

## Moloney Securities Asset Management, LLC

### Client Brochure

*This Brochure provides information about the qualifications and business practices of Moloney Securities Asset Management LLC. If you have any questions about the contents of this Brochure, please contact us at 314-909-0600 and/or [jroseman@msam.net](mailto:jroseman@msam.net). 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.*

*Moloney Securities Asset Management LLC is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.*

*Additional information about Moloney Securities Asset Management LLC is also available on the SEC's Web site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

*The firm's CRD number is: 282448*

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**March 21, 2023**

## Item 2: Material Changes

On an annual basis, this item will be used to provide clients with a summary of all material changes made to the Brochure since the last annual update. Moloney Securities Asset Management LLC (“MSAM” or “Firm”) will ensure that clients receive a summary of any material changes to this and subsequent Brochures within 120 days of its business’ fiscal year-end.

Upon request, MSAM will provide clients with a new Brochure, at any time, without charge. MSAM has added the following material disclosures:

MSAM clients are charged a fee of \$20 for Overnight Checks for accounts held at RBC. Moloney Securities Co., Inc., MSAM’s affiliate broker-dealer, receives a portion of the Overnight Check Fee. The receipt of a portion of the Overnight Check Fee presents a conflict of interest for MSAM and Moloney Securities Co., Inc.

MSAM has modified the following disclosure:

MSAM will direct all securities purchase and sale orders for the account to a Custodian, who shall execute trades as broker/dealer, perform the clearance of the same and provide custodial account services to Client. In some cases, MSAM’s affiliate broker/dealer acts as an introducing broker/dealer to the custodian and receives revenue from the custodian based on its broker/dealer relationship with the custodian. These revenues that MSAM’s affiliate broker/dealer, Moloney Securities, receives are commonly referred to as revenue sharing. They do not change the overall fee to the Client as disclosed in each respective product prospectus, custodian program disclosure or lending program disclosure, but part of the revenue the custodian receives is shared with the introducing broker/dealer affiliate. These revenue sharing items are referred to as rebates or credits.

For mutual fund assets held at certain Custodians, respective Custodian receives Networking & Omnibus revenue from mutual fund companies. Certain custodians will pay Moloney Securities up to 25% of any Networking and Omnibus Revenue paid to it on Mutual Fund assets held at the Custodian.

For MSAM accounts participating in Advisory Programs of certain Custodians, Custodian rebates to Moloney Securities a portion of the custody fees collected from such accounts. Certain Custodians will rebate Moloney Securities up to 5% of the custody fees collected from MSAM accounts participating in the Custodian’s Advisory Program.

For Accounts with assets held in certain Custodian’s Bank Deposit Program (BDP), Custodian credits MSAM affiliate broker/dealer, Moloney Securities, a percentage of their fees on all assets held in such program. Moloney Securities receives 75% of the Net Bank Deposit Spread each month, with a minimum credit of 12 basis points and a maximum credit of 75 basis points annualized, if there is a sufficient spread. The Net Bank Deposit Program Spread is calculated as the difference between the Custodian Program Insured Deposits Base Rate and the amounts paid to end clients. The Base Rate is a combination of the 30-day SOFR, 90-day SOFR and the effective Fed Funds rate less Custodian and program expenses. The current Base Rate is 2.55% for accounts less than \$1MM in cash balances and 3.35% for accounts with over \$1MM in cash balances (effective January 24, 2023.) The Base Rate is subject to change due to fluctuations in interest rates. Amounts paid to customers are subject to change and published on custodian’s publicly accessible website.

For accounts with assets in certain Custodian’s Money Market Program, Custodian credits Moloney Securities a percentage of their fees on all assets held in such program. Depending on the money market fund, Moloney Securities receives between 8 and 55 basis points less 50% of the fees waived by the fund. If the fund waives 50 basis points or more, no amounts will be paid to Moloney Securities. Further money market fund details are provided in custodian’s money market fund prospectus.

For Accounts with assets held in certain Custodian’s Credit Interest Program, where a customer borrows using securities as collateral, Custodian credits Moloney Securities a percentage of their fees on all amounts loaned to customers collateralized with assets held in such program. The custodian uses a LIBOR based lending rate up to LIBOR +175 bps, based on the loan amount above \$500,000, or a negotiated rate if below \$500,000. Custodian rebates Moloney Securities up to 25 basis points plus any Moloney Securities mark-ups on non-negotiated lines of credit.

The revenue sharing items paid to the MSAM affiliate broker/dealer, Moloney Securities, present a conflict of interest for your adviser, MSAM, and Moloney Securities. While MSAM and its advisers endeavor at all times to put the interest of the client first as part of our fiduciary duty, clients should be aware that the receipt of additional compensation by it or its affiliates creates a conflict of interest. To mitigate this conflict, MSAM seeks to transparently disclose all conflicts of interest and takes care to ensure that the individuals making recommendations, specifically your adviser, does not receive or financially benefit from the credits and/or rebates received by it or its affiliates.

Currently, MSAM's Brochure may be requested by contacting Jeff Roseman, CCO, by phone at 314-909-0600 or via email at [jroseman@msam.net](mailto:jroseman@msam.net).

Additional information about MSAM is also available via the SEC's Web site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's Web site also provides information about any persons affiliated with MSAM who are registered, or are required to be registered, as investment adviser representatives.

