



**Morris Financial Concepts, Inc.**

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**March 24, 2023**

This Brochure provides information about the qualifications and business practices of Morris Financial Concepts, Inc. (herein after “MFC”).

If you have any questions about the contents of this Brochure, please contact Tucker Morris at 843-884-6192 or [info@mfcplanners.com](mailto:info@mfcplanners.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

MFC is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. Additional information about MFC is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view information on this website by searching MFC’s name or its CRD number, 114862.

## **Item 2 - Material Changes**

This Brochure, dated March 24, 2023, replaces the version dated October 10, 2022. This item of the Brochure discusses only the material changes that have occurred since MFC's last annual update of this Brochure, dated March 24, 2022. Since the annual amendment, the following material changes were made:

- Item 5 Fees and Compensation. MFC updated its fee schedule for advisory services offered under the Firm's Total Service Agreement.

MFC may, at any time, update this brochure and either: (1) send you a copy without charge; or (2) provide a summary of the material changes and offer to send you a copy of the ADV Part 2 without charge, provided the offer is accompanied by certain contact information. Pursuant to SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

A copy of MFC's Brochure may be requested by contacting the Chief Compliance Officer, Tucker Morris, at 843-884-6291 or [info@mfcplanners.com](mailto:info@mfcplanners.com).

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## Item 4 – Advisory Business

### 4.A. Advisory Firm Description

Morris Financial Concepts, Inc. (“MFC,” the “firm,” or “Adviser”) is organized as a Corporation in the State of South Carolina. Kyra Morris is the principal owner. The organization first filed for incorporation as of 01/12/2001.

### 4.B. Types of Advisory Services

MFC typically engages clients in the following services:

- 1. Financial Planning:** The Financial Planning Agreement engagement provides a broad range of financial planning services which may include tax-related and other non-investment related matters. In general, planning services provided under the Financial Planning Agreement do not include investment supervisory or investment management services, nor the regular review or monitoring of the client’s investment portfolio. An additional addendum may allow for the discretionary management of assets under this contract. The Financial Planning Agreement is offered for a period of one year to implement and monitor the plan or until terminated by either party. MFC may provide continuing review and update services beyond the first year for a mutually agreed upon fee.

The services provided by MFC in a Financial Planning Agreement engagement generally encompass eight primary areas: Personal Financial Statement; Tax Planning; Retirement Planning; Estate Planning; Cash Flow Management; Education Planning; Investment Planning; and Insurance Planning.

**Financial Planning Agreement Operation:** MFC is authorized to rely on information provided by the client. MFC may recommend the services of itself and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if MFC recommends its own services. The client is under no obligation to act upon any of the recommendations made by MFC under a financial planning engagement and/or engage the services of any such recommended professional, including MFC. The client retains discretion over all such implementation decisions and is free to accept or reject any of MFC’s recommendations. It is a client’s responsibility to promptly notify MFC if there is ever any change in the client’s financial situation or investment objectives for the purpose of reviewing, evaluating, or revising MFC’s previous recommendations and services.

### 2. Total Service Agreement - Financial Planning and Portfolio Management Services

**for Individuals and/or Small Businesses:** The Total Service Agreement engagement provides all the comprehensive financial planning services included in the Financial Planning Agreement and adds investment management services. MFC uses a sophisticated series of proprietary systems and tools to manage a client's investment portfolio in accordance with the Financial Plan and agreed upon investment strategy. All client portfolios are managed independently and are customized to the client's situation, but are based on MFC's primary investment philosophy and "model" portfolios. Client models are generally limited to the use of mutual funds and ETFs. For some qualified clients, we may suggest certain limited partnerships. Clients may occasionally impose restrictions on investing in particular securities or accounts. These must be adequately disclosed to MFC.

Clients are advised to promptly notify the firm if there are ever any changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon MFC's management services.

3. **Hourly Services:** MFC will provide Financial Planning Services on an hourly basis, and the fees are described in Item 5. These services mimic the services on the full Financial Planning agreement, but are modular rather than comprehensive.
4. **Pension Consultant:** MFC provides consulting services to select company 401k plans. These services may include the following:
  - monitoring the selection of investments for the plan
  - providing investment education services to plan participants,
  - providing some assistance with administrative services (helping to process RMD's, review filings of certain documents)

MFC will not act as a trustee on the plan or a TPA for the purposes of ensuring the plan is administered fairly to all plan participants.

