

## **WRAP FEE PROGRAM BROCHURE**

### **FORM ADV PART 2A APPENDIX 1**

MARCH 30, 2023

MSH Capital Advisors LLC Wrap Fee Program  
Institutional Intelligent Portfolios™ Wrap Fee Program



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#### **ITEM 1: COVER PAGE**

This Wrap Fee Program brochure provides information about the qualifications and business practices of MSH Capital Advisors LLC. If you have any questions about the contents of this brochure, please contact us at (480) 563-2021 or email [compliance@mshcapitaladvisors.com](mailto:compliance@mshcapitaladvisors.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. MSH Capital Advisors LLC is an investment adviser registered with the Securities and Exchange Commission. The licensure of an investment adviser does not imply a certain level of skill or training.**

Additional information about MSH Capital Advisors LLC is available on the SEC's website <http://adviserinfo.sec.gov>. MSH Capital Advisors LLC's CRD number is 157835.

## **ITEM 2: MATERIAL CHANGES**

In this Item, MSH Capital Advisors LLC is required to identify and discuss material changes since the last time this brochure was updated. Since filing its last annual update in March 2022, we have had the following material changes:

- Tara Kreizenbeck replaced Eraine Parker as the CCO of MSH Capital Advisors LLC
- Steve Kulesza is no longer the COO of MSH Capital Advisors LLC
- Pledged Asset Line of Credit is available through Schwab Bank

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## ITEM 4: ADVISORY BUSINESS SERVICES, FEES AND COMPENSATION

### Firm Description

MSH Capital Advisors, LLC ("MSHCA", "we", "our", "the Firm", "Adviser") is an Arizona-based limited liability company formed under the laws of the state of Delaware. MSHCA was formed in May 2011 and registered as an investment adviser in the states of Arizona, California, and New York. In January 2017, the Firm became registered with the Securities and Exchange Commission ("SEC") as an investment adviser. The Firm's managing member and sole owner, Mark S. Howells, is also the majority owner of M.S. Howells & Co. ("MSH"), a Financial Industry Regulatory Authority, Inc. ("FINRA") member firm and SEC registered broker-dealer, and MS Insentra LLC, an insurance agency and independent marketing organization.

The Firm offers investment advisory services to individuals, pension funds, financial institutions, small businesses, retirement plans, foundations, non-profit organizations, charities, trusts, estates, and municipalities through a network of Investment Advisor Representatives ("IARs") supervised by MSHCA. Most of these IARs are also licensed as Registered Representatives ("RR") of MSH. Clients are under no obligation to utilize the services of IARs in their capacity as RRs or to use MSH as a broker-dealer. If a client wishes for the IAR, in their capacity as a RR, to execute securities transactions on their behalf, those transactions will be executed by MSH, an affiliated broker-dealer. Prior to effecting any such transactions, clients are required to establish a new account with MSH. Commissions charged by MSH may be higher or lower than those charged by other broker-dealers. In addition, the RR may receive commissions, concessions, mark-ups or mark-downs for transactions, including, for example, ongoing 12b-1 fees from mutual fund companies for as long as a mutual fund investment is maintained.

Advisory services may be offered by MSHCA using marketing brands of unrelated legal entities not owned by MSHCA. Currently, Buchanan Capital, Inc. ("Buchanan"), Candor Wealth Advisors LLC ("Candor"), and Silverleaf Wealth Advisory ("Silverleaf") are marketing brands that are co-branded with MSHCA when offering advisory products and services. Persons associated with Buchanan, Candor, and Silverleaf are not employees but rather independent contractors of MSHCA acting in an IAR capacity. Buchanan, Candor, Silverleaf, and other unrelated legal entities offering advisory services through MSHCA by virtue of independent contractor relationships may have their own trade names and logos used for marketing purposes and may appear on client statements. While each IAR, whether branded through MSHCA or an unrelated legal entity, may have a different business model, MSHCA oversees the investment advisory activities. Throughout this document, references to MSHCA shall be inclusive of all marketing brands.

### Advisory Services

MSHCA offers investment advisory services through two wrap fee programs ("Programs"). The Programs described below are MSH Capital Advisors LLC and Institutional Intelligent Portfolios™. MSHCA provides investment services defined as giving continuous investment advice to a client and making investments based on the individual needs of the client. MSHCA provides its clients with a range of investment advisory services through the Programs. The below-referenced services are offered based on the client's individual needs:

- Assessment of the client's investment needs and objectives;
- Development of an asset allocation strategy designed to meet the client's objectives;
- Recommendations of suitable style asset allocations;
- Identification of appropriate investments and investment vehicles suitable given the client's goals and risk tolerance;
- Review of strategy and adherence;
- Investment management;
- Recommendations for account rebalancing, if and when necessary;
- Online and paper reporting of client account(s) performance and progress; and
- Ongoing advice regarding financial matters

Through our Programs, investment management, ongoing monitoring, continuous financial advice, and transaction costs (ticket charges) are provided for one fee. Whenever a fee is charged for services described in this Wrap Fee

Program Brochure, we will receive all or a portion of the fee charged. A portion of the fee is shared with the IAR, and third-party manager or adviser, if applicable. Therefore, the IAR has an economic incentive to recommend these Programs.

When deciding which program is appropriate, it should be brought to the client's attention that fee-based accounts, when compared to commission-based accounts, often result in lower costs during periods when trading activity is heavier, such as the year an account is established. However, during periods when trading activity is lower, the fee-based account arrangement may result in a higher annual cost for transactions. Thus, depending on several factors, the total cost for transactions under a fee-based account versus a commission-based account can vary significantly. Factors that affect the total cost include account size, amount of turnover, type and quantities of securities purchased or sold, commission rates, and the client's tax situation. It should also be noted that lower fees for comparable services may be available from other sources. The exact fees and other terms are outlined in the agreement between the client and MSHCA.

MSHCA absorbs certain transaction costs in wrap fee accounts. Therefore, we may have a financial incentive not to place transaction orders in those accounts since doing so increases its transaction costs. Thus, an incentive exists to place trades less frequently in wrap fee arrangements. The amount of trades placed in a wrap fee account is a factor that has a direct bearing on the relative cost of the Program. If there are only a few trades placed in the account over a period of time, it is possible that paying for advisory services and ticket charges separately may be less expensive than the fee. The opposite is also true; if there are a large number of trades placed in the account over a period, it is possible that paying for advisory services and ticket charges separately may be more expensive. While MSHCA does not charge clients higher advisory fees based on their trading activity, clients should be aware that MSHCA may have an incentive to limit its trading activities in client account(s) because MSHCA may be charged for executed trades. In addition, the advisory fee is shared between MSHCA, the IAR, and the third-party investment adviser ("TPI"); therefore, the IAR has an economic incentive to offer the wrap fee program over other programs or services. The client should discuss the advantages and disadvantages of fee-based and commission-based accounts with the IAR and the client should read this Wrap Fee Disclosure Brochure carefully as it explains the various Programs offered through MSHCA.