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\* The SEC requires all investment advisers to organize their disclosure documents according to specific categories listed above, some of which may not pertain to MSAM's business. When a required category is not relevant to our business, we list the category and state that it does not apply.

## Item 4: Advisory Business

### A. Firm Description

Moloney Securities Asset Management LLC, ("MSAM") is a federally registered investment adviser with the Securities and Exchange Commission ("SEC") pursuant to the Investment Advisers Act of 1940. MSAM was organized as a limited liability company in 2015, with its principal place of business located in Manchester, MO. MSAM is a successor investment adviser to its affiliate, Moloney Securities Co., Inc., (Moloney Securities). Prior to the effectiveness of MSAM's successor application, MSAM conducted its investment advisory activities as a d/b/a of Moloney Securities, which was dually registered as a broker-dealer and investment adviser from 1995 to the effective date of MSAM's registration as a registered investment adviser. MSAM is owned 100% by Briar Green Holdings, Inc., a privately held company.

MSAM, the registered investment adviser, has relationships with independent Investment Advisors. The firm's clients receive personalized investment advice from these Investment Advisors. These Investment Advisors may do business under their own corporate entity, such as: St. Croix Capital Management, Warren Financial Services, Arlington Financial Services, Heritage Investment Management, LLP, Advanced Financial Solutions, LLC, Artisan Asset Management, LLC, Asset Alliance Financial Wealth Management and Planning, Bridges Financial, Inc., Christianson Financial Advisors, LLC, Grand Glaize Wealth Management, Investment Center, Investment Center of Estes Park, Inc., JCL Capital Management, LLC, Kekeris Financial Group, Littlewood Financial Services, LLC, Minnesota Valley Investments, Royal Route Company, LLC, Salish Wealth Management, Sentinel Wealth Management, St. Louis Asset Management, Sugar Creek Advisory Group, Synergistic Financial Center, Team Duncan, Vance Capital Management, LLC, Planned Investment Co., Inc., NMG Financial Services, Lilleberg Financial Group, CP Wealth, Russell Wealth Group, Netstreet, Nye Investment Planners, Inc. and others, but all advisory services are offered through MSAM.

Investment advisory services are provided to clients for a fee under an investment advisory agreement.

MSAM does not act as a custodian of client assets other than those situations that are disclosed in MSAM's Form ADV. When your Financial Advisor manages your investment, in most instances, RBC Correspondent Services or Charles Schwab & Co., Inc. will maintain custody of the investment assets in your investment advisory account.

As of December 31, 2022, MSAM manages approximately \$1,016,723,850 in assets under management of which \$926,670,438 was in discretionary accounts and \$90,053,412 was in non-discretionary accounts.

The primary affiliation of MSAM, through a holding company is with Moloney Securities, a registered broker/dealer, member FINRA/SIPC, through various licenses and registrations.

### B. Types of Advisory Services

MSAM provides custom investment planning, wealth management services and pension consulting for individuals, companies, retirement assets and investment adviser representatives. MSAM makes these programs available to clients directly and through third party investment adviser firms (Independent Investment Advisors). These Investment Advisors may do business under their own corporate entity, such as: St. Croix Capital Management, Warren Financial Services, Arlington Financial Services, Heritage Investment Management, LLP, Advanced Financial Solutions, LLC, Artisan Asset Management, LLC, Asset Alliance Financial Wealth Management and Planning, Bridges Financial, Inc., Christianson Financial Advisors, LLC, Grand Glaize Wealth Management, Investment Center, Investment Center of Estes Park, Inc., JCL Capital Management, LLC, Kekeris Financial Group, Littlewood Financial Services, LLC, Minnesota Valley Investments, Royal Route Company, LLC, Salish Wealth Management, Sentinel Wealth Management, St. Louis Asset Management, Sugar Creek Advisory Group, Synergistic Financial Center, Team Duncan, Vance Capital Management, LLC, Planned Investment Co., Inc., NMG Financial Services, Lilleberg Financial Group, CP Wealth, Russell Wealth Group, Netstreet, Nye Investment Planners, Inc., and others, but all advisory services are offered through MSAM.

The following is a description of MSAM's investment advisory services:

MSAM investment philosophy focuses on utilizing experienced investment management talent to create custom portfolios.

MSAM believes in a holistic wealth management approach that means connecting investment strategies to client's desired life goals. MSAM or their partners incorporate a client's unique risk tolerance, asset allocation and investment preferences along with life goals, values and ongoing adjustments.

MSAM combines the internal expertise with external resources to build a set of investment solutions. MSAM manages client accounts on a discretionary or non-discretionary basis. MSAM obtains all the necessary information about the client as to the client's assets and liabilities, investment objectives, financial objectives and other pertinent information.

In addition, MSAM offers the following strategies/composites:

### **MSAM Growth**

The composite seeks long term growth of capital. The investment process is focused on identifying investment value through actively targeting factors such as: size, cash flow, payout to shareholders, return on invested capital and other company attributes where the expectation of increased value can be realized. Portfolio construction methods are used to manage risk and maintain a consistent ongoing portfolio profile.

