

Mraz, Amerine & Associates, Inc.

a Registered Investment Adviser

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March 15, 2023

Form ADV Part 2A Brochure

This brochure provides information about the qualifications and business practices of Mraz, Amerine & Associates, Inc. (hereinafter "MAA"). If you have any questions about the contents of this brochure, please contact Deidre Mraz at (209) 593-5870. 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. Additional information about Mraz, Amerine & Associates, Inc. is available on the SEC's website at www.adviserinfo.sec.gov.

Mraz, Amerine & Associates, Inc. is an SEC registered investment adviser. Registration does not imply any level of skill or training.

Material Changes - Item 2

The purpose of this page is to inform you of any material changes since the previous version of this brochure.

On March 15, 2023, we submitted our annual updating amendment filing for fiscal year 2022 and updated Item 4 of our Form ADV Part 2A Brochure to disclose discretionary assets under management of approximately \$586,806,254 and non-discretionary assets under management of approximately \$0.

We review and update our brochure at least annually to make sure that it remains current.

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Advisory Business - Item 4

MAA provides financial planning, consulting, and investment management services. Prior to engaging the firm to provide any of the foregoing investment advisory services, the client is required to enter into one or more written agreements with MAA setting forth the terms and conditions under which MAA renders its services (collectively the "Agreement").

MAA has been in business since October 2011. David Mrz, Gloria Mrz and Deidre Mrz Johnson are the principal owners of the firm. As of February 27, 2023, the firm had \$586,806,254 in assets under management on a discretionary basis and \$0 managed on a non-discretionary basis.

This Disclosure Brochure describes MAA's business. Certain sections will also describe the activities of *Supervised Persons*. *Supervised Persons* are any of MAA's officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on MAA's behalf and is subject to MAA's supervision or control.

Financial Planning Services

MAA may provide its clients, upon request, with basic financial planning and consulting services. These services include business planning, investments, insurance, retirement, education, estate planning, and tax and cash flow needs of the client. These services are generally included as part of MAA's investment management services, described below.

In performing its services, MAA is not required to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. MAA may recommend the services of itself and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if MAA recommends its own services. The client is under no obligation to act upon any of the recommendations made by MAA under a financial planning or consulting engagement or to engage the services of any such recommended professional, including MAA itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of MAA's recommendations. Clients are advised that it remains their responsibility to promptly notify MAA if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising MAA's previous recommendations and/or services.

Investment Management Services

Clients can engage MAA to manage all or a portion of their assets on a discretionary or a non-discretionary basis. MAA primarily allocates clients' investment management assets among mutual funds, individual debt and equity securities as well as the securities components of variable annuities and variable life insurance contracts in accordance with the investment objectives of the client. MAA also provides advice about any type of investment held in clients' portfolios.

MAA also may render non-discretionary investment management services to clients relative to variable life/annuity products that they may own, their individual employer-sponsored retirement plans, and/or 529 plans or other products that may not be held by the client's primary custodian. In so doing, MAA either directs or

recommends the allocation of client assets among the various investment options that are available with the product. Client assets are maintained at the specific insurance company or custodian designated by the product.

MAA's asset allocation models are diversified among investment styles and/or asset classes and are primarily based on research conducted by MAA and its Associated Persons. We also use portfolio models developed by third party model providers. Once a portfolio is constructed, MAA provides continuous supervision of the portfolio as changes in the market conditions and client circumstances may require. Investments and allocations are determined based upon the clients' predefined objectives, risk tolerance, time horizons, financial horizons, financial information, and other suitability factors. Further restrictions and guidelines imposed by clients may affect the composition and performance of a client's portfolio. As such, different clients of our firm may have significant differences in their asset allocation. For these reasons, performance of one client's portfolio might not be identical with another client's even if both clients have similar risk parameters. We review the clients' financial circumstances and investment objectives on a regular basis and make adjustments to the portfolios or allocation models as may be necessary in an effort to achieve the desired results. At all times, our firm requires each Associated Person to uphold their fiduciary duty by providing advice that in our judgement is in the client's best interest.

Clients are advised to promptly notify MAA if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon MAA's management services. Clients may impose reasonable restrictions or mandates on the management of their account (e.g., require that a portion of their assets be invested in socially responsible funds) if, in MAA's sole discretion, the conditions will not materially impact the performance of a portfolio strategy or prove overly burdensome to its management efforts.