## **ADDITIONAL DISCLOSURES**

**Retirement Plan Rollovers – No Obligation / Potential for Conflict of Interest:** A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If MFC recommends that a client roll over their retirement plan assets into an account to be managed by MFC, such a recommendation creates a conflict of interest if MFC will earn an advisory fee on the rolled over assets. **No client is under any obligation to roll**

**over retirement plan assets to an account managed by MFC.**

**Use of Mutual Funds:** While MFC may recommend allocating investment assets to mutual funds that are not available directly to the public, MFC may also recommend that clients allocate investment assets to publicly-available mutual funds that the client could obtain without engaging MFC as an investment adviser. However, if a client or prospective client determines to allocate investment assets to publicly-available mutual funds without engaging MFC as an investment adviser, the client or prospective client would not receive the benefit of MFC's initial and ongoing investment advisory services.

Other mutual funds, such as those issued by Dimensional Fund Advisors ("DFA"), are generally only available through selected registered investment advisers. MFC may allocate client investment assets to DFA mutual funds. Therefore, upon the termination of MFC's services to a client, restrictions regarding transferability and/or additional purchases of, or reallocation among DFA funds will apply.

**Unaffiliated Private Investment Funds.** MFC may provide investment advice regarding unaffiliated private investment funds. MFC's role relative to the private investment funds shall be limited to its initial and ongoing due diligence and investment monitoring services. If a client determines to become a private fund investor, the amount of assets invested in the fund(s) shall be included as part of "assets under management" for purposes of MFC calculating its investment advisory fee. MFC's clients are under absolutely no obligation to consider or make an investment in a private investment fund(s).

Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike liquid investments that a client may maintain, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that they are qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

In the event that MFC references private investment funds owned by the client on any supplemental account reports prepared by MFC, the value(s) for all such private investment funds shall reflect either the initial purchase and/or the most recent valuation provided by the fund sponsor. If the valuation reflects the initial purchase price (and/or a value as of a previous date), the current value(s) (to the extent ascertainable) could be significantly more or less than the original purchase price.

**Limitations of Financial Planning and Non-Investment Consulting Services:** To the extent requested by a client, MFC may provide financial planning and related consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. MFC does not serve as a law firm, accounting firm, or insurance agency, and no portion of MFC's services should be construed as legal, accounting, or insurance implementation services. Accordingly, MFC does not prepare estate planning documents, tax returns or sell insurance products. To the extent requested by a client, MFC may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance agents, etc.). Clients are reminded that they are under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation made by MFC or its representatives. However, if the client engages any unaffiliated recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional.

#### **4.C. Client Investment Objectives/Restrictions**

Prior to providing investment advisory services, and/or consulting services, MFC requires each client to enter into a written agreement that sets forth the terms and conditions under which MFC will render its services (the "Investor Advisory Agreement"). The firm works closely with its clients to identify their goals, objectives, risk tolerance and liquidity needs and then constructs a portfolio tailored to the individual client.

Each client is advised that it remains their responsibility to promptly notify MFC if there is ever any change in their financial situation, investment objectives, or if they wish to impose reasonable restrictions for the purpose of reviewing, evaluating or revising MFC's previous recommendations and/or services. In performing its services, MFC shall not be required to verify any information received from the client or from the client's other professionals and is expressly authorized to rely thereon.

#### **4.D. Wrap Fee Program**

MFC provides discretionary investment management services on a wrap fee basis in accordance with our investment management wrap fee program (the "Program"). The services offered under, and the corresponding terms and conditions pertaining to, the Program are discussed in the Wrap Fee Program Brochure, a copy of which is presented to all prospective Program participants. Under the Program, MFC is able to offer participants discretionary investment management services, for a single **specified annual Program fee**, inclusive of trade execution, custody, reporting, account maintenance, investment management fees. However, clients may be responsible for, but not limited to,

trustee fees, mutual fund expenses, ETF expenses, mark-ups, mark- downs, transfer taxes, fees charged by independent managers and/or separately managed accounts, odd lot differentials, exchange fees, interest charges, American Depository Receipt agency processing fees, and any charges, taxes or other fees mandated by any federal, state or other applicable law or otherwise agreed to with regard to client accounts (Such fees are in addition to any fees paid by the client to MFC and are between the client and the account custodian).