### **MSAM Opportunistic**

The Opportunistic Strategy seeks to purchase growth-oriented companies that may be underappreciated or undervalued across the entire investment spectrum. We use both quantitative and qualitative analysis to determine our "Central Value" of each company under consideration and seek to buy at or below this number. Our investable universe is focused on, but not limited to, companies with the following characteristics: Strong Balance Sheet, Recurring Revenue, High Barriers to Entry, Novel or Disruptive Products or Technologies and large R&D spending.

### **MSAM Balanced/Conservative Growth**

The composite seeks long term growth, income, and capital conservation, in combination. It utilizes both active and passive investment vehicles to create a balanced portfolio profile. Equities, whether individual stocks or index ETF's, purchased primarily for growth, normally make up around 60% of the portfolio and securities purchased for income make up the remainder. Portfolio construction methods are used to manage risk and maintain a consistent ongoing portfolio profile.

MSAM also has longstanding relationships with partners like RBC Correspondent Services, a division of RBC Capital Markets, LLC, member NYSE/FINRA/SIPC, to provide additional tools such as international tax planning, professional trust services and alternative investment management services. MSAM does not act as custodian to accounts.

## **C. Client Tailored Services and Client Imposed Restrictions**

The goals and objectives for each client are documented in the client's investment advisory agreement and maintained in the firm's recordkeeping system. Any restrictions placed on the account by the client will necessarily be a part of the client's discretionary and non-discretionary investment advisory agreement.

## **D. Wrap Fee Program**

MSAM acts as portfolio manager for and sponsor of a wrap fee program, which is an investment program where the client pays one stated fee that includes management fees, transaction costs, and other administrative fees. This brochure describes MSAM's wrap fee advisory service which is referred to as the MSAM Investment Management Program. Fees paid under this program will be given to MSAM as a management fee. Please also see Item 5 and Item 12 of this brochure.

The benefits under a wrap fee program depend, in part, upon the size of the account, the costs associated with managing the account, and the frequency or type of securities transactions executed in the account. For example, a wrap fee program may not be suitable for all accounts, including but not limited to accounts holding primarily, and for any substantial period of time, cash or cash equivalent investments, fixed income securities or no- transaction-fee mutual funds, or any other type of security that can be traded without commissions or other transaction fees. In order to evaluate whether a wrap fee arrangement is appropriate for you, you should compare the agreed-upon MSAM Investment Management Program Fee with the amounts that would be charged by other advisors, broker-dealers, and custodians, for advisory fees, brokerage and execution costs, and custodial services comparable to those provided under the MSAM Investment Management Program.

## **E. Pension Consulting Services**

MSAM offers ongoing consulting services to pension or other employee benefit plans (including but not limited to 401(k) plans) based on the demographics, goals, objectives, time horizon, and/or risk tolerance of the plan's participants.

Pension consulting services may involve the direct investment management of one or more 401(k) participant accounts, provide the selection and monitoring process for the various mutual funds offered to plan participants, develop and maintain an Investment Policy Statement for the plan, and/or provide group and individual employee education on investment options, asset allocation, and retirement planning.

## **F. Amounts of Assets under Management**

As of December 31, 2022, MSAM manages approximately \$1,016,723,850 in assets under management of which \$926,670,438 was in discretionary accounts and \$90,053,412 was in non-discretionary accounts.

# **Item 5: Fees, Compensation and Termination of Services**

## **A. Description of Compensation and Basic Fee Schedule**

Fees are negotiable. The specific manner in which fees are charged by MSAM is established in the client's written advisory agreement with MSAM. MSAM calculates its fees on a percentage of assets under management. The investment fee covers services to the client by MSAM including management of the account, periodic reviews and quarterly reporting.

Fees are deducted from the account quarterly. The advisory fee will be based on the Net Asset Value of the securities under management in the account. Typically, the advisory fee is based on the net equity value of the client's account at the end of each calendar quarter, per the investment management agreement with the client, calculated to be at or below these maximums:

Under \$1,000,000	2.0%
\$1,000,000 to \$2,000,000	1.75%
\$2,000,000 and over	1.50%

## **B. Payment of Fees**

Unless otherwise specified in the client's advisory agreement, the advisory fee is automatically deducted from the account quarterly, in arrears. At the sole discretion of MSAM, the client may be allowed to pay the advisory fee from an alternate account. Client may also agree to another specification, such as prepayment of fees as agreed to at MSAM's discretion and set forth in client's advisory agreement. In the event of account either opening or closing during a billing cycle, the client is billed a prorated fee in accordance with the period the account was managed during the quarter.

### C. Other Fees

MSAM will direct all securities purchase and sale orders for the account to a Custodian, who shall execute trades as broker/dealer, perform the clearance of the same and provide custodial account services to Client. In some cases, MSAM's affiliate broker/dealer acts as an introducing broker/dealer to the custodian and receives revenue from the custodian based on its broker/dealer relationship with the custodian. These revenues that MSAM's affiliate broker/dealer, Moloney Securities, receives are commonly referred to as revenue sharing. They do not change the overall fee to the Client as disclosed in each respective product prospectus, custodian program disclosure or lending program disclosure, but part of the revenue the custodian receives is shared with the introducing broker/dealer affiliate. These revenue sharing items are referred to as rebates or credits.