Fees and Compensation - Item 5

MAA offers its services on a fee basis, which may include hourly and/or fixed fees, as well as fees based upon assets under management.

Financial Planning Fees

MAA provides basic financial planning services upon request. This service is provided to investment management clients as part of their investment advisory services and does not include any extra fee. For non-investment advisory clients, the firm charges \$250 per hour for financial planning services.

These fees are negotiable, but financial plans generally range from \$1,000 to \$5,000 in fees, depending upon the level and scope of the services and the professional rendering the financial planning and/or the consulting services. If the client engages MAA for additional investment advisory services, MAA may offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services.

Prior to engaging MAA to provide financial planning and/or consulting services, the client is required to enter into a written agreement with MAA setting forth the terms and conditions of the engagement. Generally, MAA requires a deposit on the financial planning fee payable upon entering the written agreement. The balance is generally due upon delivery of the financial plan or completion of the agreed upon services.

Investment Management Fee

MAA provides investment management services for an annual fee based upon a percentage of the market value of the assets being managed. The annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. The firm does not, however, receive any portion of these commissions, fees, and costs. MAA's annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets being managed by MAA on the last day of the previous quarter. The annual fee is based on the fee schedule below:

Equity Accounts

Portfolio Value	Base Fee
Up to \$500,000	1.25%
\$500,001 to \$2,499,999	1.00%
\$2,500,000 to \$4,999,999	0.90%
\$5,000,000 to \$14,999,999	0.70%
Above \$15,000,000	0.50%

MAA, in its sole discretion, may negotiate to charge a lesser 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, pre-existing client, account retention, pro bono activities, etc.). Legacy clients may be billed under fee schedules that are significantly different from the one listed above.

Fees Charged by Financial Institutions

As further discussed in response to Item 12 (below), MAA generally recommends that clients utilize the brokerage and clearing services of Charles Schwab & Co., Inc. ("Schwab").

MAA may only implement its investment management recommendations after the client has arranged for and furnished MAA with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions include, but are not limited to, Schwab, any other broker-dealer recommended by MAA, broker-dealer directed by the client, trust companies, banks etc. (collectively referred to herein as the "Financial Institutions").

Clients may incur certain charges imposed by the Financial Institutions and other third parties such as custodial fees, charges imposed directly by a mutual fund or ETF in the account, which are disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, for assets outside of any wrap fee programs, clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to MAA's fee.

Fee Debit

MAA's Agreement and the separate agreement with any Financial Institutions may authorize MAA to debit the client's account for the amount of MAA's fee and to directly remit that management fee to MAA. Any Financial

Institutions recommended by MAA 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 MAA.

Fees for Management During Partial Quarters of Service

For the initial period of investment management services, the fees are calculated on a pro rata basis.

The Agreement between MAA and the client will continue in effect until terminated by either party pursuant to the terms of the Agreement. MAA's fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate.

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

If assets are deposited into or withdrawn from an account after the inception of a quarter, the fee payable with respect to such assets will be adjusted or prorated based on the number of days remaining in the quarter.

Negotiability of Fees: The fees MAA charges is negotiable based on the amount of assets under management, complexity of client goals and objectives, and level of services rendered. As described above, the fees are charged as described and are not based on a share of capital gains of the funds of an advisory client.

Billing on Cash Positions: The firm treats cash and cash equivalents as an asset class. Accordingly, unless otherwise agreed in writing, all cash and cash equivalent positions (e.g., money market funds, etc.) are included as part of assets under management for purposes of calculating the firm's advisory fee. At any specific point in time, depending upon perceived or anticipated market conditions/events (there being no guarantee that such anticipated market conditions/events will occur), the firm may maintain cash and/or cash equivalent positions for defensive, liquidity, or other purposes. While assets are maintained in cash or cash equivalents, such amounts could miss market advances and, depending upon current yields, at any point in time, the firm's advisory fee could exceed the interest paid by the client's cash or cash equivalent positions.