#### **Limited Discretionary Authority**

MSHCA may accept limited discretionary authority for client accounts. An Investment Advisory Agreement is executed with each client granting limited discretionary authority. In accounts established on a limited discretionary basis, the client gives written authority for MSHCA and its IAR to provide continuous monitoring and supervision and asset management services with regard to the client's account. This means that MSHCA has limited authority to purchase, sell, reinvest, allocate, reallocate, and rebalance assets and proceeds in the account without obtaining the client's prior confirmation or consent. Such authority includes, but is not limited to, purchasing, selling, exchanging, tendering, managing, trading in and/or otherwise acquiring and disposing of stocks, bonds, mutual funds, fixed income, cash and cash equivalents, and other securities and/or contracts relating to the same, on margin or otherwise, and to instruct the registered broker-dealer, trustee and/or custodian of the account(s) to receive, accept and deliver securities or other assets, and to implement any investment decisions for the account(s) including periodic rebalancing, all without prior confirmation or consultation with the client. Except as otherwise stated in this agreement, MSHCA has no authority to take possession of any assets in the client account(s) nor to direct delivery of any securities or payment for the benefit of MSHCA. This limited discretionary authority includes the authority to hire, fire, or retain other TPIs or managers and to exercise any authority granted to MSHCA to allocate assets belonging to the client and subject to the MSHCA IAA. MSHCA has no authority to take possession of any assets in the client account(s) nor to direct delivery of any securities or payment for the benefit of MSHCA.

The client may, at any time, impose reasonable restrictions on our discretion. Requests must be submitted in writing and signed and dated by the client or appropriate agent. Clients also may impose reasonable restrictions on the types of investments that may be purchased in their portfolio (e.g., no tobacco or defense stocks). All such requests must be provided in writing at the time the account is established. Clients may also modify the restrictions at any time by providing the update to MSHCA in writing, including an effective date. MSHCA maintains the right to refuse to

establish an account or close an existing account if it believes that the imposed restrictions are excessive and would limit the ability to effectively manage the account. The client should understand that the imposition of portfolio restrictions could have an effect on the performance of the portfolio.

### **Non-Discretionary Authority**

MSHCA also offers its advisory services on a non-discretionary basis. Accounts established on a non-discretionary basis require the client to make investment decisions and direct MSHCA by providing consent each time prior to purchasing, selling, exchanging, tendering, managing, trading in and/or otherwise acquiring and disposing of stocks, bonds, mutual funds, fixed income, cash and cash equivalents, and other securities and/or contracts relating to the client, on margin or otherwise, and to instruct the registered broker-dealer, trustee and/or custodian of the account(s) to receive, accept and deliver securities or other assets, and to implement any investment decisions for the account(s) including periodic rebalancing. The client maintains the authority to hire, fire, or retain other TPIs or managers and to allocate assets. All authority belongs to the client and must be exercised prior to any activity in the account.

Upon request by the client, MSHCA will enter an order for execution as soon as is practical but cannot guarantee that any such transaction will be effected on the day received or at any specific time or price. Since clients who engage MSHCA on a non-discretionary basis must provide consent prior to MSHCA effecting any transaction, MSHCA may place trades for discretionary accounts before it places similar trades for non-discretionary accounts, which may negatively impact the latter. Additionally, if MSHCA is unable to contact a non-discretionary client, the client's portfolio may miss certain investment opportunities or experience losses that may otherwise have been avoidable.

For both discretionary and non-discretionary accounts, the client agrees to notify MSHCA promptly of any significant changes to the information provided by the client in the IAA or any other significant changes to their financial circumstances or investment objectives that might affect the way in which the client's account should be managed. Clients may also provide MSHCA with any additional information requested by the IAR to effectively manage the client's account.

### **Portfolio Management Services-MSH Capital Advisors LLC Wrap Fee Program**

MSHCA's IARs act as Portfolio Managers of the MSH Capital Advisors LLC Wrap Fee Program. Under that program, the IARs will create a portfolio consisting of individual stocks or bonds, mutual funds, fixed income products, government securities, exchange-traded funds, municipal securities, options, money market funds, corporate bonds, cash and cash equivalents, 529 College Savings Plans, and based on the client's risk tolerance, investment objective, time horizon, financial goals and other financial data.

The IAR will review the client's portfolio at least quarterly and, if deemed appropriate, rebalance such portfolio and update the investment model based on the client's individual needs, stated financial goals, and investment objectives. The IAR may allocate or reallocate assets within the model as needed. The client may, at any time, impose reasonable restrictions on the types of investments held in the portfolio. See "Client Restrictions" However, all restrictions (or modifications to existing restrictions) must be submitted in writing and signed and dated by the client or appropriate agent.

The IAR generally seeks to meet client investment objectives while providing clients with access to personal advisory services. The IAR will meet with the client on at least an annual basis or more often, depending on the client's needs. The IARs will not attempt to manage short-term market fluctuations with active trading (e.g., market-timing/allocation). However, the IAR may reallocate the portfolio as necessitated by large-scale macroeconomic changes in the securities markets. Mutual funds may be selected based on any or all of the following criteria: performance history; the industry sector in which the fund invests; the track record of the fund's manager; the fund's investment objectives, management style and philosophy; and the fund's management fee structure. The IAR must select the most appropriate share class available to the client for placement within the Wrap Fee Program. Each client's individual needs and circumstances will determine initial portfolio weighting between funds and market sectors. Clients will retain individual ownership of all securities.

Third-Party Manager: MSHCA may determine that it is in the interest of the client to have an unaffiliated Third-Party Investment Manager ("TPM") provide portfolio management services for the client. To facilitate account reporting when utilizing TPMs, account assets are usually held at a custodian designated by the TPM and will also generally require that all securities transactions for the client's account be executed by the custodian. Once a client has selected a TPM, MSHCA will supply the TPM with information regarding the financial background and investment objectives of the client to the extent the client provides such information. The client then enters an advisory agreement with the TPM, whereby the TPM agrees to accept and manage the client's account on a discretionary basis and in accordance with the client's investment objectives. MSHCA will provide the client with the TPM's disclosure documents and fee schedule.

The TPM provides reports to clients at the frequency specified in the advisory agreement. MSHCA will provide periodic assistance in evaluating the manager(s) performance and, if necessary, recommend replacing a manager selected. MSHCA is available to discuss reports and assist the client with other matters associated with the third-party account.