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The revenue sharing items paid to the MSAM affiliate broker/dealer, Moloney Securities, present a conflict of interest for your adviser, MSAM, and Moloney Securities. While MSAM and its advisers endeavor at all times to put the interest of the client first as part of our fiduciary duty, clients should be aware that the receipt of additional compensation by it or its affiliates creates a conflict of interest. To mitigate this conflict, MSAM seeks to transparently disclose all conflicts of interest and takes care to ensure that the individuals making recommendations, specifically your adviser, does not receive or financially benefit from the credits and/or rebates received by it or its affiliates.



MSAM uses the brokerage services of Moloney Securities and/or another broker/dealer. This means that MSAM may not be able to select such broker/dealer based on best execution or to commingle or to “batch” orders for purposes of execution with orders for the same securities for other accounts managed by MSAM (other than for other accounts also cleared through Custodian). By MSAM using Moloney Securities and/or another broker/dealer to execute transactions for the account, certain transactions may result in less favorable net prices on the purchase and sale of securities than might occur if MSAM selected other broker/dealers based on best execution.

When directed by the client to hold any assets in the custody of anyone other than a designated clearing operation of MSAM, there may be an additional annual charge.

To the extent permitted by applicable law, MSAM, in transactions involving the client’s securities, may act as principal while also representing the client on the other side of the transaction. When MSAM acts as principal in a principal transaction, MSAM may benefit from such transaction by receiving compensation arising out of such transaction in addition to the advisory fee.

If the client is investing in mutual funds, a mutual fund investment company typically charges management fees on the client’s account in these securities. Clients will pay their proportionate share of the mutual fund’s investment management fees, administrative fees and applicable sales charges in accordance with that investment company.

Clients who participate in MSAM’s Investment Management Program, which is described in this Brochure, will not have to pay for transaction or trading fees such as clearing, postage, and handling fees. However, clients are still responsible for all other Custodial/account fees, such as annual IRA fees to the custodian or mutual fund fees.

In some instances, MSAM’s Independent Investment Advisors structure their business so that they absorb the costs that are associated with trading on a transaction by transaction basis. Under these circumstances, the Independent Investment Adviser has an incentive to limit trading activities in these accounts. To address this conflict, MSAM and its Independent Investment Advisors will always act in the best interest of their clients consistent with their fiduciary duty as an investment adviser.

In some cases, Moloney Securities may act as an underwriter for a securities offering. In the event a Financial Advisor elects to help you participate in an offering or placement in which Moloney Securities is acting as the underwriter, the Financial Advisor will provide, in advance and in addition to whatever pertinent offering or placement documentation is required, a disclosure document for your approval and signature. This document will outline the potential conflict(s), if any, since MSAM is acting on behalf of both you and a securities issuer, including any compensation by the issuer. It will additionally document that any items of potential conflict have been addressed.

In some instances where MSAM or Moloney Securities is acting as a placement agent, Moloney Securities, MSAM’s affiliate, receives payments from investment product partners in the form of re-allowance fees. The amount of compensation we receive from investment product sponsors varies from product to product and is described in the investment’s disclosure documents, such as the prospectus, offering document or investment contract. MSAM wants you to understand that Moloney Securities receipt of re-allowance fees creates a conflict of interest in the form of an additional financial incentive and financial benefit. To mitigate this conflict, MSAM seeks to transparently disclose all conflicts of interest and takes care to ensure that the individuals making recommendations, specifically your adviser, does not receive or financially benefit from the re-allowance fees received by it or its affiliates.

On occasion, a Financial Advisor may recommend the use of options as a part of the client’s trading strategy. Should this strategy be employed, the client will incur higher fees than an account not employing this strategy. (For example, the client will be charged not only the flat fee described above, but additional option transaction execution fees based upon number of contracts bought or sold.)

If you chose to purchase Securities on margin, you will be required to acknowledge a Margin Agreement for the Account. Buying on margin refers to the practice of buying an asset where you pay only a percentage of the asset's value and borrow the rest from a lender. In this instance, your account's Custodian acts as a lender and the funds in your securities account are used as collateral on the loan's balance. Moloney Securities and the Custodian typically receive compensation from such pledge/loan activities. This compensation derives from the interest that is charged on the amount borrowed.

The rate charged fluctuates and is based on the amount borrowed. This compensation presents a conflict of interest for your adviser, MSAM, and Moloney Securities. It is important that you fully understand the risks involved in trading securities on margin. Please carefully review all such risks and details regarding interest charged on the amounts borrowed which are set forth in the Margin Agreement for your Account.

Client accounts participating in this program, the MSAM Investment Management Program, are responsible for the payment of all third-party fees (i.e., custodian fees, mutual fund fees, etc.). Those fees are separate and distinct from the fees charged by MSAM. Please see Item 12 of this brochure regarding broker/custodian.

The fees and costs not included in the wrap fee that you will pay include markups and markdowns, bid-ask spreads, and selling concessions in connection with transactions Schwab executes as principal. Principal transactions contrast with transactions in which Schwab acts as your agent in effecting trades. Markups and markdowns and bid-ask spreads are not separate fees but are reflected in the net price at which a trade order is executed.

MSAM clients are charged a fee of \$20 for Overnight Checks for accounts held at RBC. Moloney Securities Co., Inc., MSAM's affiliate broker-dealer receives a portion of the Overnight Check Fee. The receipt of a portion of the Overnight Check Fee presents a conflict of interest for MSAM and Moloney Securities Co., Inc.

