders of, M Financial Group.

Financial Professionals serve as the primary point of contact between M Securities and our Clients. Our Financial Professionals operate under their own Member Firm trade name and logo, which they use for marketing purposes. Clients should understand that even though Financial Professionals often operate under their own name or Member Firm name, when Financial Professionals offer or provide investment advisory services, including through our wrap fee Account programs, as discussed further below in this brochure, they are doing so through, and under the supervision of, M Securities. The Member Firm relationship is further disclosed in Item 9 of this brochure. M Securities is structured as a financial services broker-dealer (“BD”) and RIA for Financial Professionals of Member Firms of M Financial Group. This structure allows our Financial Professionals to have the liberty to evaluate and recommend products and services that they believe best help Clients meet their financial goals and needs. Clients are also encouraged to carefully consider the differences between brokerage and advisory services including our obligations, your costs, and the need for the services provided. For additional information, please review the M Securities Form Client Relationship Summary (“Form CRS”), available at <https://adviserinfo.sec.gov/firm/summary/43285>, which provides information about the differences between brokerage accounts and advisory accounts. M Securities and our Financial Professionals serve as a fiduciary to Clients with respect to our adviser services, including our Wrap Programs, as defined under applicable laws and regulations. As fiduciaries, M Securities and our Financial Professionals uphold a duty of loyalty, fairness and good faith toward each Client and seek to disclose and mitigate conflicts of interest.

OUR ROLE AS YOUR FIDUCIARY

When providing advisory services, we require our Financial Professionals to act in your best interest. We are registered under the Investment Advisers Act of 1940 (“Advisers Act”), which places a fiduciary obligation on us in terms of the way that we provide services to you. As a fiduciary, we will work to ensure that your best interests come first. We endeavor to provide you full disclosure of all material facts relating to our advisory relationship with you. Our advisory programs are designed to avoid conflicts of interest. In situations where the appearance of, or potential for, such a conflict is unavoidable, we will clearly disclose the details of this to you.

For most Clients, we provide ongoing advice and monitor your investments to ensure that they remain consistent with your objectives and risk tolerance. We will not engage in principal trading without your informed consent. We will always attempt to obtain the most favorable terms for any transaction that we make in your accounts. This practice is often referred to as “best execution” in the industry. We will supervise our Financial Professionals and other professionals to ensure that they are providing the services within appropriate guidelines, and we will monitor our employees to ensure that they meet prevailing ethical standards. In some cases those ethics standards may include disclosures beyond what is required by our regulator.

When we provide investment advice to a retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of ERISA 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. For example, M Securities will



make more money when a Client increases their assets with us, including through rollovers from retirement plans or IRAs at other financial services companies into IRAs that we provide services to. If a Client decides to roll assets out of a retirement plan, and into an individual retirement account ("IRA"), we have a financial incentive to recommend that a Client invest those assets with us, because we, and the Financial Professional, will be paid fees on those assets through charging advisory fees on the assets. Clients should be aware that such fees likely will be higher than those paid through the plan, and there can be custodial and other maintenance fees. Securities held in other IRA accounts or at in a plan at different financial firms, may not be transferable to an IRA. In this situation, commissions and sales charges may be charged when liquidating such securities prior to the transfer, in addition to commissions and sales charges that may have been previously paid.

The assets in your employer's retirement plan may be the largest sum of money you have ever accumulated. A recommendation to rollover plan assets to an IRA rather than keeping assets in a previous employer's plan or rolling over to a new employer's plan should reflect consideration of various factors, the importance of which will depend on your individual needs and circumstances. Depending upon your particular circumstance (and the terms of your plan), you may have the following options available with respect to the assets in your workplace retirement plan account: 1. Leave assets in your existing plan; 2. Move the plan assets to another plan, such as a new employer's plan; 3. Move your plan assets to an IRA held at a financial institution, such as M Securities or another financial firm; or, 4. Receive a taxable distribution from the plan (which may also be subject to penalties). You should have a discussion with your Financial Professional and review the services to be provided within the Agreement to ensure you understand and desire the services we are offering.

Investment Advisory Services – Wrap Fee Account Programs

M Securities is the Sponsor of the Wrap Fee Programs ("Program" or "Wrap Program"). There are six Programs available, each of which offer a money management style, specialty focus, or philosophy that are described further below in this brochure. A wrap fee program is a type of investment advisory program that provides Clients with asset management and brokerage services for one inclusive fee. Wrap fee programs are not the same as transaction-oriented brokerage accounts or investment advisory accounts in which separate fees and charges for investment advice and trade execution costs, including charges on a trade-by-trade basis, depending upon the advisory services. If Client chooses to participate in one of our Wrap Programs, Client will pay a single wrap fee (the "Program Fee") that covers certain costs of the Program, including investment advice, platform fees, execution and clearing of transaction costs, and record-keeping services associated with the particular Program. The Program Fee will vary based on, but not limited to, the Program chosen, the amount of assets being managed, and the agreed upon rate negotiated with your Financial Professional. If there is little or no trading activity in the account, it is possible that a Client may pay more in advisory fees than in a non-Wrap Program. Your Financial Professional will help you understand whether a Wrap Program is appropriate for you. Certain other costs are not covered by the Program Fee and are described later in this brochure, as are schedules regarding the Program Fee associated with each Program. Please note that additional third-party assessed fees typically are charged in addition to the Program Fee – see ADDITIONAL FEES, CHARGES, AND OTHER CONSIDERATIONS, below.

Prior to participating in one of our Programs, a Client will consult with his or her Financial Professional, who will obtain certain information from the Client including with respect to the Client's assets and liabilities, investment objectives, earnings, financial needs, time horizon, risk tolerance, marginal federal and state tax rates, and any other pertinent information (together "Client Information"). Based upon the Client Information, the Financial Professional will make investment recommendations to the Client based on suitability of the Programs, and Client will select the desired Program or elect to participate in more than one Program. While we do not provide legal or tax advice, we use this information to help craft recommendations to benefit our Clients. In all of our Programs, prior to opening an Account, Client must complete required documentation, which includes a Client Service Agreement ("Agreement") and a Client Account Form



("CAF"). In addition, Clients will also be required to complete a risk questionnaire and statement of investment selection for participation in all of our Programs except the WealthPursuit Classic Program. The Agreement will detail the Program's services, fees, and allow the Client to request reasonable restrictions on the management of Client's Program Account ("Account"). Upon receipt of Client's signature on all Program documentation, our Financial Professional will take appropriate actions to establish an Account.

As described further below in this brochure, different Programs offer different approaches to managing a Client's Account assets. For example, in the WealthPursuit Classic and Custom Programs, Client appoints his or her Financial Professional to serve as the discretionary Portfolio Manager for the management of Client's Account, including investing Client's Account assets. In the WealthPursuit Custom UMA, Custom SMA, Envoy, and Strategist Programs, the Client's Financial Professional will select third party RIAs to serve as discretionary money manager or model strategist for the management of trading in Client's Account.

All of our Programs are managed on a discretionary basis, which means that the Client will authorize the applicable Portfolio Manager to manage the investment of Account assets on Client's behalf without the need to seek prior consent from the Client. For all Programs, the Client directly owns the securities (e.g., mutual funds or exchange-traded funds ("ETFs")) purchased within each of the Program's investment strategies for the Client's Account). Mutual funds, ETFs, closed-end funds, unit investment trusts and real estate investment trusts and ETFs are collectively referred to throughout this document generally as "Funds." Clients are allowed access to their Account for the purpose of making withdrawals and deposits at any time. Client's Financial Professional and/or Portfolio Manager, as applicable, will provide ongoing monitoring of the Account in an effort to manage the Account according to the Client's investment objectives. Client's Financial Professional relies on the Client to notify him or her of any changes in the Client's investment objectives and/or Client Information. Changes to Client Information can prompt changes relative to the management of, and investment strategy for, the Account. On at least an annual basis, Financial Professional will review the Account with the Client to determine whether there have been any changes in Client Information and/or changes to restrictions the Client has requested to impose on the Account. Quarterly Performance reporting is offered and will be calculated according to industry standards and can be applied to each Account or combination of several related Accounts for a household's or family's assets.

The Program Fee for all Programs is subject to negotiation between the Client and the Financial Professional, and is limited to a maximum of 3% of Account assets under management. See information below regarding Program Fee Information and Minimum Annual Platform Fees. M Securities has contracted with Envestnet Portfolio Solutions, Inc. ("Envestnet" or "Platform Provider"), an RIA and provider of wealth management software and services, to provide the operational and system support for the Programs.

DESCRIPTION OF PROGRAMS

WealthPursuit™ Classic

In the WealthPursuit™ Classic Wrap Fee Program ("Classic"), Client appoints his or her Financial Professional to act as the Portfolio Manager to direct the investment of assets in the Client's Account. The Financial Professional, as Portfolio Manager, will control all investment decisions, trading, rebalancing, and day-to-day operation and servicing of the Account. The Financial Professional, acting as Portfolio Manager, is responsible for performing careful review on each security purchased and ensuring that selected securities are suitable for the Account based upon the Client's investment objectives, financial situation and any restrictions imposed by the Client. The Financial Professional, as Portfolio Manager, will invest Account assets among individual stocks, options, bonds, Funds, other securities and cash or money market funds. The minimum amount of assets required to establish a Program Account is \$50,000.



WealthPursuit™ Custom Program

The WealthPursuit™ Custom Wrap Fee Program (“Custom”) provides M Securities’ Clients with access to individual stocks, options, bonds, fixed-income products, Funds and other securities that are managed by the Client’s Financial Professional, as Portfolio Manager. In the Custom Program, the Client appoints their Financial Professional to act as the Portfolio Manager to direct the investment of assets in the Account(s). The Custom Program allows the Financial Professional to utilize Platform Provider investment model management services to assist the Financial Professional in managing and offering investment models for use with Client Accounts. The Financial Professional, acting as Portfolio Manager, is responsible for performing careful review on each security purchased and ensuring that selected securities are suitable for the Account based upon the Client’s investment objectives, financial situation and any restrictions imposed by the Client. The Financial Professional can recommend and trade on a wide array of investment products and securities, chosen directly by the Financial Professional. Model portfolios are constructed and rebalanced at the direction of the Financial Professional using a web-based interface provided and supported by the Platform Provider, who additionally provides overlay management services to implement changes to a Client’s Account at the direction of the Portfolio Manager. The minimum amount of assets required to establish a Custom Account is \$50,000.

WealthPursuit™ Custom UMA Program

In the WealthPursuit™ Custom UMA Wrap Fee Program (“Custom UMA”) the Client’s Financial Professional constructs a single portfolio by selecting the specific, underlying investment vehicles and asset allocations. The UMA enables the Financial Professional to combine the investment expertise of third-party money managers, ETFs and mutual funds into a single portfolio for the Account. A wide variety of investments are available to money managers for managing their portion of the Account’s assets, including equities, bonds, exchange traded notes and Funds. The Financial Professional can also act as a Portfolio Manager for a portion of Account assets in this Program through use of “sleeve” portfolios. The Financial Professional can use individual stocks or bonds in addition to Funds in the management of the “sleeve” portfolio. The Financial Professional is responsible for ensuring that selected securities and investment strategies used by third-party money managers are suitable for the Account based upon the Client Information and any restrictions imposed by the Client. Portfolio trading services are provided by Platform Provider, additionally Clients can choose to add Additional Overlay Services offered. Currently, an overlay to screen for control of large unrealized tax gains that are embedded in portfolios, and an overlay to screen for investing within a Client’s personal values are offered. The minimum amount of assets required to establish a Custom UMA Account is \$150,000; however, certain third-party money managers will establish their own minimums.