#### **Portfolio Management Services-Institutional Intelligent Portfolios™ Wrap Fee Program**

Under the Institutional Intelligent Portfolios™ Wrap Fee Program, IARs will create asset allocation models utilizing low expense ETFs and mutual funds. The program is provided online through an interactive website and mobile application. Clients are invited to enroll in the program at the direction of the IAR. Clients are asked a series of questions to determine their investment risk profile and receive a recommended strategy from the IAR based on the answers provided. Clients are given the option of having their strategy one level more conservative or aggressive than the recommended strategy. The IAR makes a final recommendation based on all the information that the client has provided to the IAR.

The IAR chooses from among 28 different asset classes and has the option to create separate investment strategies designed for taxable accounts and tax-deferred accounts. The IAR determines allocation percentages for each ETF and asset class in each investment strategy based on all the information provided by the client as indicated in the Investment Advisory Agreement ("IAA"). The IAR will monitor the client account, allocate or reallocate assets and cause the asset allocation models to be rebalanced quarterly, as needed.

For a complete description and discussion of the Institutional Intelligent Portfolios™ Wrap Fee Program please refer to the Schwab Wealth Investment Advisory, Inc. Institutional Intelligent Portfolios Disclosure Brochure, which was provided to the client at the time the account was established or when the client enrolled in the Program. Clients may contact the IAR for an additional copy.

#### **Wrap Fee Program Fees**

Fees for wrap fee programs are based on a percentage of the assets under management. The advisory wrap fee is an annual fee billed either monthly or quarterly, in advance or arrears. The advisory wrap fee is calculated as a percentage of the market value in the account on the last trading day of the end of the previous billing cycle and is charged to the client's account by the tenth (10th) business day of the following month. Fees are based on the calendar month or quarter, and new accounts are pro-rated based on the number of days accounts are managed in the month or quarter. The client advisory wrap fee is negotiated on a client by client basis with the IAR and may be up to 1.50% on wrap fee accounts which is one fee inclusive of (1) investment management, (2) ongoing monitoring and continuous financial advice, and (3) transactional charges. The advisory wrap fee is not inclusive of certain other fees and expenses discussed below in "Additional Fees."

##### Program

MSH Capital Advisors LLC

Institutional Intelligent Portfolios™

##### Wrap Fee

Up To 1.50%

Up To 1.50%

Fees may be automatically deducted from a client's managed account upon prior written authorization by the client. The Firm sends an electronic request to the custodian indicating the amount of the advisory wrap fee to

be paid from the client's managed account. The client will receive a statement from the independent custodian at least quarterly, which will show the amount of the advisory wrap fees paid to the Firm.

Fee arrangements are customized depending on the type of services provided for each client. In all cases, fee arrangements, including specific rates, will be included in a written agreement executed by MSHCA and the client prior to any services being provided. Fees, fee structure, and experience will vary by IAR. Clients with different IARs may receive similar services and pay more or less of a fee than another client. Furthermore, IARs may determine fees differently. For example, some advisors may implement a flat fee, while others use a tiered approach. There are advantages and disadvantages to all fee structures, but each IAR may have their own variances within the MSHCA fee structure. The negotiated fee is disclosed in the IAA that is signed when establishing an account in advance of services being rendered and fee charged. IARs have an economic incentive in the fee charged to the account as they receive a percentage of the fee with the remaining portions going to MSHCA and other third-party investment managers or advisers, when applicable.

MSHCA believes that its annual advisory wrap fee is reasonable in relation to (1) services provided and (2) the fees charged by other investment advisers offering similar services and programs. However, our annual advisory wrap fee may be higher than that charged by other investment advisers offering similar services and program fees. The program may cost the client more or less than purchasing such services separately. There are several factors that bear upon the relative cost of the Program, including the cost of the services if provided separately and the trading activity in the client's account.

#### **Additional Fees**

Clients who participate in wrap fee programs will not have to pay transaction costs (e.g., ticket charges). However, MSHCA's advisory wrap fee does not include certain transaction fees and additional account-associated expenses incurred by the client. Advisory wrap fees paid to MSHCA are separate and distinct from fees charged by any custodian, third-party investment providers, investment companies, or other third parties. The advisory wrap fee does not cover charges such as personal trust reporting services fees, margin costs, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer fees, electronic fund fees, distribution fees, annual IRA account fees, termination fees, account transfer fees, SEC fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and ETFs also charge internal management fees and expenses, which are disclosed in the fund's prospectus. Such expenses are exclusive of and in addition to MSHCA's advisory wrap fee. MSHCA does not receive any portion of these associated fees and expenses.

There is an inherent conflict of interest when an IAR receives transaction-based compensation (e.g., commission) or other benefits in their capacity of RR for recommending certain securities or transactions for which the client also pays an advisory fee. Prior to transacting any securities or advisory business, the IAR must disclose the fee structure and the commission structure to the client so that they may evaluate the compensation arrangement. In a situation where MSHCA and the IAR are leveraging commissioned products to implement an investment strategy, fees may be waived or offset by commissions, which will be properly disclosed in writing. An IAR who is managing an investment account positioned in mutual funds or ETFs must disclose all management fees and expenses as described in the prospectus and must select the most appropriate share class available to the client.

#### **Exclusion of Assets**

The client has the right to exclude assets (Excluded Assets) held in the client's account. This means that MSHCA and its IARs will not monitor or manage the Excluded Assets, and the Excluded Asset value will not be included in the calculation of any advisory fee regardless of whether the Excluded Assets are held in the account(s) or reported in any statement provided to the client. The client must specifically identify the Excluded Assets and request the exclusion in writing.



Cash is defined as cash and money market sweeps. Cash held in the client's account, which constitutes more than 50% of the client's total asset holdings for 90 consecutive days or more as of the last trading day of the previous billing cycle, will not be billed an advisory fee. However, the remaining assets will be billed. Once Cash held in the client's account is less than 50% of the client's total asset holdings, advisory fee billings may resume including the Cash balance on the next billing cycle.

#### **Exemption**

MSHCA may exempt Cash or a securities position from advisory fee billing as deemed appropriate.

#### **Termination**

Clients may terminate their advisory agreements without penalty within five (5) business days of signing the agreement. Thereafter, clients or MSHCA may terminate the advisory agreement by providing written notice to the other party. If an advisory agreement is terminated prior to the close of the billing period, MSHCA will refund the remaining portion of the advisory fee paid in advance to the client by crediting their account or issuing a check to the address of record within 30 days.

For those clients utilizing TPMs, termination procedures are determined by the individual TPM. Please refer to the specific TPM disclosure brochure for applicable termination procedures and related fee reimbursement policies.