Additionally, the fees and costs not included in the wrap fee that you will pay include costs imposed by third parties, such as transfer taxes, odd-lot differentials, certificate delivery fees, reorganization fees, and any other fees required by law. The Custodian may also charge for additional services such as wire transfer fees and fees for alternative investments.

#### **D. Prepayment of Fees**

Unless otherwise specified in the client's advisory agreement, the advisory fee is automatically deducted from the account quarterly, in arrears. At the sole discretion of MSAM, the client may be allowed to pay the advisory fee from an alternate account. Client may also agree to another specification, such as prepayment of fees as agreed to at MSAM's discretion and set forth in client's advisory agreement. In the event of account either opening or closing during a billing cycle, the client is billed a prorated fee in accordance with the period of time the account was managed during the quarter.

#### **E. Comparing Costs and Expenses**

Clients can choose to forgo the advisory services of MSAM and buy and sell securities through Moloney Securities as a broker-dealer or through other brokers or agents not affiliated with MSAM. If you purchased these investments through Moloney Securities as broker-dealer, you would pay sales charges or commissions, a portion of which would be paid to your Financial Advisor. A Financial Advisor will typically earn more in upfront fees and commissions when you use brokerage services. In the alternative, a Financial Advisor will typically earn more over time if you use MSAM services. This creates a financial incentive and potential conflict of interest to the Financial Advisor when recommending advisory services instead of brokerage services. In addition to the advisory fee described above, clients may incur other fees and expenses, including, but not limited to fees for account services such as account transfer fees, annual account fees, transfer on death fees and account termination fees.

## F. Pension Consulting Service Fees

MSAM offers ongoing consulting services to pension or other employee benefit plans (including but not limited to 401(k) plans).

Total Plan Assets	Annual Fee (% of plan value)
Under \$1,000,000	0.90%
\$1,000,001 - \$2,000,000	0.70%
\$2,000,001 - \$3,000,000	0.60%
\$3,000,001 - \$4,000,000	0.50%
\$4,000,001 - \$5,000,000	0.40%
Over \$5,000,000	Negotiable

These fees are negotiable depending upon the needs of the client and complexity of the situation.

## G. Payment of Pension Consulting Services Fees

Pension Consulting Fees are withdrawn directly from the client's accounts with client's written authorization or may be invoiced and billed directly to the client and clients may select the method in which they are billed.

### Item 6: Performance-Based Fees and Side-by-Side Management

Fees are not based on a share of the capital gains or capital appreciation of managed securities. MSAM does not have investment advisory agreements with performance-based fees.

### Item 7: Types of Clients

MSAM generally provides advisory services to individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, corporations and/or business entities.

Client relationships vary in scope and length of service.

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

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

Security analysis methods may include charting, fundamental analysis, technical analysis, and cyclical analysis.

The main sources of information include financial media, inspections of corporate activities, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases. Further research and due diligence practices are implemented by the Investment Advisor consistent with his or her investment process and implementation of your agreed upon investment strategy.

The investment strategy for a specific client is based upon the objectives stated by the client during consultations and in the written advisory agreement. The client may change these objectives at any time by providing notice of such change to MSAM. Each Investment Advisor utilizes his or her own investment strategy which may or may not be consistent with MSAM's other Investment advisors.

Strategies may include long-term purchases, short-term purchases, trading, short sales, margin transactions, and option writing (including covered options, uncovered options or spreading strategies). Certain clients with applicable investment objectives and risk tolerances may include strategies such as reverse convertible notes, leveraged ETF's, index-linked CDs and other structured products.

### **B. Material Risks**

All investment programs have certain risks borne by the investor. These risks include, among other things; loss of principal, a reduction in earnings (including interest, dividends and other distributions), and the loss of future earnings, occurring from market risk, interest rate risk, issuer risk, and general economic risk. Although we manage the assets in a manner consistent with risk tolerances, there can be no guarantee that our efforts will be successful, and the client should be prepared to bear the risks.

### **C. Certain Risk Factors**

It is important that clients understand that investing in securities involves certain risks which clients should understand and be prepared to bear.

All investments carry some amount of risk. The risks applicable to MSAM's investment strategies include, but are not limited to the following investment risks:

**Credit Risks** – The risk that the portfolio could lose money if the issuer of guarantor of a fixed-income security, or the counterparty to a derivative contract, is unable or unwilling to meet its financial obligations.

**Counter-Party Risks** – A portfolio may incur a loss if the other party to an investment contract, such as a derivative, fails to fulfill its contractual obligation.

**Currency Risks** – The risk that foreign currencies will decline in value relative to the US dollar and affect a portfolio's investments in foreign (non-US) currencies or in securities that trade in, and receive revenues in, or in derivatives that provide exposure to, foreign (non-US) currencies.

**Debt Securities Risks** – The issuer of a debt security may fail to pay interest of principal when due, and changes in market interest rates may reduce the value of debt securities or reduce the portfolio's returns.

**Derivatives Risks** – The use of derivatives such as futures, options and swap agreements can lead to losses, including those magnified by leverage, particularly when derivatives are used to enhance return rather than offset risk.