WealthPursuit™ Custom SMA Program

WealthPursuit™ Custom SMA Wrap Fee Program (“Custom SMA”), provides Clients access to multiple third-party money managers with different investment styles. The Financial Professional has the discretion to direct Client assets to the SMA with different money managers, who will act as Portfolio Manager and direct the investment of assets allocated to their respective management. Clients have direct ownership of the securities in the SMA, which can allow for greater flexibility, and more control as compared with investing in mutual funds and ETFs or other pooled investment vehicles. Financial Professionals can also direct Client assets into established model portfolios and receive consultation regarding money managers from Platform Provider consulting team. The minimum amount of assets required to establish a Custom SMA Account is \$50,000; however, certain third-party money managers may establish higher minimums.

WealthPursuit™ Envoy Program



WealthPursuit™ Envoy Wrap Fee Program ("Envoy") provides Clients with access to fully allocated, actively managed portfolios created by two selected money managers. Financial Professionals guide Clients in the selection of either the PMC Liquid Endowment Portfolios or the Blackrock/Envestnet Guided portfolios.

- The PMC Liquid Endowment Portfolios are a series of multi-manager accounts that, depending on the assets in the account, may include mutual funds, ETFs, independent money managers' models, and separately managed accounts. Envestnet chooses the different asset allocations, investment strategies and Funds for each of the Liquid Endowment Models. The models managed for the smaller asset accounts may only consist of mutual funds and ETFs while models for larger asset accounts will generally include mutual funds, ETFs, independent money managers' models, and separately managed accounts. The minimum account size for the PMC Liquid Endowment Portfolio is \$35,000.
- Blackrock / Envestnet Guided portfolios combines the investment expertise of two asset managers into a single portfolio. This investment strategy delivers the benefit of traditional separately managed account in a single fully diversified portfolio. The minimum account size for the Blackrock / Envestnet Guided portfolio is \$10,000.

Clients can choose to add Additional Overlay Services offered by Platform Provider. Currently, an Additional Overlay to screen for control of large unrealized tax gains that are imbedded in portfolios, and an Additional Overlay to screen for investing within a Client's personal values are offered.

WealthPursuit™ Strategist

WealthPursuit™ Strategist ("Strategist") provides access to asset allocation strategies of a variety of mutual fund and ETF third-party money managers. Each portfolio will consist of mutual funds or ETFs or a combination of both types of Funds to pursue different investment strategies and asset class exposures. Platform Provider makes these money managers available, provides the overlay management of the portfolios, performs administrative, and trade order placement duties pursuant to the direction of the asset manager. The money managers provide and construct the models and asset allocations and select the underlying investment for each portfolio. In this program, the Client and Financial Professional will select how to allocate assets between the money managers offered within the Program. The Platform Provider will replace money managers from time to time and cannot guarantee the continued availability of a particular model. The minimum amount of assets required to establish a Strategist Account is \$25,000; however, certain models and third-party money managers are permitted to establish higher minimums. See Item 5, Account Requirements for additional information.

PROGRAM SERVICES AND FEES

Program Fee Information

Clients pay a single annualized Program Fee for participation in a Program, and that fee will not exceed 3%. The Program Fee is a Wrap Account fee that is used to pay service providers, to include the Client's Custodian for their respective services and certain transaction execution costs, Platform Provider, the Financial Professional, and other money manager(s) for their respective services, and indirectly the Retention Fee assessed by M Securities to Member Firms. Clients within a Program will pay the Program Fee as one quarter of the annual fee, based on the value of the assets in the Account on a calendar quarter basis. Certain components of the Program Fee are negotiable between the Client with their Financial Professional. Prior to establishing an Account, Program Fees will be detailed in writing in the Client's Agreement. Program Fees are collected from the Client's Account by Platform Provider and distributed to M Securities and the appropriate Program service providers.



M Securities believes that each of our Clients has unique investment management and desired service needs from their Financial Professionals. Given the independent Financial Professional business structure of our network, we also believe that our Financial Professionals are best positioned to understand the unique needs of their respective client bases. As such, our Programs afford Clients and their Financial Professionals freedom of choice to work directly with one another to build the individualized level of service Clients seek, including to negotiate Program Fees up to 3% to accommodate each Client's service needs and objectives. Clients should note, however, that SEC regulatory guidance provides that the SEC considers investment adviser fees greater than 2% of total assets under management as excessive and/or higher than is normally charged in the industry. As such, because our Programs permit Clients and Financial Professionals to individually negotiate the Program Fee potentially up to 3%, our Program Fees can be, and depending upon the individual Client fee arrangement, will be, higher than is normally charged in the industry by other wrap program providers. Before accepting a Program Fee proposal from a Financial Professional, Clients should carefully consider the proposed Program Fee, including its variable components subject to negotiation, primarily the Financial Professional Fee and the Execution Fee.

While every Client's portfolio management needs and objectives are different, Clients should in particular strongly scrutinize a proposed Program Fee that would be in excess of 2% of Account assets under management to ensure that it is appropriate for their needs in light of the Client's expected level of and complexity of services and investment strategies they seek for their Accounts. When considering a potential Program Fee proposal, Clients should carefully consider and negotiate with their Financial Professional relative to a range of factors, including but not limited to:

- the level of assets the Client intends to maintain under management in the Program;
- whether the Client's Account is part of a household Billing Group and is eligible for a Billing Group discount;
- the overall business relationship and level of business the Client maintains with M Securities and the Financial Professional for investment advisory, brokerage, or other services, both as part of and outside of the Program;
- the complexity of assets, investment management styles and strategies the Client desires the Financial Professional to provide in managing the Account;
- the desired level of interaction the Client expects to have with the Financial Professional with respect to the Account as higher levels of interaction may cause a Financial Professional to seek to increase the Financial Professional Fee component; and
- any other factors or considerations the Client considers important or unique to the Client in determining a Program Fee which the Client would deem acceptable and appropriate for the Client's needs and investment objectives.

The Program Fee may cost the Client more or less than the cost of purchasing each service included separately, if available. Other RIAs may charge a higher or lower fee for giving advice concerning securities, and may or may not offer the other services available in the Programs. In addition, depending upon the frequency of trading in an Account, brokerage and/or clearing fees could be higher or lower if purchased separately. A Client could direct their investments on their own without our services, could elect a non-wrap program, or could elect to obtain investment advice without monitoring via an agreement with us and then direct their own investments. However, the Client would not receive the full wrap services provided by M Securities and our Financial Professionals, which are designed, among other things, to both assist the Client in determining which asset allocations are most appropriate to the Client's financial condition and objectives, provide a wrap program, and provide ongoing monitoring of Client's Account. Client should discuss these options with their Financial Professional and in all cases, the Client should review the fees charged by M Securities to fully understand the total amount of fees to be paid, and thereby evaluate the advisory services being provided. M Securities offers a wide variety of advisory services aside from Wrap Fee Programs and Clients should discuss services with their Financial Professional prior to engaging M Securities for services. Clients can find additional information within the M Securities Form ADV 2A.



Minimum Annual Platform Fees: While the Platform Fee is normally included within the Program Fee, the following Programs apply a minimum annual Platform Fee ("Minimum Platform Fee") for Accounts in the event that an Account's assets under management fall below certain levels. Only Programs listed below require a minimum fee.

- Classic = \$24 Minimum Platform Fee, with a maximum of \$300. Accounts with assets below \$184,615 will be charged the negotiated Program Fee, minus the .013%, plus \$24 annually. Accounts with assets above \$2,308,000 will experience a decrease to the Program Fee by .013% annually, as the Platform Fee is limited to \$300.
- Custom = \$125 Minimum Platform Fee. Accounts with assets below \$113,636 will be charge the negotiated Program fee, minus .11%, plus \$125 annually.
- Custom SMA = \$150 Minimum Platform Fee. Accounts with assets below \$115,385 will be charged the negotiated Program Fee, minus .13%, plus \$150 annually.
- Strategist = \$50 Minimum Platform Fee. Accounts with assets below \$45,455 will be charged the negotiated Program fee, minus .11%, plus \$50 annually.

Should the Minimum Platform Fee apply, it will be charged as 25% of the minimum fee at each calendar quarter for the number of calendar days in the quarter. In such event, the total Program Fee expressed as a percentage of Account assets under management would be greater than the percentage agreed to between the Client and Financial Professional, and could potentially cause the total Program Fee to be greater than 3%. Please note that with Classic, Custom and Strategist, the amount of assets subject to the Minimum Platform Fee is greater than the minimum requirement to open and maintain an Account, as detailed in Item 5 below. M Securities addresses this issue by reviewing Accounts and negotiated Program Fees and by requiring justification from our Financial Professionals for Accounts with higher Program Fees to ensure that the Program Account is appropriate for the Client.

Billing in Advance and in Arrears: Certain Programs also allow Clients to choose to have Program Fees billed in advance or arrears. Program Fees are applied at 25% of the agreed upon rate for the number of days within the quarter using the Custodians fair market value of assets. The Client will make a choice of Advance or Arrears billing when executing the Agreement.

In Advance: This Program fee is payable in the beginning of each quarter in advance based on the prior quarter's ending balance and prorated for the number of calendar days in the quarter. A new Account will have a start date to initiate the Program Fee determined by the latter of the date the Client executes the Agreement, or the date Client assets are deposited to the Account. The initial Program Fee will be prorated for the number of calendar days in the quarter, with the start date equal to one day. The initial Program Fee is billed one month following the Account start date based on the value of assets deposited to the Account. Contributions and withdrawals in excess of \$10,000 will be billed on a prorated basis for the number of days in the quarter with the contribution or withdrawal date equal to one day.

In Arrears: The Program Fee will be payable quarterly in arrears at the end of the first quarter we started to provide services. The Program Fee will be based on the average daily fair market value of assets in the Program Account for the number of calendar days in the quarter. Subsequent payments are then due and assessed each calendar quarter based on the preceding quarter's average daily balance of Program assets.

Payment of Program Fee: Billing for Accounts opened or terminated during the quarter will be calculated pro-rata based on the number of days services were provided. The Client will authorize the Custodian to pay the Program Fee out of assets in the Account. Upon receipt of instructions from Platform Provider, the Custodian will withdraw the appropriate amount from the Account. The Program Fee is generally debited directly from the money market balance in the Account(s) and M Securities will sell shares of securities held in the Account in order to raise cash for the Program Fee if the money market balance is inadequate to cover the amount of the Program Fee. The sale of securities in taxable Accounts can



create reportable gains or losses. All assets in Client's Account, including cash not invested into a security, will be included in the calculation of the Program Fee, unless agreed upon in writing with the Financial Professional.

Household Billing Group: If a Client and Client's family or household members have more than one Program Account (a household "Billing Group"), Client may be able to lower the Program Fees based on the cumulative assets that members of the household Billing Group maintain in their Accounts relative to tiered fee component schedules. M Securities is not responsible for identifying Accounts eligible for combined fee calculation purposes. Accounts will be combined for Program Fee calculation only on the written request of Account holder or Financial Professional. Additionally, M Securities does not combine fee calculations for advisory accounts outside of the Program in other wrap fee programs or other assets under advisement. This creates a conflict for M Securities and the Financial Professional because we have incentive to recommend different account types to different Client family or household members to avoid a Billing Group. We mitigate this conflict through this disclosure to you and encourage you to discuss Billing Group Programs with your Financial Professional.

General Program Services Information

As part of the Program Fee for a Wrap account, except as noted in the section titled "Additional fees, charges and other considerations," the costs associated for various services is included. We provide further information regarding those services, below.