The terms and conditions for client participation in the Program are set forth in detail in the Wrap Fee Program Brochure, which is presented to all prospective Program participants in accordance with disclosure requirements. All prospective Program participants should read both our Brochure and the Wrap Fee Program Brochure, and ask any corresponding questions that they may have, prior to participation in the Program.

As indicated in the Wrap Fee Program Brochure, participation in the Program may cost more or less than purchasing such services separately. When managing a client's account on a wrap fee basis, MFC shall receive as payment for its asset management services, the balance of the wrap fee after all other costs (including account transaction fees) incorporated into the wrap fee have been deducted. As also indicated in the Wrap Fee Program Brochure, the Program fee charged by MFC for participation in the Program may be higher or lower than those charged by other sponsors of comparable wrap fee programs.

Because Program transaction fees and/or commissions are being paid by MFC to the account custodian/broker-dealer, MFC could have an economic incentive to maximize its compensation by seeking to minimize the number of trades in the client's account.

There is no significant difference between how MFC manages wrap fee accounts and non-wrap fee accounts. However, as stated above, if a client determines to engage MFC on a wrap fee basis the client will pay a single fee for bundled services (i.e. investment advisory, brokerage, custody). The services included in a wrap fee agreement will depend upon each client's particular need. If the client determines to engage MFC on a non-wrap fee basis the client will select individual services on an unbundled basis, paying for each service separately (i.e. investment advisory, brokerage, custody).

#### **4.E. Assets Under Management**

As of December 31, 2022, MFC managed \$344,443,003 in total Regulatory Assets Under Management:

- \$335,318,511 in assets managed on a discretionary basis; and
- \$9,124,492 in assets managed on a non-discretionary basis.



## Item 5 – Fees and Compensation

### 5.A. Advisory Compensation

MFC's fees are described below and in greater detail in the relevant client agreement. MFC reserves the discretion to negotiate and/or waive client fees. Either MFC or client may terminate the signed agreement for advisory services upon written notice at any time. All advisory and management services will cease 30 days after written notice has been received by either party. Upon termination of any account, any prepaid, unearned fees will be promptly refunded.

**Financial Planning Agreement Fees:** Fees are assessed according to the breadth and complexity of the client's situation and stated objectives. The minimum fee under MFC's one-year financial planning services agreement is \$8,500. One-quarter of the fee is due at the time a Financial Plan Agreement is signed and the remaining fee will be prorated and charged on a monthly or quarterly basis, in advance. MFC may, in its sole discretion, negotiate a fee less than the stated minimum based upon certain criteria (i.e., anticipated future earning capacity, related existing client relationships, pre-existing client, *pro bono* activities, etc.). Fees are billed directly to the client. The client may make additions to and withdrawals from the account at any time, subject to MFC's right to terminate an account.

**Total Service Agreement Fees:** Fees are specified in our Total Service Agreement. MFC's annual management fee for investment advisory services shall be prorated and billed on a quarterly basis, in advance, based upon a percentage (%) of the market value of the assets under management on the last business day of the previous quarter as valued by the Custodian, in accordance with the fee schedule below.

Assets	Annual Fee
Up to \$1,000,000	1.00%
Assets from \$1,000,000 to \$4,999,999	0.80%
Assets from \$5,000,000 to \$9,999,999	0.60%
Assets above \$10,000,000	0.40%

The Fee schedule above is tiered so that assets at each level are charged the corresponding fee. Adviser's fee for the initial quarter will be calculated on a pro rata basis as of the initial date Assets become available for management.

**Accounts managed under this agreement are subject to a minimum annual fee of \$8,500.** No increase in the annual fee percentage shall be effective without prior written notification to the Client. MFC may, in its sole discretion, negotiate a fee less than the stated minimum based upon certain criteria (i.e., anticipated future earning capacity,

related existing client relationships, pre-existing client, *pro bono* activities, etc.).

Fees are billed directly to the client. In the event that there is not sufficient cash in the account to pay Adviser's fee, the Adviser shall sell assets to pay the fee. The client may make additions to and withdrawals from the account at any time, subject to MFC's right to terminate an account.