Emerging-Markets Risk – Foreign investment risks are typically greater for securities in emerging markets, which can be more vulnerable to recessions, currency volatility, inflation and market failure.

Equity Risks – The risk that the value of equity securities, such as common stocks and preferred stocks, may decline due to general market conditions which are not specifically related to a particular company or to factors affecting a particular industry or industries. Equity securities generally have greater price volatility than fixed income securities.

ETF Risks – A portfolio will be exposed indirectly to all of the risks of securities held by an ETF.

Foreign Investment Risk – Foreign investments face the potential of heightened illiquidity, greater price volatility and adverse effects of political, regulatory, tax, currency, economic or other macroeconomic developments.

High-Yield Securities Risk – High-yield securities have a risk of default or of not returning principal and tend to be more volatile than higher-rated securities of similar maturity.

Interest-Rate Risk – The risk that fixed income securities will decline in value because of an increase in interest rates.

Issuer Risk – The value of a security may decline because of adverse events or circumstances that directly relate to conditions at the issuer or any entity providing it credit or liquidity support.

Issuer Non-Diversification Risk – The risks of focusing investments in a small number of issuers, industries, or foreign currencies, including being more susceptible to risks associated with a single economic, political or regulatory occurrence than a more diversified portfolio might be.

Leverage Risk – The risk that certain portfolio transactions may give rise to leverage, causing the portfolio to be more volatile than if it had not been leveraged.

Liquidity Risk – A security may not be able to be sold at the time desired or without adversely affecting the price.

Market Risk – The market price of securities held by a portfolio may rapidly or unpredictably decline due to factors affecting securities markets generally or particular industries.

Mortgage and Asset-Backed Securities Risk – These securities may decline in value when defaults on the underlying mortgage or assets occur and may exhibit additional volatility in periods of changing interest rates. When interest rates decline, the prepayment of mortgages or assets underlying such securities may require the reinvestment of money at lower prevailing interest rates, resulting in reduced returns.

Regulatory Risk – The risk that changes in government regulations may adversely affect the value of a security. An insufficiently regulated industry or market might also permit inappropriate practices that adversely affect an investment.

Short Sale Risk – The risk of entering into short sales includes the potential loss of more money than the actual cost of the investment, and the risk that the third party to the short sale may fail to honor its contract terms, causing a loss to a portfolio.

Private Securities Risk – Private securities contain the risks of illiquidity and lack of public knowledge of the business.

Real Estate Risk – Due to changes in interest rates, the lending market, economic policy, and supply and demand, in addition to illiquidity, real estate investments contain risk.

## Item 9: Disciplinary Information

MSAM is a registered investment adviser. This section contains information about any legal and regulatory matters that MSAM believes are material to a client's evaluation of its advisory business or the integrity of its management.

On October 1, 2016, Moloney Securities, without admitting or denying the findings, entered into a settlement in public administrative and cease-and-desist proceedings with the SEC regarding certain of the firm's investment advisory activities arising out of SEC exams and deficiency letters to the firm in 2006, 2009 and 2012. Pursuant to the settlement, the SEC alleged that the firm violated sections 206(2), 206(3), 206(4), and 207 of the Advisers Act, and Rule 206(4)- (7) promulgated thereunder related to its adoption and implementation of its written compliance policies and procedures for its investment advisory business concerning principal transactions and best execution. The firm was censured and was ordered to cease and desist from violating or causing any current and future violations of the noted statutes and rules. The settlement required the firm to pay a fine of \$34,000.

No customer complaints were involved, and no restitution was ordered. In determining to accept the offer, the Commission considered various remedial efforts by the firm and cooperation afforded the Commission staff. Specifically, the firm revised its best execution and principal transaction policies and procedures. Further, the firm retained a consultant to assist it in developing and implementing policies and procedures reasonably designed to promote the firm's compliance with the Advisers Act, including its best execution and principal transaction obligations.

A FINRA Arbitration was filed against Moloney Securities Co., Inc., Moloney Securities Asset Management, LLC, and former member firm UBS claiming that a Registered Representative, during the period of 2010 to June of 2017, recommended an over concentrated strategy in limited partnerships in the energy sector, which exposed the claimant to risk inconsistent with his investment objectives. On October 8, 2018, the FINRA Arbitration Panel issued an award in favor of claimant in the amount of \$300,000 and against Moloney Securities Co., Inc. and Moloney Securities Asset Management, LLC.

On March 4, 2019, Moloney Securities Co., Inc. and MSAM reached a confidential settlement during a FINRA Mediation with respect to a client filed FINRA Arbitration that alleged excessive and unsuitable trading, negligence, fraud, breach of fiduciary duty and failure to supervise during the time period of 2008 to 2017.

## Item 10: Other Financial Industry Activities and Affiliations

### A. Registration as a Broker/Dealer or Broker/Dealer Representative

MSAM's management personnel and investment advisory representatives are typically registered or affiliated with Moloney Securities, an affiliated FINRA broker/dealer.

Clients have the option to purchase investment products recommended through other broker/dealers or agents not affiliated with MSAM. In the event the client elects to utilize the brokerage services of Moloney Securities the client may pay commissions that are higher or lower than those available from another broker/dealer for the same products or services.