#### **Investment Advisor Representatives as Registered Representative of an Affiliated Broker-Dealer**

IARs of MSHCA may also be RRs of MSH and may execute securities transactions for clients of MSHCA. MSH and its RRs will receive commissions, concessions, mark-ups, mark-downs, or other benefits as a result of certain securities transactions. Conflicts of interest arise as IARs may make investment recommendations to clients based on the compensation or benefits that they would earn as an RR rather than what is in the client's best interest.

#### **Fixed Income Transactions**

In some instances, and strictly as an accommodation to its clients, an MSHCA IAR may elect to purchase fixed income transactions for its advisory clients through its affiliated broker-dealer, MSH, utilizing Schwab's Prime Brokerage Services ("PBS"). PBS is designed to provide IARs with the ability to trade at broker-dealers other than Schwab. To become eligible for PBS, advisory clients must complete the Schwab PBS agreement and the account must maintain a minimum net equity no less than the minimum net equity required by the SEC No-Action Letter dated January 25, 1994. MSHCA will not charge an advisory fee and clients will not be charged a prime brokerage service fee on such transactions. The IAR, in their capacity as RR, will purchase fixed income products for those clients on a riskless-principal or agency basis through MSH and receive a commission or a concession. MSH's clearing firm and Schwab will clear and settle the applicable transactions. A confirmation will be generated by Schwab and provided to the client, which includes the trade details. IARs have an economic incentive to effect transactions through the affiliated broker-dealer.

#### **Investment Advisor Representatives as Licensed Insurance Agents of an Affiliated Insurance Agency**

IARs may also be licensed insurance agents through MS Insentra LLC, an affiliated insurance agency and independent marketing organizations. MS Insentra representatives and management have an economic interest to actively market insurance products and services to MSHCA IARs, which may incent them to recommend insurance products to clients. Clients can choose to engage the agent, in their individual capacities, to effect insurance transactions on a commission basis. The recommendation by an insurance-licensed IAR to purchase an insurance product through an affiliated insurance agency presents a conflict of interest, as the receipt of commissions provides an incentive to recommend insurance products based on commissions to be received rather than on a particular client's needs. No client is under any obligation to purchase any insurance commission products from any IAR. Clients are reminded that they may purchase insurance products recommended by MSHCA IARs through other non-affiliated insurance agents.

### **Financial Planning and Advice**

As part of the advisory wrap fee, MSHCA provides ongoing planning and advice regarding financial matters to meet clients' financial objectives and goals. Financial planning and advice services do not involve the active management of client assets but rather assist clients in the analyses of their investment objectives and goals. MSHCA's ongoing advice on financial matters typically includes but is not limited to determining and establishing long-term financial goals through investments, tax planning, asset allocation, business projections, cash management, risk management, estate goal setting, retirement planning, education planning, savings planning, or special objective planning.

### **Financial Plans**

MSHCA IARs may prepare a financial plan for a client or prospective client. The scope of a financial plan may be as broad or detailed as the client desires. It may include, but is not limited to, retirement projections, education cost planning, estate goal setting, cash flow management, or the modification of an existing financial plan. A client may request advice on only a portion of their financial plan or regarding a limited project, and MSHCA will provide consultation services to the extent requested.

### **Financial Plan Fee**

Fees for a financial plan are typically a negotiated one-time, flat fee and ranging from \$500 to \$2,500, depending on the scope and complexity of the client's financial situation. The client pays the fee at the time the financial plan is delivered. MSHCA may waive or refund the fee in instances where the client establishes an account.

## **ITEM 5: ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS**

### **Types of Clients**

MSHCA generally provides investment advice to the following types of clients who enter into a fully executed IAA:

- Individuals
- High-Net-Worth Individuals
- State or Municipal Government Entities
- Pension and Profit-Sharing Plan
- Trusts, Estates, or Charitable Organizations
- Other Corporations or Business Entities

### **Account Requirements**

MSH Capital Advisors LLC Wrap Fee Program: MSHCA generally imposes a minimum investment amount of \$5,000 to establish an advisory account or an account managed on an institutional RIA platform. MSHCA waives the minimum investment amount for retirement accounts and may accept accounts with less than \$5,000 of assets if MSHCA believes that, based on information provided by the client, investing a lower amount is appropriate for the client and is acceptable to the program sponsor. IARs may impose higher account minimums than those established by MSHCA. Accounts may be aggregated to meet program minimums, as is explained in detail in the IAA signed by the client at the time the account is established. Clients should consult with their IAR to determine the required account minimum.

Institutional Intelligent Portfolios™ Wrap Fee Program: The minimum account size is \$5,000. Clients must maintain a minimum account balance of \$5,000 in order to receive rebalancing. In order to participate in tax-loss harvesting the minimum account balance requirement is \$50,000.

## **ITEM 6: PORTFOLIO MANAGER SELECTION AND EVALUATION**

### **Manager Selection**

MSH Capital Advisors LLC Wrap Fee Program: MSHCA IARs will utilize various investment strategies as part of satisfying the asset allocation requirements based upon the needs of the client, including their investment objective, time horizon, financial goals, risk tolerance, and other relevant personal and financial data. IARs select strategies that include long-term and short-term purchases as well as trading (see discussion of strategies). The MSHCA program provides IAR oversight of client assets through the provision of web-based asset allocation tools, as well as execution, clearing and custodial services. For asset allocation services, the IARs utilize third-party research providers to offer clients access to a tangible portfolio construction process utilizing both fundamental and technical analysis, fund profiling and performance data, as well as portfolio optimization and rebalancing tools.

Institutional Intelligent Portfolios™ Wrap Fee Program: MSHCA IARs provide portfolio management services to clients for the Institutional Intelligent Portfolios™ Wrap Fee Program. IARs construct the investment strategy for each client and direct the program sponsor to apply the rebalancing process of the system to client account. The program sponsor provides limited portfolio management services to the IAR by providing them with sample asset allocation models and the asset classifications for the eligible ETFs from which the IAR can choose to construct the client's investment strategy and select replacement ETFs for tax-loss harvesting.

### **Program Manager Selection and Evaluation Criteria**

Program selection is based on due diligence review, analytical evaluations, and on-site visits conducted by MSHCA. The selection criteria for TPIs offering technological solutions for asset allocation selection, modeling and rebalancing is primarily based on due diligence, which focuses on the functionality and testing of the solution, ease of use for IARs and clients, credibility, reputation and financial standing of the investment adviser, variety of platform options, simplicity of understanding for clients, underlying investment offerings, associated costs and expenses, and service.

MSHCA IARs who function as portfolio managers are subject to robust scrutiny and evaluation during the onboarding process. MSHCA conducts a thorough background check and considers several relevant factors before allowing the IAR to act as portfolio manager. Considerations include but are not limited to a reputable regulatory and criminal history, sound investment philosophy, credibility and reputation, a minimum of five (5) years of experience as portfolio manager, previous portfolio performance, tenure and nature of existing clients, strategy consistency, and client complaints.