Custodial Services: M Securities is also an introducing broker/dealer that provides brokerage services for advisory accounts. During the Account opening process, a Client requests and selects M Securities to open a custodial account for the Client with Pershing, LLC ("Pershing") or will complete additional paperwork to open an account at Charles Schwab & Co. ("Schwab"). The factors that we consider in selecting or recommending a custodian for transactions in order to provide these advisory services will depend largely on the type of program that Client selects. Each custodian is registered with the SEC, is a member of FINRA and SIPC, and will maintain custody of Clients' assets and effect trades for Client Accounts. The custodian will maintain custody of Program Account assets and will execute transactions and perform the clearance for such transactions. Clients authorize the custodian to execute orders from the Portfolio Manager on a discretionary basis. The custodian will also forward confirmation of each purchase and sale to Client and to M Securities in accordance with applicable law. We believe the custodians we have contracted with offer Clients financial strength and stability, economies of scale, and reliable technology.

Execution fees are included in the total Program Fee, but differ at each custodian.

- The execution fee for our program at Pershing can be up to 0.05% of total assets under management in the account and is included in and debited at the same time as the Program Fee. Pershing will reduce its asset-based fee when a security is traded that would otherwise trade for no commission, such as for Funds invested through Pershing's FundVest Program, which is a no-transaction fee program in lieu of clearance charges. For Clients whose Accounts are partially invested through the FundVest Program and partially through non-FundVest clearing channels, the Client's Account will in practice yield a blended average rate.
- The execution fee in our Program at Schwab can be up to .10% of total assets under management in the account. This fee is included in the Program Fee shown above, but is debited from client accounts directly by Schwab on a monthly basis at a different time from the rest of the Program Fees. Schwab will debit from the client Account a minimum fee of \$10 per month for execution services. This minimum fee will increase the total Program Fee paid for Accounts with low balances (less than \$120,000).

In light of these differential custodial fees and services, we encourage you to discuss with your Financial Professional which custodian is the best for your account. In certain cases, the Financial Professional elects to pay for the Execution fees on Client's behalf. The Financial Professional, in his or her discretion, may choose to pay for one Client's Execution Fees while allowing another Client to bear the Execution fee included in the total Program Fee. Many factors can affect a Financial Professional's determination whether to pay for Execution Fees or allow the Execution Fee to be part of the overall total Program Fee. These factors include the frequency of trading activity, the types of securities products purchased and sold, and the use of no-transaction fee mutual funds and the amount of assets under management. The choice of whether to pay for Execution Fees in one Client's Account over another creates a conflict of interest because the Financial Professional has a financial incentive to trade less or trade mutual funds that have no transaction fees. The Financial Professional paying for transaction fees may benefit the client, if the Financial Professional determines that the number of transactions to maintain the Account may not warrant the client paying the percentage on total assets under management. In this scenario, the greater amount of assets under management, the more beneficial this option can be to Clients.

Platform Provider Services: The services of the Platform Provider, Envestnet, are included in the total Program Fee. M Securities and Envestnet are not affiliated. M Securities monitors Envestnet's provision of services to our Programs to ensure that the services contracted for are being provided. With the exception of the Classic Program, Envestnet will also provide Overlay management services for Client Accounts, and place trades for Client Accounts at the direction of the Client's Financial Professional or third-party money manager appointed as Portfolio Manager for Client's Account. Envestnet will determine on a discretionary basis the time and amount of the trade to be executed on behalf of the Client in accordance with instructions received from the Portfolio Manager.

M Securities pays Envestnet for services related to the Programs that may range from .013% to .13% depending upon the Program and the market value of the assets within an Account. These costs below for program services are exclusive of fees for Additional Overlay Services) rendered for our Programs:

Classic	Custom	Custom UMA	Custom SMA	Envoy	Strategist
0.013%	0.11% to 0.025%	0.13% to 0.03%	0.13% to 0.03%	0.13% to 0.03%	0.11% to 0.035%

Our Custom UMA and Envoy Programs, allows Clients the option of choosing to add specialized tax and impact "overlay" services ("Additional Overlay Services") for their Accounts as described further below. Such fees will be included in the Program Fee, but can increase the amount of the total Program Fee as determined between the Client and Financial Professional when negotiating the Financial Professional Fee component of the total Program Fee. Envestnet will receive payment of .10% of assets under management for Clients that choose Additional Overlay Services. Additional Overlay Services will vary between Programs and may change from time to time. Currently, Envestnet offers within two Programs, an Additional Overlay to screen for control of large unrealized tax gains that are imbedded in portfolios, and an Additional Overlay to screen for investing within a Client's personal values:

- Tax Overlay Services provides a holistic and customizable solution for Clients who want to control and customize their realization of large unrealized gains that are imbedded in their portfolios, or for Clients who have other unique circumstances that require an individualized strategy.
- Impact Overlay Services provides a customizable solution for Clients to direct multiple Impact screens intended to align with a comprehensive representation of a Client's personal values.

Financial Professional Services: The services of your Financial Professional are included in the total Program Fee. When accounting for Platform and Custodial Fees, the maximum fee allowable to the Financial Professional is summarized in the table below to help facilitate Client review and comparison across Programs:

Market Value	Classic (% up to)	Custom (% up to)	UMA (% up to)	SMA (% up to)	Envoy (% up to)	Strategist (% up to)
First \$500,000	2.937%	2.89%	2.62%	2.62%	2.85%	2.87%
Next \$500,000	2.937%	2.89%	2.63%	2.63%	2.86%	2.86%
Next \$2,000,000	2.937%	2.91%	2.645%	2.645%	2.875%	2.89%
Next \$7,000,000	2.937%	2.93%	2.665%	2.665%	2.89%	2.905%
Next \$10,000,000	2.937%	2.955%	2.705%	2.705%	2.935%	2.945%
Next Amounts over \$20,000,000	2.937%	2.975%	2.72%	2.72%	2.95%	2.945%

Clients should carefully consider the services they require and negotiate their fee based on those services. M Securities addresses this conflict of interest by reviewing Program Accounts for suitability at opening, on a periodic basis for Account review as described further in Item 9 at Review of Accounts, by enforcing our Code of Ethics, through this disclosure to you, and by establishing a total Program Fee for Client Accounts that is limited to 3%.

Third-Party Money Managers and Associated Services: Certain Programs such as the UMA, SMA, Envoy, and Strategist Programs allow Financial Professionals, depending on the Account asset levels requirements and the individual investment objective of the Client, to select from an Envestnet Platform roster of “Approved” third-party money managers, who’s services may not otherwise be accessible to Clients. Envestnet is responsible for conducting due diligence on each “Approved” money manager on its Platform. Envestnet also provides “Available” money managers for selection. “Available” money managers have not undergone selection, due diligence and oversight of program offerings by Envestnet. Should M Securities, a Financial Professional, and/or Client request a specific money manager from the Envestnet “Available” list, M Securities or Financial Professional will be responsible for conducting due diligence and M Securities maintains sole discretion in determining whether to allow a requested “Available” money manager to provide Account services in our Program. Clients should also carefully review the Form ADV Part 2A brochures for third-party money managers they are considering with their Financial Professional for the provision of money manager services for their Accounts.

If selected, third-party money managers will provide portfolio management services for the Client’s Account that range from managing individual securities within a separately managed account according to a pre-set investment philosophy or style, to utilizing model portfolios that have been strategically created by the money manager.

- A separately managed account (“SMA”) is a portfolio of individually owned securities that can be tailored to fit a Client’s investing preferences. Envestnet will assist Financial Professionals in identifying individual money managers and investment vehicles that correspond to the proposed asset classes and styles, or Financial Professionals will independently identify money managers. Envestnet retains the money managers as third-party money managers for portfolio management services in connection with the SMA program through separate agreements.
- Some third-party money managers act as a model strategist provider, and construct and provide asset allocation models. These models often utilize the underlying Funds advised by the money manager. In such situations, the model provider or its affiliate(s) will receive fees from the Funds for serving as investment advisor or other service provider to the Fund (as detailed in the Fund’s prospectus). These fees will be in addition to the management fees that the money manager receives for its ongoing management of the models and creates a financial incentive for the money

manager to utilize their Funds. Clients should discuss any questions with or request further information from their Financial Professional concerning the conflict of interest this creates.

The Program Fee that Client negotiates with their Financial Professional will include fees paid to third-party money manager(s) providing investment management services for the Client's Account, and will range depending upon the services provided and the money managers(s) selected. The range of fees varies from 0.02% to 0.60% based on the Program selected, and as indicated in the table below, and are included in your Total Program Fee.

Custom UMA	Custom SMA	Envoy	Strategist
0.25% to 0.60%	0.25% to 0.60%	0.02% to 0.45%	0.02% to 0.60%

ADDITIONAL FEES, CHARGES, AND OTHER CONSIDERATIONS

There will also be other fees and costs assessed to Clients that are not part of the Program Fee. These fees and costs are described below.

- **Custodial Fees:** Clients can incur certain charges imposed by custodians for Account maintenance that are in addition to the Program Fee. The Program Fee does not include fees or costs incurred for products or services that are not part of the Program Fee including, but not limited to: mark-ups, mark-downs; spreads paid to market makers; electronic fund transfer and wire fees; IRA and qualified retirement plan Account fees; statement and confirmation fees; termination fees; transfer fees; the costs of the operating expenses of the mutual funds, including exchange-traded funds and money market funds, as well as any applicable shareholder fees assessed by such funds or charges; and taxes currently imposed by governmental authorities, self-regulatory bodies, transfer agents and other outside entities with respect to securities transactions (including, but not limited to SEC Section 31 transaction fees, Depository Trust Company fees, redemption and transfer fees) (collectively, "Additional Costs"); and any brokerage commissions or other charges imposed by BDs or entities other than custodian (i.e., "step-out trading" costs) in the event the Portfolio Manager, Envestnet when it provides Overlay Management Services, or other third-party money managers with discretionary trading authority for a Client's Account were to determine that it would be consistent with their duty of best execution to execute particular trades away from custodian. Clients will separately bear these Additional Costs.
- **Mutual Fund and ETF Fees:** All fees paid to M Securities for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each Fund's prospectus. These fees will generally include a management fee, other Fund expenses, and a possible distribution fee. If the Fund also imposes sales charges, these charges will be suppressed. However, if a Client transfers previously purchased mutual funds into a Program Account, and there is an applicable contingent deferred sales charge or redemption fee on the Fund, Client will pay that charge when the mutual fund is sold. In no case should the Financial Professional receive any ongoing commissions. However, M Securities may receive other fees (e.g., finders fees) associated with mutual fund transactions. Finder Fees are distributed to BDs in lieu of a load on A shares. If a Client purchases a load-waived A Share in an advisory Account, it is possible that M Securities would receive a finder's fee. M Securities returns any such revenue received to the Client.

In many instances, we make available mutual funds in our advisory programs that offer various share classes. Depending on the custodian, our agreement with the same, and mutual fund company, there may be available several versions of the same mutual fund with different levels of ongoing expense, charges, and distribution of 12b-1 fees, and associated transaction charges. Typically, when a mutual fund makes several share classes available, those with the higher transaction charges also have lower ongoing expenses. Not all mutual funds have the same share classes available. While each mutual fund prospectus indicates whether the share class invested charges a 12b-1 fee, some share classes typically charge 12b-1 fees while others do not. For illustrative purposes, Class A Shares typically charge a 12b-1 fee (to pay as



servicing charges to the BD and Financial Professional) and Class I Shares do not charge a 12b-1 fee. As a result, it is typically more expensive for the client to own Class A Shares than Class I Shares (excluding any applicable advisory fee). In an effort to reduce the financial incentive to recommend a mutual fund share class that charges a 12b-1 fee, in most instances, M Securities reimburses the client's account with the 12b-1 fee charged. In some instances, the 12b-1 fee or a portion of other mutual fund fees is retained by the qualified custodian that makes the mutual funds available to us or is used to waive or reduce client transaction charges. Whether the 12b-1 fee is reimbursed to the Client or retained by the qualified custodian is dependent upon which qualified custodian holds the Client's assets. The availability of a lower-cost share class is fund specific and not all Class I Shares or other lower expense Shares may be available for investment due to investment minimums and other fund-specific requirements. In many cases it is beneficial to pay a higher transaction charge in lieu of higher ongoing expenses. Clients should discuss these preferences with their Financial Professional.