**Termination of the Financial Planning Agreement:** The client has five (5) business days from the date of the contract execution to terminate MFC's Planning Services without penalty. The Financial Planning Agreement may be terminated at any time upon receipt of written notice to terminate by either party to the other. Termination of the Agreement will not affect (a) the validity of any action previously taken by MFC or the client's obligation to pay MFC fees that have already been earned.

However, MFC designs its portfolios as long-term investments and asset withdrawals may impair the achievement of a client's investment objectives.

**Hourly Financial Planning Agreement:** Occasionally, but very seldom, services may be engaged at an hourly fee. MFC typically charges a rate \$100 – \$400 per hour depending on the experience level of the professional doing the work and the extent of services involved such as financial planning, investment analysis, and administrative work. MFC employs direct billing to collect client fees and has obtained the clients written consent for such purposes. There is no minimum number of hours to purchase when signing the hourly financial planning agreement..

In circumstances where the scope of a client's needs are simplistic in nature, requiring only minimal hours of MFC's services on an annual basis, MFC may recommend the client convert their existing, low-hourly agreement to a limited-in-scope financial planning agreement. Under this limited financial planning agreement, the client's needs would not merit a full financial planning agreement; therefore, MFC reserves the right to waive the account minimum of \$8,500 generally required under MFC's Financial Planning Agreement, as noted above.

**Pension Consultant Services Fees:** MFC charges .75% on 401k plans. This fee will be deducted from each plan participant account. The qualified TPA will be the party that calculates, deducts, and distributes this fee to MFC. The TPA also ensures proper disclosure to plan participants in terms of the fee they are paying. None of the funds selected will have any 12b1 fees or unreasonable minimums for investing, and the only fee MFC will receive will be for assets under management.

**Cash Balances:** MFC considers cash to be an asset class, and include cash balances in our fee calculation. There are some cases, where MFC may not bill on a client's cash reserves, for example, where a client has designated significant percentage / amount of cash to be held aside purposefully.

## **5.B. Direct Billing of Advisory Fees**

The specific manner in which MFC charges fees are established in a client's written agreement with MFC. Generally, the client's advisory agreement and the separate agreement with the custodian authorizes MFC to debit the client's account for the amount of the firm's fee and to directly remit that fee to MFC in accordance with applicable custody rules. The Financial Institution(s) recommended by MFC have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to MFC.

## **5.C. Other Non-Advisory Fees**

In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

**Mutual Fund Fees:** All fees paid to MFC 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, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

**ERISA Accounts:** MFC is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, MFC may only charge fees for investment advice about products

for which our firm and/or our related persons do not receive any commissions or 12b-1 fees.

#### **5.D. Advance Payment of Fees**

MFC's Total Services Management Agreement may be terminated on 30 days' written notice by the client or MFC. If the agreement terminates during a quarter, Adviser will refund a pro rata portion of the fee paid for that quarter, based on the number of days between the end of the 30-day notice period and the end of the quarter. The client is responsible for any transaction in the account that was initiated but not settled prior to MFC's receipt of a client initiated termination notice.

#### **5.E. Compensation for Sale of Securities**

MFC's supervised persons do not accept compensation for the sale of securities or other investment products, including asset-based sales charges or services fees from the sale of mutual funds.

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

MFC does not charge any performance-based fees or participate in side-by-side management.

#### **Item 7 – Types of Clients**

MFC offers comprehensive Financial Planning and Investment Management services to individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, corporations and business entities.

MFC does not have minimum account size requirements, but may charge minimum fees as described below:

- Financial Planning Services - The minimum fee for financial planning services is \$8,500.
- Total Services Management - MFC shall charge either an annual fee based upon a percentage of the market value of the assets being managed by MFC, or a negotiated fee starting at a minimum \$8,500.
- Hourly Financial Planning Services - MFC charges a rate of \$100 – \$400 per hour.
- Wrap Fee Program - Participation in MFC's wrap fee program is subject to certain minimum requirements. To participate in this program an

individual client or household must have a “Total Service Agreement” (“TSA”) with MFC and pay a minimum of \$10,000 per year in fees. For more information please see Item 5 of MFC Wrap Fee Program Brochure.