The selection criteria of TPM are established on the basis of fundamental evaluation analysis through a due diligence process that centers on the investment manager's investment philosophy, simplicity of approach, tenure in the industry, performance, length of time as an investment manager, reputation, experience, strategy track record, and underlying investments and overall risk factors.

Program managers are monitored and evaluated on an ongoing basis by MSHCA through a daily monitoring technology-assisted review. The Firm uses technological systems that maintain compliance controls and generates monitoring flags in order to create exception and risk-based monitoring reports. Compliance managers review and resolve monitoring flags contemporaneous with activity. Follow-up due diligence reviews are conducted by MSHCA as deemed warranted.

The performance evaluation we use for our internal review of portfolio strategists, IARs and TPMs is calculated by Morningstar using industry standards. Morningstar uses a geometrically linked return method, also known as Time Weighted Return. Our reviews are based on the calculated performance generated by Morningstar. No performance data from the portfolio strategists, IARs or TPM is used, as we do not have any composites.

## **ITEM 7: CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS AND OTHERS**

IARs of MSHCA serve as portfolio managers for the MSH Capital Advisors LLC Program. Our associated IARs are responsible for gathering all information provided by the client. The IAR interviews and works with the client to gather all information needed relative to the client's investment objectives and needs in order to provide investment management services through our Program.

IARs of MSHCA implement and monitor the Institutional Intelligent Portfolios™ Wrap Fee Program; therefore, we share client information.

MSHCA may share the client's personal information, including investment objectives, time horizon, financial goals, risk tolerance, other financial information, account and transactional data with third-party advisers, custodians, and portfolio managers to provide management services through these programs. We update the client's information on an as-needed basis, as it is provided to us by the client.

The client is responsible for promptly contacting the IAR to notify us of any changes to their financial situation that will impact or materially influence the way we manage their accounts.

## **ITEM 8: CLIENT CONTACT WITH PORTFOLIO MANAGERS**

IARs of MSHCA serve as portfolio managers for the MSH Capital Advisors Wrap Fee Program. There are no restrictions placed on the client's ability to contact and consult with the IARs. IARs of MSHCA implement and monitor the Institutional Intelligent Portfolios™ Wrap Fee Program. There are no restrictions placed on the client's ability to contact and consult with the IARs. If a TPM is selected, the client's IAR will assist the client with portfolio manager meetings as requested and as stipulated pursuant to the signed agreement.

It is the policy of MSHCA to provide open communication between the IARs and clients. The client is encouraged to contact the IAR whenever the client has questions about the management of the account(s).

## **ITEM 9: ADDITIONAL INFORMATION**

MSHCA and its IARs use various methods of analysis when considering investment strategies and recommendations to clients. They are as follows:

### **Methods of Analysis**

Fundamental: This is a method of evaluating a company or security by attempting to determine its intrinsic value by looking at all aspects of the business, including both tangible (e.g., machinery, buildings, land) and intangible factors (e.g., patents, trademarks, "brand" names). Fundamental analysis also involves examining related economic factors (e.g., overall economy, industry conditions, business cycles), financial factors (e.g., company debt, interest rates, management salaries and bonuses), qualitative factors (e.g., management expertise, industry cycles, labor relations), and quantitative factors (e.g., debt-to-equity and price-to-equity ratios). The objective of fundamental analysis is to produce a target value that can be used to determine what position to take with that security.

Charting: This is a technical analysis that charts the pattern of stocks, bonds, and commodities to help determine buy and sell recommendations for clients. It is a way of gathering and processing price and volume information in a security by applying mathematical equations and plotting the resulting data onto graphs to predict future price movements. A graphical historical record helps the Analyst detect the effect of key events on the security's price, its performance over a period of time, and whether it is trading near a high or low or in between. Recurring patterns of trading, commonly referred to as indicators, may help forecast future price movements.

Technical: This method of evaluating securities analyzes statistics generated by market activity, such as past prices, volume, open interest, market order imbalances, and other factors not directly related to the company's business. Technical analysis does not attempt to measure a security's intrinsic value, but instead, use charts and other tools based on historical data to identify patterns that may suggest future activity.

Cyclical: This method looks at recurring periods of expansion and contraction that can impact a company's profitability and cash flow. There are a variety of cycles that can be examined, and some are more commonly known than others, such as four-year presidential cycles or annual/quarterly fiscal reporting cycles. Identifying cycles can help to anticipate tops and bottoms and to determine trends. But sometimes cycles don't repeat themselves, sometimes they overlap, and sometimes they offset each other. Cyclical stocks tend to rise quickly when the economy turns up and fall quickly when the economy turns down (e.g., housing, automobiles, telecommunications). Non-cyclical industries (e.g., food, insurance, drugs) are not as directly impacted by the economic changes.

MSHCA IARs may use, without limitation, any of the following analysis sources of information: financial newspapers and magazines; inspections of corporate activities; corporate rating services such as Morningstar; and annual reports, prospectuses, and press releases. IARs may also utilize different investment strategies, based upon the needs of the clients, which include long-term purchases as well as trading. The MSHCA programs provides IAR oversight of client assets through the provision of web-based asset allocation tools, as well as execution, clearing, and custodial services. With respect to asset allocation services, the Programs utilize third-party providers to offer clients access to a tangible portfolio construction process utilizing both fundamental and technical analysis, fund profiling and performance data, as well as portfolio optimization and rebalancing tools.

### **Investment Strategies**

IARs may use various investment strategies to meet the needs of the client based on the investment objective, time horizon, financial goals, risk tolerance, and other relevant personal and financial information. IARs are responsible for choosing, implementing, and documenting the chosen strategy and it will vary from client to client. Strategies may be based on long-term buy and hold, diversification, strategic assets, short-term purchasing of investments for liquid assets, trading, short sales, options writing, margin transactions, strategic and tactical asset allocation, or strategic timing and sector rotation. Investment strategies may also take into consideration holding periods where tax consequences are relevant. Equities, fixed income, bonds, cash or cash equivalent, and occasionally alternative instruments may be used in either arrangement. In some instances, when appropriate, based on the investment objective, MSHCA may recommend the use of margin or short option writing to provide leverage to a portfolio. It is not our typical investment strategy to attempt to time the market. However, we may increase cash holdings modestly as deemed appropriate based on the client's risk tolerance and our expectations of market behavior. We may modify our investment strategy to accommodate special situations such as low basis stock, stock options, legacy holdings, inheritances, closely held businesses, collectibles, or special tax situations. In most cases, MSHCA allocates assets using various combined investment strategies to meet a client's needs.