M Securities Compensation: M Securities and our Financial Professionals receive compensation as a result of Client participation in the Program, as set forth in the Financial Professional Fee section above. Program Fees provide a financial incentive for M Securities and the Financial Professional to recommend the Program. The amount of compensation under the Program may be more or less than what the Financial Professional would receive if Client paid separately for investment advice, brokerage, and other services. M Securities and our Financial Professional have a financial incentive to recommend the Program over other programs or services offered by M Securities which would provide less remuneration. We address this conflict through this disclosure to you and initial review of the suitability of the Program for the Client.

M Securities is compensated indirectly by assessing the Member Firms, and thus their Financial Professionals, a retention fee ("Retention Fee") based on the quarterly amount of total investment advisory fee revenue generated by each Financial Professional within the Member Firm. M Securities calculates the total amount of each Member Firm's Financial Professional quarterly fee revenue based on a combination of a sliding scale percentage of the Member Firm's Financial Professional quarterly fee revenue (higher percentages at lower thresholds) and a set dollar amount increasing with tiered levels of revenue. M Securities retains an amount based on the Retention Fee schedule and pays the balance to the Financial Professional. As a result of the Retention Fee, M Securities has a conflict of interest as the Program Fee may result in greater fee revenue generation, and thus increase the amount of the Retention Fee assessed, based on the amount of the Financial Professional Fee that may be negotiated between a Client and their Financial Professional. The Financial Professional is incentivized to place additional Client assets into Programs to reduce M Securities' overall retention percentage and to generate revenues for Financial Professional or Financial Professional's Member Firm to qualify or remain affiliated with M Financial. Additionally, M Securities charges our Member Firms for our services associated with providing supervision, compliance, registration and professional insurance to Financial Professionals. We mitigate these conflicts through this disclosure to you.

Because conflicts of interest and the way we earn money is inherent in our business, M Securities also addresses these conflicts of interest by reviewing Program Accounts for suitability at opening, on a periodic basis for Account review as described further in Item 9 at Review of Accounts, by enforcing our Code of Ethics, and by establishing a Total Program Fee for Client Accounts is limited to 3%. Additionally, both M Securities and all Financial Professionals must comply with applicable state investment adviser registration requirements and applicable state and federal securities laws and rules.

Termination of the Program Account: Either M Securities or the Client may terminate the Agreement upon written notice to each other, as detailed within the Agreement. At that time, any unearned Program Fees previously deducted will be returned to Client if Client paid fees in advance. If Client pays fees in arrears, the amount of the pro-rata Program Fee and any other fees and charges due through the effective date of termination are due and payable prior to any assets being transferred to another custodian or delivered to Client, including any applicable termination fees as provided for in the Client's Agreement. Upon termination of the Program Account, Client must provide direction to M Securities on how to transfer Client's assets upon termination of the Account, as we will not be under any obligation with regard to the assets

in the Account. Absent such direction, M Securities retains the right, in its sole discretion, to transfer Client's Account to a brokerage account with Client bearing all associated costs with the same.

If Client's Financial Professional should leave M Securities, we will notify Client and work to reassign Client's Account to another Financial Professional, who could be associated with a different Member Firm. If we cannot find a Financial Professional to service Client's Account, we can, in our sole discretion, terminate the Agreement as outlined in this section.

Item 5 Account Requirements and Types of Clients

M Securities provides investment advisory services to a wide variety of Clients including, but not limited to: Individuals, charitable organizations, corporations, and other business entities, retirement plans (including 401(k) plan sponsors and pension plans) and trusts.

Client signature and execution of Program documents will be required prior to opening and investing any Client funds in a Program. Account acceptance and set up on the Account can take several business days to complete. Clients should also be aware that there are minimum amounts of assets required to establish a Program Account that vary depending upon the Program chosen. Below is each Program's minimum Account size requirement to participate:

Program Name	Minimum Requirement
Classic	\$50,000**
Custom	\$50,000**
Custom UMA*	\$150,000
Custom SMA*	\$50,000
Envoy*	\$10,000
Strategist*	\$25,000**

*Stated minimums in the Custom UMA, Custom SMA, Envoy, and Strategist Programs are also subject to money manager minimums. Account minimums can be negotiable under certain circumstances, and requirements should be discussed with the Financial Professional.
**Please see Item 4 at Minimum Annual Platform Fees, as these Programs have a Minimum Platform Fee that will apply to balances that exceed the minimum requirement to open and maintain an Account, which will result in an increase to the Total Program Fee.

If a Client's Account falls below the minimum requirement, the Account is subject to termination by M Securities, at its sole discretion. If Client does not meet a minimum Account size established by a specific money manager, but desires the money manager's services, Client can work with their Financial Professional to request an exception. Exceptions in these cases to the Account minimums will be made upon money manager's approval and M Securities' approval and will take into consideration suitability based on fees and costs of the Program. As noted in Item 4, minimum fees may apply.

Item 6 Selection and Review of Portfolio Manager

M Securities' Product Due Diligence committee evaluates its third-party service providers' due diligence process, including Investnet's overall selection and approval process of money managers available on its Platform. We also allow your Financial Professional to act as a Portfolio Manager, as discussed below.

Several of our Programs allow the Client's Financial Professional to act as Portfolio Manager for the Client's Account. Other Programs allow the Financial Professional at the Financial Professional's discretion to appoint and replace independent third-party money managers to act as Portfolio Manager in order to meet the Client's investment objectives. Prior to making a determination of how Client assets will be managed, Financial Professionals obtain financial information from Client to determine the suitability and appropriateness of the Program or other M Securities Investment Management Services. The Financial Professional is responsible to ensure that the investment strategy recommended is suitable for Client based upon the stated investment objectives and Client Information.



M Securities Financial Professional as Portfolio Manager: Our Financial Professionals have the ability to serve as Portfolio Manager for a Client's Account within several of our Programs. In such Programs, the Financial Professional, as Portfolio Manager, is the Client's representative and is responsible for performing careful review of each security purchased for an Account and ensuring that selected securities are suitable for the Account based upon the Client's investment objectives, financial situation and any restrictions imposed by the Client. Financial Professionals are responsible for conducting independent research and analysis on securities they use in client portfolios and are further restricted to an approved product list for certain products such as, but not limited to, alternative investment products, opened ended and closed ended mutual funds, in which M Securities has conducted due diligence and provides ongoing monitoring.

Financial Professionals are not subject to the selection and review process as third-party money managers who provide services in these Programs. Neither M Securities nor Envestnet reviews the performance of the Financial Professional as Portfolio Manager, nor are there any standards used to calculate the performance of Financial Professional as Portfolio Manager. In many cases, this is due to the customized nature of the financial strategy negotiated between the Client and Financial Professional. If Client does not believe Client's portfolio requires customization, or Client's needs can be met by a Portfolio Manager who does publish performance, Client should discuss that option with Financial Professional.

When a Financial Professional is the Portfolio Manager for an Account instead of using a third-party Portfolio Manager, the Program Fees provide a financial incentive for the Financial Professional to recommend such a Program, creating a conflict of interest for M Securities and the Financial Professional. We address this conflict through enforcement of our Code of Ethics and through this disclosure to you. For more information about your Financial Professional, Clients should refer to the Form ADV Part 2B Brochure Supplement for their Financial Professional, which is provided at Account opening, and upon request.

Third-Party Portfolio Managers: In certain of our Programs, third-party money managers will be selected from Envestnet's Platform to provide Portfolio Manager services for an Account. Envestnet is responsible for performing due diligence on the money managers it offers from its "Approved" manager list through the Envestnet Platform. The Financial Professional and M Securities have responsibility for evaluating the money manager on the "Approved" list and assessing if the money manager and strategy is suitable for a particular Client based on the Client's investment objective and Client Information. In circumstances where a third-party money manager is instead on Envestnet's "Available" list, M Securities would be responsible for performing due diligence before approving the money manager to provide investment management services for Program Clients and their Accounts. Prior to approving a new money manager, the experience, expertise, investment philosophies and past performance of that money manager is examined in an attempt to determine if the manager has demonstrated an ability to invest better than his or her peers over a period of time and in different economic conditions. Underlying holdings, strategies, concentrations, and leverage may also be reviewed as part of an overall risk assessment. After this initial review, M Securities does not review the performance of third-party money managers as Portfolio Manager. M Securities does not calculate performance returns on behalf of any money manager.

Additionally, M Securities performs due diligence on mutual funds, alternative offerings, and non-traded securities, prior to making them available for use by Financial Professionals, and has approved all quantitatively and qualitatively approved Funds on the Envestnet Platform approved list. Financial Professionals are responsible for conducting independent research and analysis on securities and ETFs they recommend or use with Clients.

Other Advisory Business: M Securities offers a variety of investment advisory services outside of these Wrap Programs. Please see the M Securities Form ADV Part 2A Firm Brochure, Item 4 for a complete listing of other investment advisory services. These services vary and Clients should discuss all options with their Financial Professional prior to selecting a service and entering into an Agreement. The Financial Professional can provide Client with the M Securities ADV Firm Brochure or it can be accessed at www.mfin.com/m-securities, by calling (888) 520-6784 or by emailing



MHScmpliance@mfin.com. For all advisory services, M Securities retains a portion of fee earned by the Financial Professional.

M Securities does not offer any investment advisory services within Wrap Programs under performance-based fee arrangements, nor does it employ side-by-side management. Additionally, M Securities does not vote proxies on behalf of our Wrap Program advisory clients, nor do we offer any consulting assistance to clients regarding proxy issues.

Reasonable Restrictions: Client may request Financial Professional impose reasonable investment restrictions on Client's Account, including by directing Financial Professional to not purchase or liquidate certain securities in the Account or hold excess cash levels from investing in Account. Each request for a restriction by a Client must be approved by the Financial Professional in advance and at their discretion. Client should be aware that restrictions on Accounts may positively or negatively affect the Account performance, and Clients must inform their Financial Professional in writing when the Client no longer desires to impose the restriction.

Order Aggregation: M Securities typically encourages our Financial Professionals and trading partners to aggregate Client orders, per our order aggregation policy where possible and advantageous to Clients, and when compliant with our duty to seek best execution for our clients. Order aggregation permits for the fair treatment of all Clients participating in the order, so that no one Client is not advantaged at the expense of another Client. When block trading occurs, aggregated orders may be executed at different prices during the trading day. When the order is complete, all participants participating in the order will receive the average share price of all the orders. Should an order receive a partial execution, the shares will be distributed pro-rata at the average price among the participants, and in a consistent manner to avoid partial shares.

Some of our programs are traded by Envestnet or Sub-Advisors, and for those programs, Envestnet or the appointed Sub-Advisor will be responsible for aggregation of orders. Aggregate orders entered by Envestnet or a Sub-Advisor may include the accounts of other Financial Professionals and accounts of associated persons of M Securities. For further information with respect to Envestnet's or a Sub-Advisor's order aggregation policies and practices, please see Envestnet or the respective Sub-Advisor's Form ADV Part 2A brochures available at www.advisorinfo.sec.gov.