Periods of Portfolio Inactivity: The firm has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, the firm will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including but not limited to investment performance, fund manager tenure, style drift, account additions/withdrawals, the client's financial circumstances, and changes in the client's investment objectives. Based upon these and other factors, there may be extended periods of time when the firm determines that changes to a client's portfolio are neither necessary nor prudent. Notwithstanding, unless otherwise agreed in writing, the firm's annual investment advisory fee will

continue to apply during these periods, and there can be no assurance that investment decisions made by the firm will be profitable or equal any specific performance level(s).

IRA Rollover Considerations

As a normal extension of financial advice, we provide education or recommendations related to the rollover of an employer-sponsored retirement plan. A plan participant leaving employment has several options. Each choice offers advantages and disadvantages, depending on desired investment options and services, fees and expenses, withdrawal options, required minimum distributions, tax treatment, and the investor's unique financial needs and retirement plans. The complexity of these choices may lead an investor to seek assistance from us.

An Associated Person who recommends an investor roll over plan assets into an Individual Retirement Account ("IRA") may earn an asset-based fee as a result, but no compensation if assets are retained in the plan. Thus, we have an economic incentive to encourage an investor to roll plan assets into an IRA. In most cases, fees and expenses will increase to the investor as a result because the above-described fees will apply to assets rolled over to an IRA and outlined ongoing services will be extended to these assets.

We are fiduciaries under the Investment Advisers Act of 1940 and when we provide investment advice to you regarding your retirement plan account or individual retirement account, we are also fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. We have to act in your best interests and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests.

Performance-Based Fees and Side-By-Side Management - Item 6

MAA does not provide any services for performance-based fees. Performance-based fees are those based on a share of capital gains on or capital appreciation of the assets of a client.

Types of Clients - Item 7

MAA provides its services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities. The firm does not require a minimum account size.

Methods of Analysis, Investment Strategies and Risk of Loss - Item 8

Methods of Analysis

MAA primarily employs fundamental, technical and cyclical methods of investment analysis.

Fundamental analysis involves the fundamental financial condition and competitive position of a company. MAA will analyze the financial condition, capabilities of management, earnings, new products and services, as well as the company's markets and position amongst its competitors in order to determine the recommendations made to clients. The primary risk in using fundamental analysis is that while the overall health and position of a company may be good, market conditions may negatively impact the security.

Technical analysis involves the analysis of past market data rather than specific company data in determining the recommendations made to clients. Technical analysis may involve the use of charts to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. The primary risk in using technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that MAA will be able to accurately predict such a reoccurrence.

Cyclical analysis is similar to technical analysis in that it involves the analysis of market conditions at a macro (entire market/economy) or micro (company specific) level, rather than the overall fundamental analysis of the health of the particular company that MAA is recommending. The risks with cyclical analysis are similar to those of technical analysis.

Investment Strategies

MAA employs a disciplined, value-oriented approach to align the interests of clients with those investments that are recommended. To achieve this objective, the firm strives to seek superior long term, tax-efficient growth (where applicable) of principal by purchasing securities that MAA believes meets certain qualitative and quantitative criteria:

- Good management partners who have significant ownership in the company, are capable operators, responsible capital allocators, trustworthy, and shareholder-oriented
- Attractive businesses that are understandable, financially sound, competitively entrenched, and have a history of generating growing, free cash flow
- Price that MAA believes is substantially below its long term intrinsic value.

The firm typically divests holdings when: 1) the price of a holding substantially exceeds MAA's estimate of intrinsic value; or 2) a negative change in a company's long-term fundamentals is perceived; or 3) an alternative investment is substantially more compelling as determined by relevant criteria.

Risks of Loss

General Risk of Loss: Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

There can be no assurance that a specific investment will achieve its investment objectives and past performance should not be seen as a guide to future returns. The value of investments and the income derived may fall as well as rise and investors may not recoup the original amount invested. Investments may also be affected by any changes in exchange control regulation, tax laws, withholding taxes, international, political and economic developments, and governmental economic or monetary policies.

All investments come with the risk of losing money. Investing involves substantial risks, including complete possible loss of principal plus other losses and may not be suitable for many members of the public. Investments, unlike savings and checking accounts at a bank, are not insured by the government to protect against market losses. Different market instruments carry different types and degrees of risk and you should familiarize yourself with the risks involved in the particular market instruments in which you intend to invest.