### B. Registration as a Futures Commission Merchant, Commodity Pool Operator or a Commodity Trading Adviser

Neither MSAM nor its representatives are registered as an FCM, CPO or a CTA.

### C. Registration Relationships Material to This Advisory Business and Conflicts of Interest

Please refer to section A under this item.

#### **D. Selection of Other Advisors of Managers and How This Adviser is Compensated for Those Selections**

MSAM may utilize un-affiliated third-party money managers to assist in the management of client's assets. The compensation paid to these entities, as well as the fees and charges to the client will be outlined in the account documentation specific to the client and the un-affiliated third-party money manager.

MSAM has entered into agreements with various unaffiliated investment advisor representatives or unaffiliated registered investment advisers, whereby these individuals or entities may refer potential investment advisory clients to MSAM. If the clients become clients of MSAM, these individuals or entities will receive a portion of the fee collected by MSAM. These referred clients will not pay higher fees due to the referral arrangement and will receive a disclosure statement outlining the terms and conditions of the arrangement(s).

### **Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

#### **A. Code of Ethics**

MSAM maintains and administers a Code of Ethics that details a standard of behavior and performance designed to put the clients' personal and financial interests above its own. We investigate the educational and professional backgrounds of prospective advisors. Our advisors and other associated access persons are monitored to mitigate conflicts of interest. Our clients come first.

You may obtain a copy of the Code of Ethics by request to your Financial Advisor or on our website at <http://www.msam.net/Disclosures.7.htm>

#### **B. Recommendations Involving Material Financial Interests**

MSAM will not recommend transactions or investments for client accounts in which the Financial Advisor, MSAM or a related person has a material financial interest.

#### **C. Investing in the Same Securities as Clients**

MSAM and its Financial Advisors may buy or sell securities for their own account that MSAM also recommends to the client. However, client orders are always given priority. Financial Advisors may not trade their own securities ahead of client trades.

#### **D. Trading the Same Securities as Clients' Securities**

MSAM and its Financial Advisors may buy or sell securities for their own account that MSAM also recommends to the client. However, whenever practical, client orders and orders of Financial Advisors will be combined into a "block" trade whereby all participants in the trade receive the same average price on the trade. Client orders are always given priority. Financial Advisors may not trade their own securities ahead of client trades.

## Item 12: Brokerage Practices

### A. Brokerage Services

MSAM typically uses the brokerage services of Moloney Securities and/or another broker/dealer. This means that MSAM may not be able to select such broker/dealer based on best execution or to commingle or to “batch” orders for purposes of execution with orders for the same securities for other accounts managed by MSAM (other than for other accounts also cleared through Custodian). By MSAM using Moloney Securities and/or another broker/dealer to execute transactions for the account, certain transactions may result in less favorable net prices on the purchase and sale of securities than might occur if MSAM selected broker/dealers based on best execution. In using the brokerage services of Moloney Securities, clients may pay transaction fees that are higher or lower than those available from another broker/dealer for the same products or services and may pay higher or lower transaction fees than those paid by other MSAM clients.

In certain instances, MSAM, in transactions involving the client’s securities, may act as principal while also representing the client on the other side of the transaction. When MSAM acts as principal in a principal transaction, MSAM may benefit from such transaction by receiving compensation arising out of such transaction in addition to the advisory fee. MSAM will not seek to act as principal without (1) obtaining, in each instance, prior authorization and consent of the client, and (2) providing the client with written confirmation and disclosure of such capacity, prior to settlement of the trade.

In certain instances, cross transactions may occur between the accounts of two Clients. The Financial Advisor may not cause one Client account to sell a security to another Client account in a cross transaction if any associate of MSAM received compensation from any source for acting as a broker. No brokerage commission, fee (except for customary transfer fees), or other remuneration shall be paid in connection with any cross transaction. The only fee the client will pay in this situation is the flat transaction fee described above.

Advisers owe a fiduciary duty to the client to seek to execute securities transactions for clients in such a manner that total costs in each transaction are most favorable under the circumstances. Transaction costs, within acceptable transaction cost limits, can vary from client to client and over time. Other factors, in addition to price and commission costs may be considered by MSAM when determining how to direct brokerage.

Clients are not liable for firm trading errors.

In addition to clients establishing brokerage accounts with RBC Correspondent Services, MSAM clients can also establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. (“Schwab”), a FINRA broker/dealer, member SIPC, to maintain custody of clients’ assets and to effect trades for their accounts. Ultimately, it is the client’s decision on where to custody their assets.

#### 1. Research and Other Soft Dollar Benefits

Certain product providers provide support to MSAM in the form of payments to MSAM and frequent interactions with our Financial Advisors to support MSAM’s training, marketing, due diligence, annual compliance meetings and educational support efforts. This practice may present a potential conflict of interest in the form of an incentive to recommend certain investments or advisory services to clients. In certain instances, MSAM may receive support in the form of its research efforts from certain entities and in if so, in exchange for such support, MSAM may do step-out trades with such entities.

#### 2. Brokerage for Client Referrals

MSAM does not presently accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

#### 3. Directed Brokerage

Please refer to Item A under this section.