Our policy does not require Financial Professionals to aggregate or block trade orders. This can create a conflict of interest for M Securities and the Financial Professional, who must decide which Client order to place first. Depending upon the security and market movement, among other things, this can result in one Client receiving better price execution over another Client. M Securities monitors transaction blotter activity and will investigate transactions involving multiple Client transactions within the same securities on the same day.

METHODS OF ANALYSIS

Portfolio Managers use a variety of analysis methods when selecting securities and/or managing Client assets. As a firm, we do not favor any specific method of analysis over another. Below are some of the common approaches that can be used in providing advice and a non-exhaustive list of potential shortcomings of each method:

- *Fundamental Analysis:* This is an attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself). It is used to determine if the security is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell). Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless



of the economic and financial factors considered in evaluating the security.

- *Technical Analysis (or Charting):* Past market movements are analyzed and that analysis is applied to the present in an attempt to recognize recurring patterns of investor or other market behavior and potentially predict future price movement. Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that investments in a poorly-managed or financially unsound company may underperform regardless of market movement.
- *Cyclical Analysis:* In this type of technical analysis, the movements of a particular security are measured against the overall market in an *attempt* to predict the price movement of the security. A risk in using cyclical analysis is that the overall market is subject to change and we may incorrectly identify where we are in the business or economic cycle.
- *Quantitative Analysis:* Mathematical models are used in an attempt to obtain more accurate measurements of a company's quantifiable data, such as the value of a share price or earnings per share, and predict changes to that data. A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect.
- *Qualitative Analysis:* This is subjective evaluation of non-quantifiable factors such as quality of management, labor relations, and strength of research and development factors not readily subject to measurement, and predict changes to share price based on that data. A risk in using qualitative analysis is that subjective judgment may prove incorrect.
- *Mutual Fund and/or ETF Analysis:* The experience and track record of the manager of the mutual fund or ETF is reviewed in an attempt to determine if that manager has demonstrated an ability to invest competitively or better than his or her peers over a period of time and in different economic conditions. Underlying assets in a mutual fund or ETF are also reviewed, in an attempt to determine if there is significant overlap in the underlying investments held in other securities in the Client's portfolio. An ongoing monitoring of the funds or ETFs is made, in an attempt to determine if they are continuing to follow their stated investment strategy. A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the Client may purchase the same security, increasing the risk to the Client if that security were to fall in value. There is also a risk that a manager will deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the Client's portfolio.
- *Money Manager Analysis:* Prior to approving a new money manager, the experience, expertise, investment philosophies and past performance of that money manager is examined in an attempt to determine if the manager has demonstrated an ability to invest better than his or her peers over a period of time and in different economic conditions. Underlying holdings, strategies, concentrations, and leverage may also be reviewed as part of an overall risk assessment.

A risk of investing with an asset manager who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a third-party asset manager's portfolio, there is also a risk that an asset manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our Clients. Moreover, as we do not control the asset manager's daily business and compliance operations, we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

All securities analysis methods rely on the assumption that the companies whose securities are recommended for purchase and sale, the rating agencies that review these securities, and other publicly available sources of information



about these securities, are providing accurate and unbiased data. There is always a risk that any analysis is compromised by inaccurate or misleading information.

INVESTMENT STRATEGIES

Portfolio Managers can use the following strategies in managing Client Accounts, provided that such strategies are appropriate to the needs of the Client and consistent with the Client's investment objectives, risk tolerance and time horizon, among other considerations:

- *Asset Allocation:* Rather than focusing primarily on securities selection, an attempt to identify an appropriate ratio of securities, fixed income and cash suitable to the client's investment goals and risk tolerance. A risk of asset allocation is that the Client will not participate to the same degree in sharp increases in a particular security, industry or market sector as an investor with more concentration. Another risk is that the ratio of securities, fixed income and cash will change over time due to stock and market movements, and, if not corrected, will no longer be appropriate for the Client's goals.
- *Diversification versus Concentration:* Diversification within a portfolio of investment strategies, securities or managers will tend to reduce the overall risks and returns of a portfolio when one strategy or security does not perform as well as another. Concentration within a portfolio of investment strategies, securities or managers will tend to increase the overall risks and returns of a portfolio since any gains or losses in a particular holding will not be buffered by other holdings that perform differently.
- *Long-Term Purchases:* A recommendation is made on the purchase of securities with the idea of holding them in the Client's Account for a year or longer. Typically, this strategy is used when there is a belief the securities are currently undervalued, the Client wants to take advantage of long term tax rates or there is a desire for exposure to a particular asset class over time, regardless of the current projection for this class. A risk in a long-term purchase strategy is that by holding the security for this length of time, the Client will not take advantage of short-term trading strategies that could be profitable, or that a security declines sharply in value before the decision to sell.
- *Short Sales:* Upon approval from M Securities, a Client can borrow shares of a stock, from someone who owns the stock on a promise to replace the shares on a future date at a certain price. Those borrowed shares are then sold by a short seller. On the agreed-upon future date, the seller buys the same stock and returns the shares to the original owner. Clients engage in short selling based on their belief that the stock will go down in price after they have borrowed the shares. If the price to rebuy the stock plus the lending fees and transaction costs are less than the price when the shares were borrowed, the Client Account realizes the profit. If the shares instead rise in value, the Client Account incurs a loss.
- *Margin Transactions:* Upon approval from M Securities, a Client is permitted to purchase securities with money borrowed from the Custodian. This allows the purchase of more securities than would be possible with the Client's available cash, and can allow the Client to purchase stock without selling other holdings. Clients investing on margin to buy more securities tend to amplify the returns or losses in their Account. They are also responsible for paying Margin interest. Additionally, use of Margin can increase your assets under management and therefore increase the amount of advisory fee owed to M Securities.
- *Use of Options:* Upon approval from M Securities, a Client and a Portfolio Manager are permitted to use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset. The two types of options are Calls and Puts:



- A Call gives a Client the right to buy an asset at a certain price within a specific period of time. A Client utilizing this strategy will buy a Call if they believe the stock will increase substantially before the option expires or sell a Call if they believe the stock will decrease substantially before the option expires.
- A Put gives a Client the right to sell an asset at a certain price within a specific period of time. A Client will buy a Put if they believe the stock price will fall before the option expires or sell a Put if they believe the stock price will rise before the option expires.

Options can be used to speculate on the possibility of a sharp price swing. Options can also be used to "hedge" a purchase of the underlying security; in other words, to limit the potential upside and downside of a security. Clients can use "Covered Calls," to sell a Call on security which they own. In this strategy, the Client receives a fee for making the option available, and the person purchasing the option has the right to buy the security from the Client at an agreed-upon price.

If appropriate, a Client is permitted to also use a "spreading strategy", in which the Client purchases two or more option contracts (for example, a Call option that is purchased with certain attributes, and a Call option that is sold with different attributes) for the same underlying security. In this strategy the Client is seeking to profit from specific changes in price, time and other factors related to the underlying security.

- *Inverse and Leveraged ETFs, ETNs, and Mutual Funds:* Leveraged products are designed to provide a multiple of the underlying index's return, typically on a daily basis. Inverse products are designed to provide a multiple of the opposite of the return of the underlying index, also typically on a daily basis. These products have a multiplier effect and are therefore considered riskier and more volatile; creating larger positive and negative swings on return that often are magnified over time. These products are not designed as buy and hold securities, but instead traded on a short-term basis, typically daily. For additional product risk and expense information, please carefully review the products' prospectus.
- *Structured products:* A structured product is generally a prepackaged investment strategy based on derivatives, such as a single security, a basket of securities, options, indices, commodities, debt issuances, and/or foreign currencies, and, to a lesser extent, swaps. Structured products are complex products. In addition to a fixed maturity, they have two components: a note and a derivative. The derivative component is often an option. The note provides for periodic interest payments to the investor at a predetermined rate, and the derivative component provides for the payment at maturity. Some products use the derivative component as a put option written by the investor that gives the buyer of the put option the right to sell to the investor the security or securities at a predetermined price. Other products use the derivative component to provide for a call option written by the investor that gives the buyer of the call option the right to buy the security or securities from the investor at a predetermined price. A feature of some structured products is a "principal guarantee" function, which offers protection of principal if held to maturity. These products are not always FDIC insured, however; they may only be insured by the issuer and, thus, have the potential for loss of principal in the case of a liquidity crisis or other solvency problems with the issuing company. Investing in structured products involves several risks, including, but not limited to, fluctuations in the price, level, or yield of underlying instruments; interest rates; currency values; and credit quality. It also involves the risk of substantial loss of principal, limits on participation in any appreciation of the underlying instrument, limited liquidity, credit risk of the issuer, conflicts of interest, and other events that are difficult to predict.

RISK OF LOSS

Investing in securities involves risk of loss that a Client should be prepared to bear. Securities investments are not guaranteed, and Clients may lose money on investments. Clients should work closely with their Financial Professional so that they have a complete understanding of Client's tolerance for risk. Clients seeking to reduce risk in their portfolio are



encouraged to discuss diversification in their Account, the use of Asset Allocation strategies, the purchase of Puts related to securities they own, and other strategies with their Financial Professional. There is no guarantee that any recommendations or asset management approach will meet a Client's investment objective over any given time frame. The following types of risks may significantly affect the performance of your Portfolio:

- **Equity Risk:** Strategies that invest in equities involve the risk that the value of equity securities, such as common stocks and preferred stocks, decline due to general market conditions, which are not specifically related to a particular company or to factors affecting a particular industry or industries. Equity securities generally have greater price volatility than fixed income securities.
- **Foreign Securities Risk:** Strategies that invest in international securities involve special additional risks, including: currency risk; political risk; risks associated with varying accounting standards; and the risk that adverse legal, political, or economic developments, as well as international trade, trade barriers, and exchange controls adversely affect the securities of companies located in such countries. Investing in emerging markets may accentuate these risks.
- **Small Cap Risk:** Strategies that invest in smaller capitalized companies involve risks, including relatively low trading volumes, a greater degree of change in earnings, and greater short-term volatility. Smaller companies typically have a higher risk of failure and are not as well established as larger blue-chip companies.
- **Value or Growth Stock Risk:** Strategies that invest in value or growth stocks can perform differently from the market as a whole and from other types of stocks and can be more volatile than other types of stocks.
- **High Yield Risk:** Strategies that invest in high-yield bonds invest in lower-rated debt securities (commonly referred to as junk bonds) involve additional risks because of the lower credit quality of the securities in the portfolio. Clients should be aware of the possible higher level of volatility and increased risk of default.
- **TIPS Risk:** Strategies that invest in Treasury Inflation Protected Securities ("TIPS") involve risks, including risk of loss in periods when "real" interest rates (current interest rate minus inflation rate) change substantially. TIPS are bonds issued by the U.S. Treasury that have a fixed rate of interest and principal that adjusts according to changes in the Consumer Price Index.
- **Municipal Risk:** Municipal investment strategies can be affected by adverse tax, legislative or political changes and the financial condition of issuers of municipal securities.
- **Real Estate Risk:** Strategies that invest in Real Estate Investment Trusts ("REITs") or real estate-linked derivative instruments may subject a Client to risks similar to those associated with direct ownership of real estate, including losses from casualty or condemnation, and changes in local and general economic conditions, supply and demand, interest rates, zoning laws, regulatory limitations on rents, property taxes and operating expenses.
- **Fixed Income Risk:** Strategies that invest in fixed income securities are subject to the risk that Clients may lose all or some of their principal investment if the issuer or guarantor of a fixed income security, or the counterparty to a derivative contract, is unable or unwilling to meet its financial obligations. Additionally, Clients are subject to the risk that resale value of a fixed income security will decline because of an increase in interest rates; similarly a mutual fund holding fixed income securities will be adversely impacted with increasing interest rates with longer than average bond maturity dates will be more sensitive to changes in interest rates than a fund with shorter bond maturity dates.
- **Liquidity Risk:** Strategies that involve investing in securities with limited trading volumes or no ability to trade may prevent the Client from being able to liquidate the security if they have a change in circumstances, goals, or upon the



advice of their Financial Professional. We encourage clients to discuss liquidity needs with their Financial Professional before investing in securities with limited liquidity.