- Pension Consulting Services - MFC charges .75% on 401k plans. The only fee MFC will receive will be for assets under management.

MFC, in its sole discretion, may waive or reduce its minimum requirements or charge a lesser investment management fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

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

### **8.A. Methods of Analysis and Investment Strategies**

MFC primarily uses mutual funds and exchange traded funds that invest in traditional asset classes (stocks, bonds, and money markets) to build diversified client portfolios. Investing in securities involves risk of loss that clients should be prepared to bear.

### **8.B. Material Risks of Investment Strategies**

There can be no guarantee of success of the strategies offered by MFC. The primary material risk in MFC’s strategy is that historical relationships do not hold in future periods. Past performance does not guarantee future results, but it provides a guide to develop a strategy that is in the client’s best interest. The primary material risk in MFC’s analysis is in choosing investment companies (mutual funds or ETFs) to represent diverse asset class exposure. In an attempt to mitigate this risk, MFC considers only reputable investment firms and conducts internal due diligence using third party analysts. MFC does not only recommend one type of security or asset class.

**Market Risk.** The profitability of a significant portion of MFC’s recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that MFC will be able to predict those price movements accurately. There is the possibility that the value of securities may decline due to daily fluctuations in the securities markets. Security prices vary daily as a result of many factors, including developments that affect the condition of an individual company and the market in general. In addition, investment portfolios may be affected by other economic conditions such as changes in interest rates, foreign currency fluctuations, availability of credit, inflation rates, changes in laws, and national and international political circumstances. In particular, the price of many securities assumes favorable tax treatment (e.g. taxes on dividends and capital gains or certain tax-exempt municipal bond interest payments). The continued tax-favored treatment of certain securities cannot be

guaranteed, and the suspension or limitation of tax advantages could have a material, negative impact on the market price of a security.

**Management Risk.** Assessments about the value and potential appreciation of a particular security may not be correct and there is no guarantee that securities or investments will perform as anticipated. The value of an individual security or investment can be more volatile than the market as a whole.

**Accuracy of Public Information.** MFC may rely, in part, on the basis of information and data filed by issuers with various government regulators, information made directly available to the Advisor by the issuers, or information accessed through available sources other than the issuers. Although MFC evaluates all such information and data and typically seeks independent corroboration when MFC considers information to be appropriate and reasonably available, MFC is not in a position to guarantee the completeness, genuineness or accuracy of such information and data.

**General Economic and Market Conditions.** The success of MFC's investments can be adversely affected by general economic and market conditions such as employment rates, interest rates, inflation (or deflation), economic uncertainty as well as changes in global health conditions and geopolitical circumstances which would include pandemics or disease outbreaks, wars, and terrorist attacks. These factors will likely impact investment prices and liquidity of investments. Volatility or lack of liquidity in the investing markets may result in losses.

### **Cyber Security Risks and Disaster Recovery**

Cyber security incidents and cyber-attacks have been occurring globally at a more frequent and severe level and will likely continue to increase in frequency in the future. MFC and its service providers' information and technology systems may be vulnerable to damage or interruption from computer viruses or other malicious code, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals or service providers, power, communications or other service outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. If unauthorized parties gain access to such information and technology systems, they may be able to steal, publish, delete or modify private and sensitive information. Although MFC has implemented, and service providers may implement or already have implemented, various measures to manage risks relating to these types of events, such systems could prove to be inadequate and, if compromised, could become inoperable for extended periods of time, cease to function properly or fail to adequately secure private information. Breaches such as those involving covertly introduced malware, impersonation of authorized users and industrial or other espionage may not be identified even with sophisticated prevention and

detection systems, potentially resulting in further harm and preventing it from being addressed appropriately. The failure of these systems and/or of disaster recovery plans for any reason could cause interruptions in the MFC's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data (including material non-public information in connection with investments) and, potentially including personal information relating to clients, if any.