The profitability of a significant portion of MAA'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 MAA will be able to predict those price movements accurately.

Concentrated Position Risk

Certain Associated Persons may recommend that clients concentrate account assets in an industry or economic sector. In addition to the potential concentration of accounts in one or more sectors, certain accounts may, or may be advised to, hold concentrated positions in specific securities. Therefore, at times, an account may, or may be advised to, hold a relatively small number of securities positions, each representing a relatively large portion of assets in the account. As a result, these accounts will be subject to greater volatility than a more sector diversified portfolio. Investments in issuers within an industry or economic sector that experiences adverse economic, business, political conditions or other concerns will impact the value of such a portfolio more than if the portfolio's investments were not so concentrated. A change in the value of a single investment within the portfolio will affect the overall value of the portfolio and will cause greater losses than it would in a portfolio that holds more diversified investments.

Preferred Securities Risk

Preferred Securities have similar characteristics to bonds in that preferred securities are designed to make fixed payments based on a percentage of their par value and are senior to common stock. Like bonds, the market value of preferred securities is sensitive to changes in interest rates as well as changes in issuer credit quality. Preferred securities, however, are junior to bonds with regard to the distribution of corporate earnings and liquidation in the event of bankruptcy. Preferred securities that are in the form of preferred stock also differ from bonds in that dividends on preferred stock must be declared by the issuer's board of directors, whereas interest payments on bonds generally do not require action by the issuer's board of directors, and bondholders generally have protections that preferred stockholders do not have, such as indentures that are designed to guarantee payments – subject to the credit quality of the issuer – with terms and conditions for the benefit of bondholders. In contrast preferred stocks generally pay dividends, not interest payments, which can be deferred or stopped in the event of credit stress without triggering bankruptcy or default. Another difference is that preferred dividends are paid from the issuer's after-tax profits, while bond interest is paid before taxes.

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 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.

Inverse Funds

Inverse mutual funds and ETFs, which are sometimes referred to as "short" funds, seek to provide the opposite of the single-day performance of the index or benchmark they track. Inverse funds are often marketed as a way to profit from, or hedge exposure to, downward moving markets. Some inverse funds also use leverage, such that they seek to achieve a return that is a multiple of the opposite performance of the underlying index or benchmark (i.e., -200%, -300%). In addition to leverage, these funds may also use derivative instruments to accomplish their objectives. As such, inverse funds are highly volatile and provide the potential for significant losses.

Management Risk

Your investment with our firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.

Interest Rate Risk

Fixed income securities and funds that invest in bonds and other fixed income securities may fall in value if interest rates change. Generally, the prices of debt securities rise when interest rates fall, and their prices fall when interest rates rise. Longer-term debt securities are usually more sensitive to interest rate changes.

Credit Risk

Investments in bonds and other fixed income securities are subject to the risk that the issuer(s) may not make required interest payments. An issuer suffering an adverse change in its financial condition could lower the credit quality of a security, leading to greater price volatility of the security. A lowering of the credit rating of a security

may also offset the security's liquidity, making it more difficult to sell. Funds investing in lower quality debt securities are more susceptible to these problems and their value may be more volatile.

Foreign Exchange Risk

Foreign investments may be affected favorably or unfavorably by exchange control regulations or changes in the exchange rates. Changes in currency exchange rates may influence the share value, the dividends or interest earned and the gains and losses realized. Exchange rates between currencies are determined by supply and demand in the currency exchange markets, the international balance of payments, governmental intervention, speculation, and other economic and political conditions. If the currency in which a security is denominated appreciates against the US Dollar, the value of the security will increase. Conversely, a decline in the exchange rate of the currency would adversely affect the value of the security.

Equity (stock) Market Risk

Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.

Specific Company Risk

When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and 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. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.

Fixed Income Risk

When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.