There are additional risks associated when investing in securities through any investment management program. The risks associated with the client portfolio is dependent upon the underlying securities and asset classes. The following is a discussion of risks involved when investing and clients should discuss associated risks with the IAR prior to investing in or making any modifications to a portfolio. Past performance is not indicative of future results. Investing in any type of security (including stocks, mutual funds, and bonds) involves risk of loss. Further, depending on the different types of investments, there may be varying degrees of risk. Clients must be prepared to bear investment loss, including possible loss of their original principal. The following risks should be taken into consideration depending on the type(s) of investments utilized in the client's advisory account.

**Risk of Loss:** Risk is inherent in any investment in securities, and we do not guarantee any level of return on investments, nor can we assure that a client's investment objectives will be achieved. The risks discussed below vary by investment style or strategy and may or may not apply to all clients. All strategies involve risk, and generally, the more aggressive the investment strategy selected, the more likely the portfolio will contain larger weights in riskier asset classes than a less aggressive investment strategy. There is no guarantee that a chosen investment strategy will meet the client's financial goals or objectives. The client should review prospectuses and disclosure documents for the securities purchased as they contain important information about the risks associated with investing in such securities.

**Market Risk:** The stock market as a whole or the value of an individual company goes down, resulting in a decrease in the value of client investments. This is also referred to as systemic risk.

**Equity (Stock) Risk:** Common stocks are susceptible to general stock market fluctuations and volatile increases/decreases in value as market confidence and perceptions of issuers change. If the client holds common stock or common stock equivalents of any given issuer, the client would generally be exposed to greater risk than if the client held preferred stocks or debt obligations of the issuer.

**Company Risk:** When investing in stock positions, there is always a certain level of company-specific risk that is inherent in each investment, also referred to as unsystematic risk, which can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry.

**Options Risk:** Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.

**Credit Risk:** When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments.

**ETF and Mutual Fund Risk:** When investing in an ETF or mutual fund, there are additional expenses based on the client's pro-rated share of the ETF or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities that the ETF or mutual fund holds. Clients will also incur brokerage fees when purchasing ETFs. Leveraged and inverse ETFs may not be suitable for all investors and have unique characteristics and risks. Although there are limited occasions where a leveraged or inverse ETF may be useful for some types of investors, it is extremely important to understand that these funds may not give the returns that the client may be expecting.

**Management Risk:** The value of the client's investment will vary with the success and failure of MSHCA's investment strategies, research, analysis, and determination of portfolio securities. If MSHCA's investment strategies do not produce the expected returns, the value of the investment may decrease.

**Interest-Rate Risk:** Fluctuations in interest rates may cause security prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market value to decline.

**Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year because purchasing power is eroding at the rate of inflation. Individuals who depend on fixed payments from bonds face the risk that inflation will erode their spending power.

**Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

Reinvestment Risk: Risk that future proceeds from investments may have to be reinvested at potentially lower rates of return (i.e., interest rate). This primarily relates to fixed income securities.

Business Risk: Risks associated with an industry or company within an industry. For example, oil-drilling companies depend on finding and refining oil, a lengthy process, before they can generate a profit. They may carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

Liquidity Risk: Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many investors are interested in buying or selling a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.

Financial Risk: Excessive borrowing to finance a business' operations increases the risk of profitability because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy or a declining market value.

ETF Specific Risk: The general level of security price may decline, thereby adversely affecting the value of each unit of the ETF. An ETF may not fully replicate the performance of its benchmark index because of the temporary unavailability of certain securities in the secondary market or due to the weighting of the securities within the ETF. ETFs may have exposure to derivative instruments (e.g., futures contracts, forward contracts, options, and swaps) that may not perform as expected. The main risk with derivatives is that some types can amplify a gain or loss, potentially earning or losing substantially more money than the actual cost of the derivative or that the counterparty may not honor the terms of the contract. The use of these instruments could trigger other risks such as liquidity risk, market risk, credit risk, and the risk that an ETF could not close out a position when it would be most advantageous to do so. Many ETFs are less than ten (10) years old and have limited historical data.

Asset Allocation: Strategy-Diversification Risk: The asset classes represented in each investment strategy can perform differently from each other at any given time. So, the investment strategy will be affected by its allocation among the various asset classes. The asset allocation decisions can result in more portfolio concentration in a certain asset class or classes, which could reduce overall return if the concentrated assets underperform.

Large Investment Risk: The purchase of a significant portion of a particular security thereby potentially making it difficult to liquidate or sell.

Fixed Income Risk: Interest rates and bond prices have an inverse relationship. When interest rates rise, bond prices usually fall and when interest rates fall, bond prices usually rise. Bond markets fluctuate daily.

Foreign Investment Risk: Investments in securities of foreign issuers may involve certain risks that are greater than those associated with investments in the securities of U.S. issuers. These include risks of adverse changes in foreign economic, political, regulatory, and other conditions such as changes in currency exchange rates or exchange control regulations.

Geopolitical Disruption Risk: Geographical political events may adversely affect global economies and markets and thereby decrease the value of and /or ease the trading of securities invested in these affected markets.

High-Yield Risk: High-yield securities and unrated securities of similar credit quality (sometimes called junk bonds) are subject to greater levels of credit and liquidity risks and may be considered speculative.

Considering these risks and potentially enhanced volatility, clients may direct the IAR, in writing at any time, not to employ any or all of the investment strategies recommended by their IAR for their account.

### **Services Limited to Specific Types of Investment Accounts**

In an account with limited discretionary trading the client will authorize, via the IAA, the purchase and sell of mutual funds and other equity, debt, fixed income securities for accounts without obtaining specific client approval for each transaction. In an account with non-discretionary trading, the MSHCA IAR will only purchase or sell securities which have been approved by the client in advance. In either case, the MSHCA IAR will establish the initial asset allocation strategy with the client's prior review and approval.

### **Trade Aggregation**

Transactions implemented by MSHCA for client accounts are generally effected independently unless an IAR of MSHCA decides to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading, or block trading and is used when an IAR believes such action may prove advantageous to clients. When IARs aggregate client orders, the allocation of securities among client accounts will be done on a fair and equitable basis. Trade aggregation is utilized to achieve better execution, negotiate more favorable commission rates, or to allocate orders among clients on a more equitable basis to avoid price differences and transaction fees or other transaction costs that might be obtained when orders are placed independently. While there is more than one process for allocating transactions, generally, the transactions will be averaged as to price and will be allocated among the MSHCA clients in proportion to the purchase and sale orders placed for each client account on any given day. MSHCA does not allow IARs to receive additional compensation or remuneration as a result of aggregation. Since MSHCA does not require IARs to aggregate trades, not all trades are aggregated even when there is an opportunity to do so. MSHCA does not aggregate mutual fund transactions.