## **8.C. Material Risks of Securities Used in Investment Strategies**

### **Risks related to Investments in Mutual Funds and Exchange Traded Funds (ETFs)**

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

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

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

### **Risks related to Investments made in Private Funds**

Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency,

a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike liquid investments that a client may maintain, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

### **Risks related to Investments made in Fixed Income Instruments**

MFC may invest portions of client assets directly into fixed income instruments. While investing in fixed income instruments, either directly or through pooled investment funds, is generally less volatile than investing in stock (equity) markets, fixed income investments nevertheless are subject to risks. These risks include, without limitation, interest rate risks (risks that changes in interest rates will devalue the investments), credit risks (risks of default by borrowers), or maturity risk (risks that bonds or notes will change value from the time of issuance to maturity).

### **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of MFC or the integrity of MFC's management.

MFC has no information applicable to this Item.

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

#### **10.A. Registered Representatives**

MFC's management persons are not registered, nor do any management persons have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

#### **10.B. Other Registrations**

MFC's management persons are not registered, nor do any management persons have an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.

#### **10.C. Material Relationships or Arrangements**

MFC is required to disclose any relationship or arrangement that is material to its advisory



business or to its clients with certain related persons.

**National Advisors Holdings, Inc. & National Advisors Trust Company:** MFC has a minority ownership interest (less than 2%) in a savings and loan holding company, National Advisors Holdings, Inc. ("NAH"). NAH formed a federally chartered trust company, National Advisors Trust Company ("NATC"). NAH and NATC are regulated by the Office of the Comptroller of the Currency ("OCC") and are FDIC insured.

MFC does not refer its clients to NAH or NATC. Neither MFC nor Kyra Morris receives income or compensation from NATC or directly share in any service fees charged to client accounts by National Advisors Trust.

**Morris Tax Planning, LLC:** Kyra Morris, a principal executive officer of MFC is also the sole owner and controller of a tax preparation, accounting, and estate planning firm, Morris Tax Planning, LLC, ("MTP") where she is an Enrolled Agent of the IRS providing tax planning and accounting services.

Morris Tax Planning, LLC works closely with MFC. The separate business entity was added to accommodate MFC's clients with tax preparation, tax planning, and estate planning services. Tax preparation, accounting services, and estate planning provided by MTP are, however, separate and distinct from MFC's advisory services. The compensation is separate also. There are no referral fee arrangements between the two firms for these recommendations. No MFC client is obligated to use MTP for any tax, accounting, or estate services and conversely, no tax, accounting, or estate client is obligated to use the advisory services provided by MFC.

MTP's services do not include the authority to sign checks or otherwise disburse funds on any of our advisory client's behalf. Clients should be aware of the close relationship of these two firms and its management persons.

**Gurney Brothers, LP:** Kyra Morris is a partner in Gurney Brothers, LP, a family-owned residential and commercial real estate partnership. Some of her duties include property management and bookkeeping for this business.

#### **10.D. Recommendations of Other Investment Advisors**

MFC may provide its clients with a broad range of comprehensive financial planning services. These services may include business systems consulting services, and other non-investment related matters. MFC may charge a separate fee for these services which shall be agreed upon prior to rendering the services. In addition, MFC may contract with third parties for these services.

MFC endeavors at all times to put the interest of its clients first as part of our fiduciary

duty as a registered investment adviser; we take the following steps to address this conflict:

- we disclose to clients the existence of all material conflicts of interest, including the potential for our firm and our employees to earn compensation from advisory clients in addition to our firm's advisory fees;
- we disclose to clients that they are not obligated to purchase recommended investment products from our employees or affiliated companies;
- we periodically monitor employee outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

## **Item 11 – Code of Ethics**

### **11.A. Code of Ethics Document**

MFC has adopted a Code of Ethics in compliance with Adviser's Act Rule 204A-1 for all supervised persons of the firm describing MFC's high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at MFC must acknowledge the terms of the Code of Ethics annually, or as amended.

### **11.B. Recommendations of Securities and Material Financial Interests**

MFC and individuals associated with our firm are prohibited from engaging in principal transactions or in agency cross transactions. Principal transactions are generally defined as transactions where an advisor, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment advisor in relation to a transaction in which the investment advisor, or any person controlled by or under common control with the investment advisor, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an advisor is dually registered as a broker-dealer or has an affiliated broker-dealer.

All of our employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.

### **11.C. Personal Trading**

The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of MFC will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of MFC's clients. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between MFC and its clients.

MFC's employees and persons associated with MFC are required to follow the Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of MFC and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for MFC's clients.