- **Cybersecurity Risk:** Intentional cybersecurity breaches include: unauthorized access to systems, networks or devices (such as through “hacking” activity), infection from computer viruses or other malicious software code and attacks that shut down, disable, slow, or otherwise disrupt operations, business processes, or website access or functionality. Unintentional incidents such as the inadvertent release of confidential information (possibly resulting in the violation of applicable privacy laws) can occur. Cyber incidents have the ability to cause disruptions and impact business, potentially resulting in the inability to transact business, financial losses, violations of applicable privacy and other laws, regulatory fines, penalties or reputational damage. Such incidents could cause M Securities or other service providers to incur regulatory penalties, reputational damage, additional compliance costs, or significant financial loss. In addition, such incidents could affect the securities in which M Securities invests, and thereby cause a loss in value.
- **Alternative / Complex Product Risk:** Alternative Investments are Complex Products. A Complex Product is one with multiple, novel, complicated, intricate, derivative or similar features that affect its investment return under different market and economic scenarios. Alternative Investment are not suitable for all investors as they are subject to various risks such as limitation on liquidity, pricing mechanism and specific risk factors associated with the particular product. Your Financial Professional when recommending the use of an Alternative Investment will provide a prospectus or offering document that discloses all risks, fees and expenses and risk factors associated with a particular Alternative Investment. Read the applicable prospectus or offering documents carefully before investing. Clients considering an investment strategy utilizing Alternative Investments should understand that they are generally considered speculative in nature and involve a high degree of risk, particularly if concentrating investment in one or few Alternative Investments or within a particular industry. The risks associated with Alternative Investments are potentially greater and substantially different from those associated with traditional equity or fixed income investments. Alternative Investments are unsuitable for many investors. If you do not completely understand the product, you should not purchase it.

VOTING CLIENT SECURITIES

M Securities does not vote proxies on behalf of Clients. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the Client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client’s investment assets. Clients receive their proxies or other solicitations directly from their custodian or a transfer agent. Clients are responsible for instructing each custodian to forward them copies of all proxies and shareholder communications relating to their investment assets. M Securities does not offer any consulting assistance to Clients regarding proxy issues. Some independent Sub-Advisors or Portfolio Managers may offer voting proxies on behalf of Clients. For further information, please see the respective Sub-Advisor or Portfolio Manager’s Form ADV Part 2A

Item 7 Client Information Provided to Portfolio Manager

Financial Professional will collect Client Information from Client prior to opening an Account. Certain Programs require the Client to complete a detailed questionnaire that will assist and guide Client in determining Client’s appropriate investment objectives and risk tolerance. Client’s risk tolerance and objectives assist Financial Professional in recommending the Portfolio Manager, who depending upon the Program may be Client’s Financial Professional if Client chooses to appoint Client’s Financial Professional as Portfolio Manager. Generally, specific Client information is not provided to third-party money managers.



Financial Professionals will review at least annually, the Client Information with the Client, to include Client's investment objectives and risk tolerance. During the annual review, Financial Professional may suggest modifications to Client's investment strategy or holdings should Client's Financial Situation change or based on market or other conditions. Client is responsible for notifying Client's Financial Professional of any changes to the Client Information, investment objectives and risk tolerance. Client's Financial Professional will provide M Securities and the Portfolio Manager with any necessary updates regarding these changes. Achievement of a stated investment objective is a long-term goal for the Account, and at times, the stated objective may be inconsistent with the actual holdings in the Account. This can be due to, among other things, volatility in the market, an agreed upon temporary change in investment strategy, or as a result of your specific directive or request.

Item 8 Client Contact with Portfolio Manager

Client's ability to communicate with a Portfolio Manager will depend upon the Program selected. If Client selects a Program that utilizes their Financial Professional as Portfolio Manager, Client can communicate with Client's Financial Professional at the frequency agreed on between Client and Financial Professional. If Client chooses a Program that utilizes a third-party money manager as Portfolio Manager, Clients should first contact their Financial Professional for the Financial Professional to arrange a direct consultation between the Client and Envestnet and/or money manager.

Item 9 Additional Information

DISCIPLINARY INFORMATION

M Securities is required to disclose any legal or disciplinary events that are material to a Client's or prospective Client's evaluation of our advisory business or the integrity of our management.

On March 11, 2019, the SEC published IA Release No. 5193, an Order instituting Administrative and Cease and Desist Proceedings, pursuant to Sections 203(e) and 203(k) of the Advisers Act, against M Securities. M Securities self-reported the violations to the SEC, which arose out of breaches of fiduciary duty and inadequate disclosures by M Securities in connection with its mutual fund share class selection practices and the 12b-1 fees that M Securities and/or its associated persons received. During the relevant period, M Securities purchased for, recommended to, or held for advisory clients mutual fund share classes that charged 12b-1 fees instead of lower-cost share classes of the same funds for which the clients were eligible. M Securities failed to disclose in its Form ADV or otherwise conflicts of interest related to the collection of such fees. As a result of the conduct, M Securities willfully violated Sections 206(2) and 207 of the Advisers Act. M Securities agreed to cease and desist from committing or causing any violations and any future violations of Sections 206(2) and 207 of the Advisers Act. M Securities was censured, agreed to pay disgorgement plus interest of \$1,022,048.49 and complied with the undertakings described in the Offer of Settlement.

On July 9, 2018, M Securities was found to be in violation of FINRA's rules related to its brokerage activities. Without admitting or denying the findings, M Securities consented to sanctions equal to \$135,000 and to the entry of findings from December 2013 to June 2017, that specified it did not establish, maintain, and enforce a supervisory system, including written supervisory procedures ("WSPs"), reasonably designed to supervise registered representatives' use of consolidated reports. The findings stated that during this period, associated persons of M Securities created and disseminated consolidated reports to customers, yet it had no WSPs directly addressing the supervision of consolidated reports. Further, M Securities did not maintain or review consolidated reports as communications with customers and did not maintain or review the supporting documents related to assets and asset values entered manually by registered representatives in the consolidated reports. In response, M Securities created WSPs addressing the use and dissemination of consolidated reports by its registered representatives. The WSPs included M Securities' requirements for review and



approval before submitting of consolidated reports to firm customers or prospective customers, and prohibited the dissemination of consolidated reports unless and until approval was provided by M Securities.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

M Holdings Securities, Inc.

In addition to M Holdings Securities, Inc. being a RIA, our firm is a FINRA-member BD. M Securities is authorized to operate in all 50 states and has Financial Professionals throughout the United States. Most Financial Professionals also offer brokerage services or direct securities accounts as a registered representative of M Securities. Certain management personnel of our firm are separately licensed as registered representatives of M Securities. Financial Professionals acting as registered representatives of M Securities as a BD transact business in various types of securities, including mutual funds, stocks, bonds, alternative investments, variable life insurance, variable annuities, REITs, and other investment products. These products are typically transaction-based commissionable products that generate revenue to M Securities and the Financial Professional. Additionally, some products offer ongoing distributor fees or 12b-1 fees that are shared between M Securities and the Financial Professional. Before engaging with a Financial Professional, Clients should understand the differences between advisory services and commission-based product offerings to determine which account or product type meets their needs. For additional information please review the M Securities Form CRS.

While M Securities Financial Professionals endeavor at all times to put the interest of the Clients first as part of our fiduciary duty, Clients should be aware that the receipt of additional compensation itself creates a conflict of interest and may affect the judgment of these individuals when making recommendations. To mitigate these conflicts, M Securities reviews transactions for suitability to ensure that the recommended services and products are consistent with Client's stated goals and objectives. We disclose to Clients the existence of all material conflicts of interest, and that Clients are not obligated to use the Program or purchase recommended investment products from us. Additionally, M Securities has developed a Code of Ethics to guide our Financial Professionals, which is described further below.

M Wealth

We are affiliated to M Financial Asset Management, Inc. ("M Wealth"), which is wholly owned by our parent company, M Financial Group, and offers investment management services as a sub-advisor to M Securities and other independent RIAs that are owned or controlled by registered representatives of M Securities. Financial Professionals will recommend M Wealth as a sub-advisor when appropriate for the Client. An incentive and therefore a potential conflict of interest exists to offer the management services of M Wealth as opposed to other investment advisory managers since many Financial Professionals and their Member Firms have an ownership stake in M Financial Group. Please see the "Additional Compensation" sub-section below for more information regarding the manner in which compensation could ultimately find its way to a Financial Professional through the client selecting M Wealth to manage their assets.

M Wealth MPP Wrap Program: M Wealth, among its other investment advisory services, maintains a M Wealth sponsored wrap fee account program in which it also serves as portfolio manager (the "Managed Portfolio Program" or "MPP Wrap Program"). In the MPP Wrap Program, M Wealth selects specific securities for its models, using eighteen risk-based model portfolios it has developed and manages on an ongoing basis, which have different risk-based, tax focused, or specified emphasis, including models: for use in taxable accounts; for use in tax-deferred accounts; that seek to emphasize market returns with lower volatility; and that emphasize environmental, social and governance ("ESG") focused holdings. The minimum required account size is \$10,000 or \$25,000 depending upon the model. MPP Wrap Program clients will select either Pershing or Schwab as custodian. MPP Wrap Program fees vary depending upon the custodian, but will not exceed 1.36% for accounts with at least \$150,000 in assets (fees can be higher for lower asset value accounts, due to minimum fees). For further information regarding the MPP Wrap Program, see M Wealth's Form 2A Appendix 1 wrap brochure, available at www.adviserinfo.sec.gov.



The MPP Wrap Program is independent of and not part of the M Securities WealthPursuit Wrap Programs described in this brochure. M Securities and our Financial Professionals, however, may recommend the MPP Wrap Program to M Securities Clients. While the WealthPursuit and the MPP Wrap Programs offer different investment strategies, program structures, custodian options, and pricing which may be suitable for different customers based on a respective customer's investment objectives, needs and preferences, because MPP Wrap Program fees are lower than those for the WealthPursuit Wrap Programs, M Securities and its Financial Professionals have an incentive and thus conflict of interest to recommend the WealthPursuit Wrap Programs over the MPP Wrap Program. Conversely, because the MPP Wrap Program is offered by an affiliated RIA, M Securities and its Financial Professionals have an incentive to recommend the MPP Wrap Program over wrap fee account programs from unaffiliated RIAs. M Securities addresses these conflicts of interest by reviewing Program accounts for suitability at opening, on a periodic basis for account review as described further in Item 9 at Review of Accounts, via this disclosure to you, and by enforcing our Code of Ethics.

MFIA and M Funds

We are affiliated to M Financial Investment Advisors ("MFIA") and M Funds, Inc. ("M Funds"). MFIA is wholly owned by our parent company, M Financial Group, and it serves as the investment adviser to M Funds, an open-ended mutual fund company registered with the SEC. M Securities, as BD, is the distributor for M Funds. M Funds are not sold directly to the general public, but instead are offered as an underlying investment option for variable life and annuity policies issued by certain insurance companies or through qualified pension and retirement plans. The use of M Funds in such variable policies are only available to M Securities clients.

An incentive exists to recommend insurance products that offer M Funds and to recommend the use of M Fund subaccounts within these products, as opposed to other insurance products and subaccounts, because many Financial Professionals and their Member Firms have an ownership stake in M Financial Group. Please see the "Additional Compensation" sub-section below for more information regarding the manner in which compensation could ultimately find its way to a Financial Professional or M Securities through the client selecting M Funds as a subaccount within an insurance policy.