Municipal Securities Risk

The value of municipal obligations can fluctuate over time. Value may be affected by adverse political, legislative and tax changes. Financial developments affecting the municipal issuers affect the value as well. Because many municipal obligations are issued to finance similar projects by municipalities (e.g., housing, healthcare, water and sewer projects, etc.), conditions in the sector related to the project can affect the overall municipal market. Payment of municipal obligations may depend on an issuer's general unrestricted revenues, revenue generated by a specific project, the operator of the project, or government appropriation or aid. There is a greater risk if investors can look only to the revenue generated by the project. In addition, municipal bonds generally are traded in the "over-the-counter" market among dealers and other large institutional investors. From time to time, liquidity in the municipal bond market (the ability to buy and sell bonds readily) may be reduced in response to overall economic conditions and credit tightening.

Cybersecurity Risks

Our firm and our service providers are subject to risks associated with a breach in cybersecurity. Cybersecurity is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from cyber-attacks and hacking by other computer users, and to avoid the resulting damage and disruption of hardware and software systems, loss or corruption of data, and/or misappropriation of confidential information. In general, cyber-attacks are deliberate, however, unintentional events may have similar effects. Cyber-attacks may cause losses to Clients by interfering with the processing of transactions, affecting the ability to calculate net asset value or impeding or sabotaging trading. Clients may also incur substantial costs as the result of a cybersecurity breach, including those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, litigation, and the dissemination of confidential and proprietary information. Any such breach could expose our firm to civil liability as well as regulatory inquiry and/or action. In addition, Clients could be exposed to additional losses as a result of unauthorized use of their personal information. While our firm has established business continuity plans, incident response plans and systems designed to prevent cyber-attacks, there are inherent limitations in such plans and systems, including the possibility that certain risks have not been identified. Similar types of cyber security risks also are present for issuers of securities in which we invest, which could result in material adverse consequences for such issuers and may cause a Client's investment in such securities to lose value.

Pandemic Risk

In December 2019, a new strain of coronavirus (also known as, and hereinafter referred to as "COVID-19") originated in Wuhan, China, and quickly spread to infect many people in the city and surrounding area. In some cases, COVID-19 causes severe illness and even death. Since its discovery, COVID-19 has spread throughout China and to several other countries, significantly impacting their economies. Various measures are being taken by countries, including the United States, both on a macro country-wide level and a local level, to combat the virus and its spread. Some of these measures include quarantines, travel bans, bans on public events, bans on large public gatherings, closures of public venues (e.g., restaurants, concert halls, museums, theaters, schools and stadiums) or shelter-in-place orders. The World Health Organization publicly characterized COVID-19 as a pandemic. The President of the United States declared the COVID-19 outbreak a national emergency. The Center for Disease Control has stated a risk exists of a pandemic in the United States. In such a situation, the effect on the economy and on the public will likely be severe. There are no comparable recent events in the United States which may provide guidance as to the effect of the spread of COVID-19 and a potential pandemic on the business, financial condition and results of operations of a client's investments. Therefore, there is considerable uncertainty of COVID-19's potential effect, which could have a material adverse effect on the clients and on the business, financial condition and results of operations of the firm.

Recommendation of Other Advisers

In the event we recommend a third-party investment adviser to manage all or a portion of your assets, we will advise you on how to allocate your assets among various classes of securities or third-party investment managers, programs, or managed model portfolios. As such, we will primarily rely on investment model portfolios and strategies developed by the third-party investment advisers and their portfolio managers. If there is a significant deviation in characteristics or performance from the stated strategy and/or benchmark, we may recommend changing models or replacing a third-party investment adviser. The primary risks associated with investing with a third party is that while a particular third party may have demonstrated a certain level of success in the past; it may not be able to replicate that success in future markets. In addition, as we do not control the underlying

investments in third party model portfolios, there is also a risk that a third party may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. To mitigate this risk, we seek third parties with proven track records that have demonstrated a consistent level of performance and success over time. A third party's past performance is not a guarantee of future results and certain market and economic risks exist that may adversely affect an account's performance that could result in capital losses in your account. Please refer to the third-party investment adviser's advisory agreements, Form ADV Brochure, and associated disclosure documents for details on their specific investment strategies, methods of analysis, and associated risks.

Disciplinary Information - Item 9

MAA is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. MAA does not have any required disclosures to this Item.

Other Financial Industry Activities or Affiliations - Item 10

The firm is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons. Our firm and our related persons conduct financial industry relationships on an independent and unaffiliated basis. This practice minimizes any material advisory business conflicts of interest with Clients.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading - Item 11

MAA and persons associated with MAA ("Associated Persons") are permitted to buy or sell securities that it also recommends to clients consistent with MAA's policies and procedures.