### **11.D. Timing of Personal Trading**

Under the Code of Ethics, MFC employees are generally expected to purchase or sell a security for their personal accounts only after trading of that same security has been completed in client accounts.

MFC's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting [info@mfcplanners.com](mailto:info@mfcplanners.com) or calling 843-884-6192.

## **Item 12 – Brokerage Practices**

### **12.A. Selection of Broker-Dealers**

MFC does not conduct its own brokerage activities, so therefore must utilize the brokerage and clearing services of Fidelity Investments and its affiliates (collectively referred to as "*Fidelity*"), Charles Schwab & Co., Inc. ("*Schwab*"), and/or National Advisors Trust Company, FSB ("*National Advisors Trust*") for investment management accounts. MFC may only implement its investment management recommendations after the client has arranged for and furnished MFC with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions shall include, but are not limited to, Fidelity, Schwab, National Advisors Trust, any other broker-dealer, trust

company, bank etc. recommended by MFC or directed by the client, hereafter referred to as “Financial Institution(s).”

Additions to client accounts may be in cash or securities provided that MFC reserves the right to liquidate any transferred securities, or decline to accept particular securities into a client’s account. MFC may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

Factors which MFC considers in recommending Financial Institution(s) or any other broker-dealer, to clients include their respective financial strength, reputation, execution, pricing, research, and service. Financial Institution(s) enables MFC to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by Financial Institution(s) may be higher or lower than those charged by other broker-dealers.

The commissions paid by MFC’s clients shall comply with MFC’s duty to obtain “best execution.” However, a client may pay a commission that is higher than another qualified broker-dealer might charge to affect the same transaction where MFC determines, in good faith, that the commission is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer’s services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. While MFC will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client transactions. Transactions may be cleared through other broker-dealers with whom MFC and the Financial Institution(s) have entered into agreements for prime brokerage clearing services. MFC shall periodically and systematically review its policies and procedures regarding recommending broker-dealers to its client in light of its duty to obtain best execution.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist MFC in its investment decision-making process. Such research generally will be used to service all of MFC’s clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client’s portfolio.

The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest.

MFC may receive from Financial Institution(s), without cost to MFC, computer software and related systems support, which allow MFC to better monitor client accounts maintained at Financial Institution(s). MFC may receive the software and related support without cost because MFC renders investment management services to clients that maintain assets at Financial Institution(s). The software and related systems support may benefit MFC and not its clients directly. To fulfill its duties to its clients, MFC endeavors at all times to put the interests of their clients first. Clients should be aware, however, that MFC's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence MFC's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

Additionally, MFC may receive the following benefits from Financial Institution(s):

- receipt of duplicate client confirmations and bundled duplicate statements;
- access to a trading desk that exclusively services the Financial Institution(s) investment advisor participants;
- access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts;
- access to an electronic communication network for client order entry and account information.

MFC may receive meals provided at seminar or workshops hosted by a mutual fund company to discuss practice management issues and investment updates. There is a potential conflict of interest since these benefits may influence MFC's choice of a Mutual Fund Company over another Mutual Fund Company that does not furnish similar support or services.

Although this is not encouraged, the client may direct MFC in writing to use a particular custodian to execute some or all transactions for the client ("Directed Brokerage"). In that case, the client will negotiate terms and arrangements for the account with that custodian, and MFC shall disclose to the client that MFC shall not seek best execution from other custodians. MFC shall also disclose to the client that as a result of the Directed Brokerage, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Where the client has Directed Brokerage that would result in additional operational difficulties, MFC may choose to terminate the investment advisory relationship.

MFC may render non-discretionary investment management services to clients relative to: (1) variable life/annuity products that they may own, and/or (2) their individual employer-sponsored retirement plans.

## 12.B. Aggregation of Orders

MFC may, but is not required to, aggregate trades when the firm reasonably believes that the combination of the transactions will provide the same or better prices for clients than had individual transactions been placed for clients.

Transactions for non-discretionary client accounts are generally not aggregated with transactions for discretionary client accounts. Additionally, MFC generally does not aggregate trades when executing a trade pursuant to a client request. MFC also reserves the discretion to conduct two block trades in the same security where necessary to ensure the firm is able to fulfill the entire order. In such cases, the firm may implement a trade rotation if necessary.