M Financial Securities Marketing, Inc.

We are affiliated with M Financial Securities Marketing, Inc. ("MFSM"), a registered BD that is wholly owned by our parent company, M Financial Group. This entity does not have any securities clients, since its purpose is to receive BD marketing fees and overrides. No marketing fees related to investment advisory services are directly received by MFSM. However, please see the "Additional Compensation" sub-section below for more information regarding the manner in which compensation received by MFSM related to products held or purchased within the Program could ultimately find its way to a Financial Professional.

M Benefit Solutions and M Insurance Solutions, Inc.

We are affiliated with Management Compensation Group, Northwest, LLC, doing business as M Benefit Solutions ("M Benefit") and M Insurance Solutions, Inc. ("MIS"), each licensed insurance agencies that are wholly owned by our parent company, M Financial Group. To the extent securities related insurance products are sold, they are executed through M Securities' BD. Please see the "Additional Compensation" sub-section below for more information regarding the manner in which compensation could ultimately find its way to a Financial Professional by the Client selecting M Benefit or MIS to purchase securities related products.

M Life Insurance Company

We are affiliated with M Life Insurance Company ("M Financial Re"), a life insurance company and wholly owned subsidiary of our parent company, M Financial Group, which reinsures a portion of the mortality risk on some policies issued by unaffiliated insurance carriers and sold by registered representatives of Member Firms.



Unaffiliated Investment Advisors

From time to time, we recommend the services of various unaffiliated RIAs to clients. In exchange for this recommendation, we receive a solicitation fee, which is typically a percentage of the advisory fee charged by that RIA to the referred client. The portion of the advisory fee paid to M Securities does not increase the total advisory fee paid to the selected RIA by the client. As we will only recommend RIAs that will pay us a solicitor fee, the financial incentive creates a conflict of interest to refer business to RIAs that pay us a solicitor fee, and provides a further financial incentive to refer business to RIAs that will pay us the highest solicitor fee. Similarly, by referring you to an unaffiliated RIA, our Financial Professional and M Securities may earn more or less than if you used the Program. We address these conflicts of interest by requiring a written disclosure detailing all facts to be disclosed to the client when an Unaffiliated RIA is recommended, and through the review of documented arrangements by M Securities supervisory personnel. M Securities will comply with Rule 206(4)-1 of the Investment Advisers Act of 1940 and all applicable Federal and State laws will be observed.

M Securities will also enter into solicitation agreements pursuant to which it compensates third-party unaffiliated RIAs for client referrals that result in clients using M Securities advisory services. These solicitation arrangements will be disclosed to such clients and any cash solicitation agreements will comply with Rule 206(4)-1 under the Advisors Act.

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

M Securities has adopted a Code of Ethics (the “Code”) which sets forth high ethical standards of business conduct. The Code is intended to reflect the fiduciary principles that govern the conduct of M Securities’ Financial Professionals, employees, and all who are associated with providing advisory services on our behalf (together “Associated Persons”). It is our duty to comply with applicable federal and state securities laws and regulations governing RIAs. M Securities and our Financial Professionals owe a duty of loyalty, fairness and good faith towards our Clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics, but to the general principles that guide the Code.

Among other things, our Code covers and includes policies and rules of conduct governing:

- No Associated Person may put his or her own interest above the interest of an advisory client.
- Clients will be provided full and fair disclosure of all conflicts of interest and compensation.
- We prohibit the personal or professional use of material non-public information or information received as a result of providing advisory services, unless the information is also available to the investing public.
- Personal securities trading activities in the accounts of Associated Persons will be monitored.
- Associated Persons may not trade ahead of advisory clients in their personal accounts or otherwise benefit from transactions placed on behalf of advisory accounts.
- Associated Persons must seek and receive pre-approval for private placement investments and prior to opening accounts at other financial institutions, and are prohibited from participating in any initial public offering.
- Guidelines for sampling the holdings and transactions of Associated Persons to detect any possible violation of our personal securities transaction policies.
- Requirements and procedures for the maintenance of all required books and records.
- The ability for clients to decline to implement any advice rendered, except in situations where our firm is granted discretionary authority, and the ability to allow clients to request reasonable restrictions on their accounts.



- The delivery and acknowledgement of the Code of Ethics by each supervised person of M Securities, and have established policies related to the oversight, enforcement and reporting of Code of Ethics violations to our senior management.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email at MHSCompliance@mfin.com, or by calling us at 888-520-6784.

Participation or Interest in Client Transactions: M Securities and/or its related companies and Associated Persons may buy or sell securities, or have an interest in or hold securities identical to or different from those recommended to our Clients for their personal accounts. As this is a conflict of interest, it is M Securities' policy that no person associated to providing advisory services with M Securities may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, and thereby potentially benefiting from their transactions. Our Code includes guidelines regarding personal securities transactions by Associated Persons, which requires the periodic reporting of securities to assure that the personal securities transactions, activities and interests of Associated Persons will not interfere with making decisions in the best interest of advisory clients while, at the same time, allowing them to invest for their own accounts. Trades by Associated Persons may be aggregated with client transactions, where possible, and when compliant with our duty to seek best execution for our clients. In these instances, all participants will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. In instances where there is a partial fill of a particular aggregated order, we will allocate all trades pro-rata with the average price.

Our internal supervisory procedures and compliance audit and sampling procedures are designed to detect potential breaches of conduct by our Financial Professionals. As disclosed above, related persons of our firm are separately registered as representatives of M Securities' BD and they receive commissions as a result of establishing a BD account with the client and entering transactions on the client's behalf. Many of the transactions entered through the BD involve the purchase of securities related insurance products in addition to general securities products. Additionally, nearly all representatives of M Securities' BD and RIA are involved with insurance agencies that are independent from M Securities and sell insurance products that are not securities related.

REVIEW OF ACCOUNTS

M Securities, through its Supervisory Principals, and the Financial Professional are responsible for reviewing the Client's Account on an ongoing basis to assure that the securities held and the transactions conducted on the Client's behalf are suitable and are conducted in a manner that meets regulatory requirements. M Securities reviews Client Account forms and other required documentation to ensure that all information required to be collected from the Client is on file and that it is complete. The Financial Professional will determine whether the positions and strategies are consistent with stated investment objectives when reviewing Accounts, will monitor the Accounts, and may conduct reviews at different frequencies, but no less than annually. Clients may request a review of their Accounts at any time. Financial Professionals are responsible for considering existing Client holdings and pending orders prior to entering each transaction on behalf of the Client. Additionally, Financial Professionals may review Accounts more frequently due to changes in market conditions, or the political or economic environment. Clients should notify their Financial Professional of any material changes to their financial condition, investment objectives, personal circumstances or other Client Information that could affect the overall investment goals and strategies or the investment advice provided or investment decisions made by the Financial Professional. Supervisory Principals of M Securities review Accounts for suitability prior to opening. M Securities also reviews Accounts using risk-based criteria that may include trading activity, concentration, and performance.

Clients will receive monthly or quarterly Account statements from the Custodian, depending upon the activity in the Account(s). Statements will have information pertaining to the holdings, balances and activity, which will include Program Fees and other costs or expenses deducted from the Account. Clients should review their statements carefully as it is their



official statement and will prevail as to other documents or reports that may be provided. Financial Professionals may, from time to time, also provide account reports to Clients for purposes of discussing and reviewing Account performance and holdings. In the event a Financial Professional provides an account report directly to a Client, Clients are urged to carefully compare the information provided in the report with the account statement the Client receives from the qualified custodian for Client's Account to ensure that all transactions, holdings, and values are correct and current.

ADDITIONAL COMPENSATION

M Securities offers a broad range of options to its investment advisory clients through access to multiple product sponsors and service providers, including insurance companies, mutual funds, private investment funds, alternative investments, wrap programs, asset allocation programs, separate account managers, RIAs, and BDs ("Investment Providers").

Certain Investment Providers provide revenue sharing arrangements or fee payments to M Securities or MFSM that are separate from the fee charged to Clients for providing investment advisory services. All revenue and/or fee payments received by M Securities or MFSM are retained at the firm level to help defray marketing and business costs, such as training and educating, investment conferences, meals or entertainment (non-cash compensation), provider due diligence, sales and marketing, and administrative costs. Revenues beyond our expenses are retained as profit. The method of calculation and the amount of revenue sharing or fees paid by each Investment Provider may vary and is subject to change at any time. Clients should be aware that revenue sharing arrangements and/or fee payments create potential conflicts of interest for M Securities and our Financial Professionals. Such fees, to defray costs or as profit, minimize our expenses and increase our profits. To mitigate this conflict, M Securities does not directly share these fees with the Financial Professionals who make the recommendations related to generating these fees. However, through dividends or other programs, Financial Professionals can receive them or a portion of them. M Securities also mitigates this conflict through this disclosure to you. Clients are encouraged to determine whether any conflicts of interest to M Securities are relevant to investing with an Investment Provider, and are welcome to contact us for additional information.

Schwab Institutional also makes available other products and services that benefit M Securities but may not directly benefit our Clients' accounts. Many of these products and services may be used to service all or a substantial number of our Client accounts, including accounts not maintained at Schwab.

Compensation from Pershing, LLC: We have access, without charge, to Pershing's NetX360 software and website, which provides access to Client Account records and facilitates the execution and review of Client transactions. Pershing offers a no-transaction-fee program ("FundVest") in lieu of clearance charges in which M Securities voluntarily participates. The execution portion of the Program Fee will equal 0.00% in any case where a portion of the portfolio is invested in Pershing's FundVest mutual funds. Additionally, Pershing receives negotiated servicing fees from participating mutual funds in this program and shares a portion of those fees with M Securities primarily to offset general costs associated with operating expenses. When this occurs, M Securities does not directly share this additional revenue with Financial Professionals. However, Financial Professionals may be able to indirectly receive these fees or a portion of these fees through dividends or other programs described within this document. M Securities Clients can find additional information about this arrangement in their Pershing New Account Disclosure.

Pershing, as custodian, will collect additional fees for services provided for, but not limited to, IRA maintenance fees, margin interest, checking, and non-purpose loans, among other services; and shares a portion of those fees with M Securities. Clients should be aware that revenue sharing arrangements and/or fee payments received from Pershing create conflicts of interest for M Securities as it provides incentives for M Securities to recommend products or services from Pershing who make such payments to M Securities, as opposed to product or service providers who do not, even if that person's product or service may be more suitable for a particular Client's Account. M Securities addresses this conflict of interest including by, but not limited to: prohibiting the direct or indirect payment of any such compensation received to



our Financial Professionals so as to not create incentives for Financial Professionals to recommend products or services on the basis of any such compensation received by M Securities; by reviewing accounts for suitability at opening and on a periodic basis for account review as described further in Item 13 at Review of Accounts; by enforcing our Code of Ethics, and through this disclosure.

Trade Corrections: On occasion, M Securities, a custodian, or platform provider may cause a trading error to occur in a Client Account. When this happens, we will work to process the correction so that the Client is not affected by the error and have the results of the transaction originally intended. Where M Securities is responsible for the error, M Securities will absorb the loss or gain that may result from this corrective action. Retaining gains which otherwise could be given to a Client is a conflict of interest which we address through this disclosure to you. For all other errors, the party responsible for the error will absorb the loss or gain that may result from the corrective action, including errors caused by Clients.