### **Proxy Voting Client Securities**

For the MSH Capital Advisors LLC Wrap Fee Program, we will not vote proxies on behalf of any client or respond to any legal notices or class action claims on behalf of a client. We will instruct the qualified, independent custodian to forward all proxy materials, legal notices, and class action information to the client for review. The client should make an informed decision on how to vote or respond to the legal notice. In the event we receive such material, we will forward them directly to the client by mail or by electronic delivery (if the client has elected for electronic communication).

Institutional Intelligent Portfolios™ Wrap Fee Program, proxies are voted on behalf of clients by the program sponsor, Schwab Wealth Investment Advisory Inc. For more information, please refer to the Schwab Wealth Investment Advisory, Inc Institutional Intelligent Portfolios™ Disclosure Brochure that is provided to the client at the time the client's account is opened or when the client enrolled in the Program.

### **Disciplinary Information**

MSHCA does not have any disciplinary information to report.

## **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

### **M.S. Howells & Co., a Registered Broker-Dealer**

The Firm's managing member, Mark S. Howells, is also the Executive Chairman, majority owner, and a Registered Representative/Principal of M.S. Howells & Co., a FINRA member firm and SEC registered broker-dealer. M.S. Howells & Co. introduces all transactions for clearance and settlement on a fully-disclosed basis with Pershing, LLC

IARs of MSHCA may also be Registered Representatives of MSH and may execute securities transactions for clients of MSHCA. MSH and its RRs will receive commissions or other benefits as a result of certain securities transactions. Conflicts of interest arise as IARs may make investment recommendations to clients based on the compensation or benefits that they would earn as an RR rather than what is in the client's best interest. In addition to compliance oversight and supervisory staff, the Firm utilizes compliance monitoring software solutions through GenTech LLC to mitigate conflicts of interest. The software assists the Firm with compliance-related tasks and monitoring solutions, which significantly reduce the possibility of non-compliance occurrences.



**MS Insentra LLC, an Insurance Agency**

Mark S. Howells is the majority owner of MS Insentra LLC ("MSI"), an independent insurance agency and marketing organization that specializes in providing risk management and insurance solutions to MSHCA IARs and other independent registered investment advisers. MSI management and agents actively market to and engage MSHCA IARs to recommend insurance products and services to their clients. IARs that are licensed insurance agents, including those approved to conduct business under MSHCA's affiliated insurance company, MSI, receive commissions and other incentive awards for the recommendation or sale of annuities and other insurance products to clients. The receipt of this compensation creates a conflict of interest as it may affect the decisions of IARs when recommending insurance products to their clients. Clients are under no obligation to purchase insurance products and services through MSI.

**CLIENT REFERRALS AND OTHER COMPENSATION****Compensation in Registered Representative Capacity**

IARs, in their separate capacities as RRs of MSH, an affiliated broker-dealer, may receive commissions or concessions from the execution of securities transactions. See Fixed Income Transactions. Additionally, RRs may receive other non-cash compensation from mutual fund sponsors, such as access to educational events or conferences. The receipt of such commissions, ticket charges, 12b-1 fees and other non-cash compensation could represent an incentive for the IAR in their capacity as RR to recommend funds with 12b-1 fees over funds that have no or lower sales charges, resulting in a potential conflict of interest. Clients are under no obligation to effect securities transactions through MSH.

IARs that are licensed insurance agents, including those approved to conduct business under MSHCA's affiliated insurance company MSI receive commissions and other incentive awards for the recommendation and/or sale of annuities and other insurance products. The receipt of this compensation may affect the decisions of IARs when recommending insurance products to their clients. Clients are under no obligation to effect insurance transactions through MSI.

While MSHCA and IARs endeavor at all times to put the interests of their clients first, clients should be aware that the receipt of commissions or concessions and additional compensation itself creates a conflict of interest which may affect the judgment of MSHCA and the IARs when making recommendations or offering services of its affiliated broker-dealer, MSH. Neither MSH nor MSHCA has entered into revenue sharing arrangements with product sponsors.

**Event Sponsorship**

Occasionally, MSHCA will hold conferences for training and gratuity purposes for its staff, clients or IARs. These meetings provide sponsorship opportunities for vendors and other third-party providers. Sponsorship allows these companies access to our advisors and staff to discuss and educate on ideas, products and services. The sponsorship fees are used to offset the meeting expenses or future meeting expenses. The sponsorships are a potential conflict of interest from the standpoint that MSHCA could favor a vendor due to their attendance and sponsorship of an event. MSHCA attempts to mitigate this potential conflict of interest by using the fees strictly to offset the cost of an event and not as revenue for the firm. Further, sponsorship fees are not dependent upon the amount of assets placed with any sponsor or the revenue generated by the asset placement.

**Third-Party Money Managers and Advisers**

MSHCA has revenue sharing arrangements with certain third-party managed accounts or platform advisers. MSHCA will receive a portion of the advisory or platform fee which will not be passed on to its IARs. The advisory fee charged to clients will not increase as a result of compensation being shared with the third party. This arrangement presents a conflict of interest as MSHCA has economic incentive to invest with certain third parties in order to generate additional revenue for MSHCA. MSHCA mitigates this conflict by not sharing the revenue with the IARs who are recommending the third-party manager and by requiring IARs to select the lowest available fee class for which the client is eligible.

For third-party investment programs, MSHCA may share a portion of the advisory fees when an MSHCA client is invested in their program. These Programs offer different levels of fees, which present conflicts of interest when approving which Programs to offer to clients and when making specific recommendations to clients, as such decisions may be based on the advisory fees to be earned rather than what is in the client's best interest.

### **Third-Party Custodians**

MSHCA has an obligation to select a brokerage platform for trading, clearing and custody of client assets. Custodians and broker-dealers will be recommended based on MSHCA's duty to seek "best execution," which is the obligation to seek to execute securities transactions for a Client on terms that are the most favorable to the Client under the circumstances. The client will not necessarily pay the lowest commission or commission equivalent, and MSHCA may also consider the market expertise and research access provided by the payment of commissions, including but not limited to access to written research, oral communication with analysts, admittance to research conferences and other resources provided by the brokers to aid in the research efforts of MSHCA. MSHCA will never charge a premium or commission on transactions beyond the actual cost imposed by the broker-dealer or custodian.