Transactions for the accounts of MFC advisory representatives and employees may be included in aggregated trades. They will receive the same average price and pay the same commissions and other transaction costs as clients. Transactions for the accounts of our advisory representatives or employees will not be favored over transactions for client accounts.

MFC is not obligated to include any client transaction in an aggregated trade. Aggregated trades will not be affected by any client's account if doing so is prohibited or otherwise inconsistent with that client's investment advisory agreement. No client will be favored over any other client.

## Item 13 – Review of Accounts

MFC reviews all managed and financial planning accounts as described below and as indicated in their client agreement. Factors that trigger review include the calendar and the type of services provided as indicated in the client agreement. The Chief Investment Officer is responsible for reviewing managed accounts and implementing any necessary changes.

**Total Service Agreement – Account Reviews:** Clients that have engaged the Total Service Agreement contract are reviewed regularly depending upon the level of maintenance suitable for the portfolio and the level of complexity of the client's financial plan and risk level. All accounts are reviewed by one or more members of the Investment Team. Client reports are distributed quarterly. Customized reports are available on request.

**Financial Planning Agreement – Account Reviews:** Clients that have engaged MFC to

perform separate and distinct financial planning will have a one-time review and a report will be issued subject to that review, as contracted by the client. The primary planner assigned to the client is responsible for reviewing client accounts.

**Pension Consulting Agreement – Account Reviews:** MFC will annually review the fund selection in the 401k plans it administers to ensure it keeps the plans under the safe harbor restrictions under ERISA. Also, it will conduct due diligence on each of the investment products within the plan making sure that all of them are still suitable investments. Finally, each plan participant is allowed one meeting per year to discuss their and review own account and circumstances. MFC will only review plan participant accounts upon request. All accounts are reviewed by one or more members of the Investment Team.

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

MFC is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. In addition, MFC is required to disclose any direct or indirect compensation that it provides for client referrals.

MFC does not directly or indirectly compensate any person who is not a supervised person for client referrals.

#### **Item 15 – Custody**

Pursuant to SEC rule 206(4)-2, MFC has constructive custody of client assets because of its authority to deduct advisory fees from client accounts. For accounts in which MFC is deemed to have custody, the Firm has established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name.

Clients or an independent representative of the client is required to direct the establishment of all accounts in writing and is therefore aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Clients should receive at least quarterly statements from the broker-dealer, bank or other qualified custodian that holds and maintains client's investment assets. MFC urges clients to carefully review such statements and compare such official custodial records to any account statements that MFC may provide. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

If clients have questions about their account statements, they should contact MFC or the qualified custodian preparing the statement.

As MFC is deemed to have custody over certain client accounts and/or securities as part of their access to client login credentials and being named individuals in various client wills, pursuant to securities regulations MFC is required to engage an independent accounting firm to perform an annual surprise examination of those assets and accounts over which we maintain custody. Any related opinions issued by an independent accounting firm are filed with the SEC and are publicly available on the SEC's Investment Adviser Public Disclosure website (<http://adviserinfo.sec.gov>).

If the client gives MFC authority to move money from one account to another account, we may have custody of those assets. In order to avoid additional regulatory requirements in these cases, we, along with the custodian, have adopted safeguards to ensure that the money movements are completed in accordance with the client's instructions.

#### **Item 16 – Investment Discretion**

MFC may be given the authority to exercise discretion on behalf of clients. MFC is considered to exercise investment discretion over a client's account if it can affect transactions for the client without first having to seek the client's consent. MFC usually receives discretionary authority in writing via the Total Service Agreement from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. Client accounts are managed in accordance with the investment management agreement entered into between MFC and the client, subject to any restrictions stated therein. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). MFC takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold; and
- When transactions are made.

#### **Item 17 – Voting Client Securities**

As a matter of firm policy and practice, MFC does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios and all information with regard to proxies will be mailed directly to the client from the custodian.



## **Item 18 – Financial Information**

### **18.A. Advance Payment of Fees**

MFC does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance of services rendered. Therefore, MFC is not required to include a balance sheet with this Brochure.

### **18.B. Financial Condition**

MFC has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients.

### **18.C. Bankruptcy Proceedings**

MFC has not been the subject of a bankruptcy proceeding.