M Financial Group and its Member Firms

M Securities is a wholly owned subsidiary of M Financial Group. M Financial Group and its subsidiaries, including M Securities, provide a variety of sales and support services to Member Firms, insurance carriers, and customers. Individuals associated with a Member Firm are not required to become registered with M Securities and may associate with a third-party BD or third-party RIA. However, if a Member Firm desires to sell proprietary insurance products (as the term is described below) that require a securities license, they are required to sell those products through M Securities or a third-party BD which has been approved by M Financial Group. M Securities will only license individuals who are associated with M Financial Group or a Member Firm. Member Firms are independently owned and managed financial service firms (other than M Benefit Solutions, a Member Firm wholly owned by M Financial Group), and are not agents of M Financial Group.

Member Firms, through appropriately licensed representatives of a BD or RIA as applicable, provide a broad range of financial products and services, primarily marketed to highly affluent clients, including:

- Life insurance
- Fixed and variable annuities
- Disability and Long Term Care insurance
- Employee benefits
- Mutual funds and private investment funds
- Investment advisory services
- Securities brokerage services
- Life settlements with respect to existing insurance contracts

Services to Member Firms: M Financial Group and its subsidiaries provide to Member Firms a variety of support services, including product design and marketing assistance and training for Member Firm employees and independent contractors, as well as access to securities-related products and services. M Financial Group (on behalf of unaffiliated financial service providers) has direct dealings with Member Firm clients at the request of a Member Firm, typically in conjunction with a Member Firm client presentation or proposal. M Financial Group may also engage in direct sales and service activity with clients referred to M Financial Group pursuant to strategic partnerships with financial institutions that utilize M Financial Group's expertise to serve the life insurance needs of their clients.

Aside from BD products and RIA Programs, which must be reviewed and approved by the BD and/or RIA the Financial Professional is associated with; Member Firms are free to offer products and services provided by other financial service providers and are not required to offer proprietary products or services designed or promoted by M Financial Group.



Sales and Services Direct to Customers: M Financial Group may also engage in direct sales and service activities with clients referred to M Financial Group pursuant to strategic partnerships with financial institutions that utilize M Financial Group's expertise to serve the life insurance needs of their clients. When such sales or services involve variable life insurance or other securities products, they are offered through M Securities.

Services to Insurance Carriers: M Financial Group provides marketing services to a select group of insurance carriers, including the Partner Carriers, Associate Carriers, and Specialty Carriers listed on the Carriers page of the M Financial Group website. M Financial Group provides administrative and operational services through M Insurance Solutions, Inc. ("MIS"), a registered third-party administrator subsidiary of M Financial Group. M Life Insurance Company (dba M Financial Re) ("M Financial Re"), a subsidiary of M Financial Group, reinsures a portion of the mortality risk on some policies issued by unaffiliated insurance carriers and sold by Member Firms.

Proprietary Insurance Products: M Financial Group develops life insurance products in conjunction with unaffiliated insurance companies, which products can be offered only by M Financial Group, its Member Firms and their affiliated producers. These products are designed using M Financial Group's proprietary experience data (such as mortality, persistency, and policy size) derived from policies reinsured by M Financial Re. These proprietary products may include pricing advantages and other features that benefit the highly affluent clientele primarily marketed to by Member Firms.

When M Financial Re reinsures proprietary products, M Financial Group has direct access to policy experience data. This direct access facilitates active management of inforce business. With this data, M Financial Group can continuously monitor the service, experience, and performance of inforce business on behalf of Member Firms and their clients. From time to time, policy experience data may result in pricing enhancements that apply to new sales. M Financial Group uses its influence to encourage insurance carriers to apply these improvements to inforce business as well. Since the first M Financial Group proprietary product was introduced in 1996 through approximately 2017, there have been fifty-four pricing enhancements for new sales, all of which were also applied to inforce policies. Although M Financial Group has had success encouraging insurance carriers to improve inforce policy performance in the past, carriers are not required to do so and accordingly this success may not continue in the future.

Ownership of M Financial Group: About 85% of M Financial Group shares are owned by or associated with Member Firms and some of their affiliated producers. As stockholders, they share in the profits of M Financial Group via periodic stock or cash dividends. A portion of the remaining shares are owned or controlled by some employees of M Financial Group or its affiliates. The ownership or control of shares is a potential conflict of interest for us as it incentivizes maximizing our compensation. We address this conflict through maintaining policies and procedures designed to assure Clients are recommended suitable products or programs, through this disclosure and through our Code.

M Financial Group also maintains a Member Firm Compensation Plan pursuant to which it annually distributes to Plan Participants (e.g., Member Firms or their producers) most of M Financial Group's consolidated net cash profits. Although distributions under the Plan are, to some extent, averaged among the various Member Firms, lines of business, and cost centers of M Financial Group, a significant portion of Plan distributions are made in proportion to the revenue that a Member Firm generates and persistency of inforce business. Member Firms and producers do not receive credit under the Plan for business deriving from retirement accounts which are subject to ERISA.

Distributions of dividends and other compensation paid by M Financial Group to Member Firms or their producers are in addition to compensation paid to producers by unaffiliated insurance carriers and other financial service providers. Many Member Firms remit these distributions to their owners or individual producers (in some cases in proportion to business



generated). Additionally, M Financial Group may provide benefits and non-cash compensation to Member Firms and their affiliated producers. These include, but are not limited to, subsidized expenses, meetings, and trips.

Sources of M Financial Group Revenues: M Financial Group derives its consolidated revenues from a variety of sources, which include both its Member Firms and unaffiliated insurance carriers and other financial service providers. The majority of these revenues come from two sources:

- “Override” compensation, including any revenue sharing, paid to M Financial Group or its subsidiaries by insurance carriers and other financial service providers on both proprietary and non-proprietary products. Override compensation is based upon such factors as aggregate policy premiums paid to a carrier from sales by all Member Firms, aggregate assets placed under financial management from sales by all Member Firms, inforce policy persistency, and profits earned and/or services utilized from sales by all Member Firms. The amount of compensation varies among products and carriers. Most insurance-based products and some other products or services M Securities makes available for use by M Securities’ registered representatives or RIA representatives pay Override(s) to M Financial Securities Marketing, Inc. We will also periodically consider products or services that do not provide overrides.
- Reinsurance profits (or, potentially, losses) from the mortality, investment, and persistency risks assumed by M Financial Re on certain proprietary and non-proprietary policies.

M Financial Group derives revenue from other sources as well, including:

- Annual membership fees paid by Member Firms to M Financial Group.
- Solicitation fees, 12b-1 fees, sales and other forms of compensation paid to M Financial Group or its subsidiaries by financial service providers, including without limitation mutual funds and hedge funds that are investment options under variable insurance products sold by Member Firms.
- Investment advisory fees with respect to assets invested in the M Funds.
- Investment advisory fees for investment advisory services provided through RIA subsidiaries of M Financial Group.
- Brokerage fees or commissions for securities transactions executed by a BD subsidiary of M Financial Group.
- Arrangement fees for life settlements representing a percentage of the compensation paid to the broker arranging the settlement.
- Marketing or due diligence fees related to the ability to market to our Member Firms or their associated persons or to our initial or ongoing review of products or services we make available for sale or use.
- Administrative and service fees paid by Member Firms for particular services provided by M Financial Group such as compliance fees, software applications, or other services.
- TPA fees for administrative and operational services through MIS.

Compensation of Member Firms and Producers: The primary source of compensation for Member Firms and their producers is the traditional system of commissions and fees applicable to insurance agents, securities representatives and RIA representatives. In addition to the indirect compensation arrangements (described above) which Member Firms and their producers derive from membership in M Financial Group, Member Firms and producers typically receive from unaffiliated financial service providers some or all of the following compensation, as applicable:

- Commissions and other cash and non-cash compensation (sales incentives) paid by the unaffiliated insurance carriers with respect to products offered by the carrier.
- Renewal commissions from unaffiliated carriers for servicing and keeping in force policies previously purchased by clients.
- Commissions and fees for execution of securities transactions.



- Fees for providing investment advisory services.
- Percentage fees for facilitating settlements of existing life insurance contracts.

Compensation to Member Firms and their producers varies, depending upon, among other factors, the product type, the issuer, and the features and/or riders which are attached to the particular product.

The subsidiaries of M Financial Group are as follows: M Life Insurance Company (dba M Financial Re), M Administrative Services, LLC, Management Compensation Group, Northwest, LLC (dba M Benefit Solutions), M Holdings Securities, Inc., M Financial Securities Marketing, Inc., M Financial Investment Advisers, Inc., M Financial Asset Management, Inc., M Insurance Solutions, Inc., M Financial Bermuda, Ltd., and M Financial Global Services, Ltd.

M Securities and some Member Firms have entered into arrangements under which they receive compensation directly or indirectly from managers of funds available as investment options under certain private placement variable insurance contracts. Please contact M Securities or discuss with your Financial Professional whether such an arrangement is in place with respect to a specific product or service.

Certain Potential Conflicts of Interest: The culture of M Financial Group and its Member Firms is to serve the client. However, Clients of Member Firms should be aware that the direct and indirect compensation arrangements involving M Financial Group and its subsidiaries and Member Firms, including without limitation those described in this summary create economic incentives which could influence recommendations for particular financial products or services (including proprietary products referenced above). These incentives include, but are not limited to, the following:

- Commissions or other compensation in respect of one particular financial service provider, product, investment, or service may exceed commissions or compensation payable in respect of a comparable provider, product, or service.
- Certain policy features or riders may involve commissions or compensation that differ from compensation payable in respect of “base” or standard contractual features.
- Products or services which provide revenue, including override commissions, potential reinsurance profits, and referral or other fees, to M Financial Group could indirectly provide incentives to producers to recommend or recommend continuing to hold such products over similar products or services which do not provide revenue to M Financial Group.

M Financial Group, its Member Firms, and its Member Firms’ clients benefit from open discussions concerning all aspects of products, services, and the compensation of producers. If you wish, your Member Firm will discuss with you the types of direct and indirect compensation applicable to particular products or services.

For a list of M Financial Group subsidiaries, and the names of financial services providers from which M Financial Group receives payments or fees or with which M Financial Re maintains reinsurance agreements, please go to www.mfin.com/DisclosureStatement.htm.

Non-Cash Incentives

Depending on production and service levels, Member Firms are allowed to designate individuals in their Member Firm to receive a structured educational, professional and vacation program sponsored by M Financial Group. This program creates a conflict of interest for Member Firms by providing incentive to increase production of products or services, however, although no specific product or service is favored in this calculation, there is incentive to use products or services that offer higher levels of compensation per dollar invested or disincentives regarding the surrender or movement of



assets. Although different products or services may provide differential incentive in this calculation, M Financial mitigates this conflict through obscuring the calculation methodology from Member Firms and through this disclosure, to you.

Additionally, some Investment Providers offer our Financial Professionals the ability to attend free or discounted due diligence and educational trips to educate them about products and services they offer. Financial Professionals are required to disclose these trips or meetings to M Securities and receive approval from us prior to attending. M Securities limits the reimbursement to the cost of attending the trip or meeting. Financial professionals may also receive free or discounted technology so long as such support provides for the efficient service of advisory business.

Outside Business Activities

Financial Professionals are permitted to engage in certain approved outside business activities. In certain cases, a financial professional receives more compensation, benefits and non-cash compensation through the outside business than through M Securities. Some Financial Professionals are accountants, real estate agents, insurance agents, tax preparers, or lawyers, and some Financial Professionals refer customers to other service providers and receive referral fees. Outside activities, and any associated referral fees are required to be disclosed to M Securities and possibly on the Financial Professionals ADV 2B, and with FINRA, if licensed.

FINANCIAL INFORMATION

Under no circumstances does M Securities require or solicit payment of fees in excess of \$1,200 per Client more than six months in advance of services rendered. Therefore, M Securities is not required to include a financial statement.

In addition, M Securities is required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. M Securities has no additional financial circumstances to report. M Securities has never been the subject of a bankruptcy petition.