Currently, MSHCA uses the Schwab Advisor Services division of Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, to establish client accounts, maintain custody of clients' assets and effect trades for their accounts. The final decision to custody assets with Schwab is at the discretion of the client, including those accounts under ERISA or IRA rules and regulations, in which case the client is acting as either the plan sponsor or IRA accountholder. MSHCA is independently owned and operated and not affiliated with Schwab. Schwab provides MSHCA with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at Schwab Advisor Services. Schwab's services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment. For MSHCA client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

The custodian provides to MSHCA other products and services that benefit MSHCA but may not benefit its client or clients' accounts. Although many products and services may not directly benefit specific clients, many do provide indirect benefits. These benefits may include national, regional or MSHCA specific educational events organized and/or sponsored by Schwab Advisor Services. Other potential benefits may include occasional business entertainment of personnel of MSHCA by the custodian personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, which accompany educational opportunities. Other of these products and services assist MSHCA in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of MSHCA's fees from its client's accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of MSHCA's accounts, including accounts not maintained at the custodian.

The custodian also makes available to MSHCA other services intended to help MSHCA and its IARs manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession planning, regulatory compliance, employee benefits providers, human capital consultants and insurance and marketing. In addition, the custodian assists with IAR transition costs, which include but are not limited to client ACAT or termination fees, marketing expenses, and other expenses typically borne by an IAR during a transition to

a new investment adviser. Custodians also introduce IARs to join MSHCA. While there is no obligation to custody assets with the custodian as a result of a recommended IAR joining MSHCA, typically those assets will typically be custodied at the custodian who provided the introduction. The custodian will make available, arrange and/or pay vendors for these types of services rendered to MSHCA by independent third parties. The custodian often discounts or waives fees it would otherwise charge for some of these services or pay all or a part of the fees of a third party providing these services to MSHCA.

While, as a fiduciary, MSHCA endeavors to act in its clients' best interests, MSHCA's recommendation/of the custodian may be based in part on the benefit to MSHCA of the availability of some of the foregoing products and services and other arrangements and not solely on the nature, cost or quality of custody and brokerage services provided by the custodian, which creates a potential conflict of interest. MSHCA attempts to mitigate this conflict by reviewing and considering other custodians to provide services.

### **Code of Ethics**

MSHCA has adopted a Code of Ethics ("Code") that establishes rules of conduct for MSHCA and its IARs. The purpose of the Code is to prohibit activities that may lead to or give the appearance of conflicts of interest, such as insider trading and other forms of illegal or unethical business conduct. Actions by the Firm's supervised persons must always 1) place the interests of clients first; 2) be conducted in such a manner as to avoid any actual or potential conflict of interest or any abuse of an individual's position of trust and responsibility; and 3) not take inappropriate advantage of their positions.

A copy of the Code is available upon request by contacting MSHCA:

In writing: MSH Capital Advisors LLC  
23350 N. Pima Rd.  
Scottsdale, Arizona 85255  
Phone: (480) 563-2021  
Fax: (480) 562-2001  
Email: [compliance@mshcapitaladvisors.com](mailto:compliance@mshcapitaladvisors.com)

### **Personal Trading Policy**

IARs may invest in the same securities that they recommend to clients. Personal securities transactions by an IAR may be a conflict of interest if the IAR owns or trades in a security that is owned or being considered for purchase or sale in a client account. MSHCA has adopted policies and procedures in the Code to ensure that neither MSHCA nor its IARs, trade ahead of or otherwise in conflict with the interests of clients. The Code covers but is not limited to such topics as gifts and gratuities, political contributions, insider trading, and personal trading. The Code also prohibits participation in IPOs and mandates preclearance for participation in private placements and limited offerings. In addition to imposing black-out periods from time to time, supervised persons are required to submit periodic reporting (initial holdings, quarterly transactions, and annual holdings) to MSHCA's compliance department for review and continuous monitoring.

MSHCA policy does not impose strict limitations as to the number of transactions an IAR is permitted to execute during a defined time frame. The Firm does recognize that excessive trading may impede the ability of an individual to fulfill their primary obligation to our clients. The scope and volume of personal trading by an IAR shall be periodically assessed. MSHCA maintains the authority to impose limitations on the personal trading activities of IARs and as part of MSHCA's oversight, may impose heightened supervision and trading restrictions on an IAR if such actions are warranted.

### **Participation or Interest in Client Transactions**

Agency Cross Transactions are defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as a broker for both the advisory client and for another person on the other side of the

transaction. Agency cross transactions typically arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer. Agency cross transactions are permitted for advisers only if certain conditions, such as prior written consent from the client, are met under Section 206(3) of the Investment Advisers Act of 1940 or SEC Rule 206(3)-2. MSHCA generally does not engage in agency cross transactions.

Principal Transactions are defined as transactions where an adviser, acting as principal for its own account or the account of an affiliate, buys a security from or sells a security to an advisory client as opposed to carrying out trades through another broker-dealer. MSHCA does not have a proprietary trading account and does not execute client orders on a principal basis in advisory accounts managed by MSHCA.

#### **Periodic Review of Accounts**

IARs are responsible for conducting regular reviews of all accounts for their respective clients on at least an annual basis. In most cases, accounts are reviewed more frequently through various means, including telephone calls, in-person meetings, or electronic communications. Discretionary and non-discretionary investment advisory accounts are periodically reviewed by the IAR and MSHCA to analyze if the account is being managed in accordance with the client's chosen investment objective, that the account is properly balanced, if it is being managed according to a specific asset allocation model, to verify the accuracy of account holdings and fee deductions, and if applicable, to ensure that the client's reasonable restrictions are being implemented properly. The reviews are based on the client's investment objectives, risk tolerance, time horizon and investment strategy as established by the client when they opened the account or modified thereafter.

Advisory accounts, including accounts managed by TPM's, are subject to daily monitoring by a Home Office Supervising Principal through a technology-assisted review. The Firm uses a technological system that maintains compliance controls and generates monitoring flags in order to create exception and risk-based monitoring reports. IARs monitor the performance of the TPIs and TPMs on a quarterly basis.

#### **Review Triggers**

In addition to periodic reviews, the Adviser may conduct account reviews when a triggering event, such as a change in client investment objectives, time horizon, financial situation, market correction, or client request occurs.

#### **Client Reports and Statements**

Clients receive confirmations of purchases and sales in their account(s) as well as quarterly and/or monthly statements from the custodian containing account information such as account value, transactions, holdings, fees paid to the Adviser and other relevant account information from their custodian, sponsor companies or TPM/TPI. Clients may also receive periodic reports from us reflecting the performance of their investment portfolio over a specified period. MSHCA urges clients to review the contents of the custodial statements as they are the official account documents and compare them against the reports provided directly from MSHCA or IARs.

#### **Financial Information**

MSHCA does not require or solicit prepayment of more than \$1,200 in advisory fees per client six (6) months or more in advance. Therefore, we are not required to include a balance sheet for the most recent fiscal year. MSHCA and its affiliates are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, we have never been the subject of a bankruptcy petition at any time.

### **ITEM 10: REQUIREMENTS FOR STATE-REGISTERED ADVISERS**

Not Applicable.

**\*\* End of Document \*\***