MAA has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws ("Code of Ethics"). In accordance with Section 204A of the Investment Advisers Act of 1940 (the "Advisers Act"), its Code of Ethics contains written policies reasonably designed to prevent the unlawful use of material non-public information by MAA or any of its associated persons. The Code of Ethics also requires that certain of MAA's personnel (called "Access Persons") report their personal securities holdings and transactions and obtain preapproval of certain investments such as initial public offerings and limited offerings.

Unless specifically permitted in MAA's Code of Ethics, none of MAA's Access Persons may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the Access Person) any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of MAA's clients.

When MAA is purchasing or considering for purchase any security on behalf of a client, no Access Person may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when MAA is selling or considering the sale of any security on behalf of a client, no Access Person may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security. These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

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

Brokerage Practices - Item 12

As discussed above, in Item 5, MAA generally recommends that clients utilize the brokerage and clearing services of Schwab.

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

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

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

The client may direct MAA in writing to use a particular *Financial Institution* to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that *Financial Institution*, and MAA will not seek better execution services or prices from other *Financial Institutions* or be able to "batch" client transactions for execution through other *Financial Institutions* with orders for other accounts managed by MAA (as described below). As a result, 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. Subject to its duty of best execution, MAA may decline a client's request to direct

brokerage if, in MAA's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Transactions for each client generally will be effected independently, unless MAA decides to purchase or sell the same securities for several clients at approximately the same time. MAA may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among MAA's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among MAA's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that MAA determines to aggregate client orders for the purchase or sale of securities, including securities in which MAA's Supervised Persons may invest, MAA generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. MAA does not receive any additional compensation or remuneration as a result of the aggregation. In the event that MAA determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, MAA may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

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 MAA in its investment decision-making process. Such research generally will be used to service all of MAA's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because MAA does not have to produce or pay for the products or services.

Software and Support Provided by Financial Institutions

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

Additionally, MAA may receive the following benefits from *Schwab* through its Schwab Institutional division: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services the Schwab Institutional participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

Review of Accounts - Item 13

For those clients to whom MAA provides investment management services, MAA monitors those portfolios as part of an ongoing process while regular account reviews are conducted at least semiannually.

For those clients to whom MAA provides Financial planning services, reviews are conducted on an "as requested" basis. Such reviews are conducted by one of MAA's investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with MAA and to keep MAA informed of any changes thereto. MAA contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. Clients with whom the firm meets for an annual review will also receive a performance report detailing the client's individual portfolio performance over the previous year and since inception of the account. Clients should compare the account statements they receive from their custodian with those they receive from MAA.

Those clients to whom MAA provides financial planning and/or consulting services will receive reports from MAA summarizing its analysis and conclusions as requested by the client or otherwise agreed to in writing by MAA.

Client Referrals and Other Compensation - Item 14

MAA 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, MAA is required to disclose any direct or indirect compensation that it provides for client referrals. MAA does not have any required disclosures to this Item.

Custody - Item 15

MAA's *Agreement* and/or the separate agreement with any *Financial Institution* may authorize MAA through such *Financial Institution* to debit the client's account for the amount of MAA's fee and to directly remit that management fee to MAA in accordance with applicable custody rules.

The Financial Institutions recommended by MAA 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 MAA. In addition, as discussed in Item 13, MAA also provides an annual supplemental report to clients at an annual meeting. Clients should carefully review the statements sent directly by the Financial Institutions and compare them to those received from MAA.

Investment Discretion - Item 16

MAA is generally given the authority to exercise discretion on behalf of clients. MAA is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. MAA is given this authority through a power-of-attorney included in the agreement between MAA and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). MAA 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.

Voting Client Securities - Item 17

MAA does not vote proxies. It is the client's responsibility to vote proxies. Clients will receive proxy materials directly from the custodian. Questions about proxies may be made via the contact information on the cover page.

Financial Information - Item 18

MAA does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance. In addition, MAA is required to disclose any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. MAA has no disclosures pursuant to this Item.

Requirements of State-Registered Advisers - Item 19

This section is not applicable because our firm is SEC registered.