## **B. Aggregation of Securities for Multiple Client Accounts**

In general, MSAM will attempt to aggregate multiple orders for the purchase or sale of the same security into block transactions, subject to the overall obligation to achieve best price and execution for client accounts. There is no obligation to include any client account in a grouped order unless MSAM believes it is in the client account's best interest. In making this determination, MSAM may consider a number of factors, including, but not limited to: (a) the client account's investment objectives and policies; (b) investment guidelines; (c) liquidity requirements; (d) legal or regulatory restrictions; (e) tax considerations; and (f) the nature and size of the bunched order.

Where a grouped trade is completely filled, each participating client account will receive the average share/security price for the grouped order on the same day and transaction costs shall be shared among participating client accounts pro rata based on the level of participation in the grouped trade.

## **Item 13: Review of Accounts**

### **A. Periodic Reviews**

Account reviews are performed as often as necessary, always keeping in mind the best interests of the client. Accounts are monitored and reviewed no less than quarterly, and as a practical matter more frequently based on applicable market conditions.

### **B. Factors that Will Trigger Non-Periodic Reviews**

New accounts are reviewed within the first quarter of the contracted investment strategy being implemented. Other conditions that may trigger a review are a client's request or applicable changes in market conditions.

### **C. Reports Provided to Clients**

The Custodian where the client assets are held provides account statements directly to clients at their address of record, at least quarterly. In addition, MSAM, or the Individual Investment Adviser may provide separate, supplemental portfolio reports to the client.

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

### **A. Third Party Compensation**

MSAM does not presently accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them by MSAM other than as described elsewhere in this disclosure document.

### **B. Referrals**

MSAM has been fortunate to receive many client referrals over the years. Referrals may come from current clients and Investment Advisors, as well as their friends and other similar sources. Other professionals may refer prospective clients to MSAM. In some of those instances, if the individual becomes a client, the Investment Advisor and referring professional may negotiate an amount of compensation for making the referral. For additional information, please refer to Section 10 D. above.

## **C. Economic Benefits Provided by Third Parties for Advice Rendered to Clients**

With respect to Schwab, MSAM received access to Schwab's institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser'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 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 MSAM 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.

Schwab also makes available to MSAM other products and services that benefit MSAM but may not benefit its clients' accounts. These benefits may include national, regional or MSAM specific educational events organized and/or sponsored by Schwab Advisor Services. Other potential benefits may include occasional business entertainment of personnel of MSAM by Schwab Advisor Services personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Some of these products and services assist MSAM in managing and administering clients' accounts. These include software and other technology (and related technological training) that provides 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, if applicable), provide research, pricing information and other market data, facilitate payment of MSAM fees from its clients' accounts (if applicable), 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 MSAM accounts. Schwab Advisor Services also makes available to MSAM other services intended to help MSAM 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, regulatory compliance, employee benefit providers, human capital consultants, insurance and marketing. In addition, Schwab may make available, arrange and/or pay vendors for these types of services rendered to MSAM by independent third parties. Schwab Advisor Services may discount or waive 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 MSAM. MSAM is independently owned and operated and not affiliated with Schwab.

### **Item 15: Custody**

Other than those accounts that are outlined in MSAM's Form ADV, all assets are held at qualified custodians and not at MSAM. When your financial advisor manages your investment account, in most instances RBC Correspondent Services or Schwab will maintain custody of the investment assets in your investment advisory account. The Custodian where the client assets are held provides account statements directly to clients at their address of record, at least quarterly. However, as disclosed in MSAM's Form ADV, MSAM may be deemed to have "custody" of an account in which an advisor is acting as a trustee for an account.

### **Item 16: Investment Discretion**

MSAM manages client accounts on a discretionary and non-discretionary basis. In non-discretionary relationships, MSAM will consult with the client prior to each trade to obtain approval. The capacity in which MSAM acts will be outlined in the advisory agreement executed by the client.

## **Item 17: Voting Client Securities**

If the client makes such selection in the specific advisory agreements(s) executed by the client, client will select to authorize MSAM and/or an external money manager, if one is engaged, to receive the proxy- related materials, annual reports and other issuer-related materials for securities in that portion of the Account and to delegate to MSAM the proxy voting rights for those securities (and, thereby, authorize MSAM to further delegate those proxy voting rights to, or otherwise use services provided by, a third party proxy voting or advisory service). In instances where a client has authorized MSAM and delegated MSAM proxy voting rights, unless instructed otherwise by a client, MSAM will vote in accordance with the recommendations provided by their third-party proxy service provider, Proxyedge, following their PPI (Proxy Policies and Insights) Shareholder Value template methodology. In instances where Proxyedge does not provide a recommendation, MSAM will generally abstain from voting in those instances. In any instance where a matter does not fit within the PPI methodology and MSAM seeks to express a vote, or a conflict is identified, an internal MSAM Proxy Voting committee can review such matters and act accordingly. A copy of MSAM's voting record is available to clients upon request.

## **Item 18: Financial Information**

### **A. Balance Sheet**

MSAM does not require nor solicit prepayment of investment advisory fees which would result in custody issues. Therefore, the Adviser is not required to include a balance sheet with this brochure.

### **B. Financial Conditions**

Neither the Firm nor its management have any financial impairment or conditions that will preclude the firm from meeting contractual commitments to clients.

### **C. Bankruptcy Petitions**

MSAM has not been the subject of a bankruptcy petition in the last ten years.