

**Item 1 – Cover Page**

# FORM ADV PART 2A APPENDIX 1 WRAP FEE BROCHURE

## MSP WEALTH MANAGEMENT, LLC

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This wrap fee program brochure (“wrap fee brochure”) provides information about the qualifications and business practices of MSP Wealth Management, LLC. If you have any questions about the contents of this wrap fee brochure, please contact us at (541) 884-4164. The information in this wrap fee brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Please note that the use of the term “registered investment advisor” and description of our firm and/or our associates as “registered” does not imply a certain level of skill or training. Clients are encouraged to review this wrap fee brochure and any brochure supplements (“brochure supplements”) for more information on the qualifications of our firm and our associates.

Additional information about MSP Wealth Management, LLC is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for MSP Wealth Management, LLC is 306522.

**Item 2 – Material Changes**

Since our last annual updating amendment filed on March 17, 2022, we have made the following material changes:

- Item 4 has been amended to reflect that in addition to recommending the custodial and trade execution services of TD Ameritrade Institutional, a division of TD Ameritrade, Inc. (“TDA”), we now may also recommend the custodial and trade execution services of Charles Schwab & Co. Inc. (“Schwab”). Please see Item 4 of this wrap fee brochure for additional details regarding our recommendation of Schwab’s services to clients. A full description of our brokerage practices, including a description of certain important conflicts of interest with respect to our recommendation of Schwab and TDA to clients (and how we mitigate these conflicts), can be found at Item 12 of our firm brochure. Clients should carefully consider this information when selecting a Custodian for their account.

We will ensure that all current clients receive a Summary of Material Changes to this and subsequent wrap fee brochures within 120 days of the close of our business’ fiscal year. A Summary of Material Changes is also included within our wrap fee brochure available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for MSP Wealth Management, LLC is set forth on the cover page of this wrap fee brochure. Clients will further be provided with disclosure about material changes effecting our firm or a brochure as may become necessary or appropriate at any time, without charge.

Currently, a copies of our brochures may be requested, free of charge, by contacting us at the telephone number reflected on the cover page of this wrap fee brochure.

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## Item 4 – Services, Fees, and Compensation

### A Description of Our Firm, Our Services, and Our Wrap Fees

MSP Wealth Management, LLC (“MSP”) is an Oregon limited liability company founded in 2002. The principal owners of MSP are Terrence “Terry” Scroggin and Gerrin DeGroot. The firm is registered as an investment advisor with the SEC. Our principal offices are located in Klamath Falls, Oregon. We have an additional office located in Eagle Point, Oregon.

The information contained in this wrap fee brochure describes the suite of ongoing portfolio management and financial planning services provided to clients under the MSP Wrap Fee Program. A description of how we tailor these combined services to the needs of our clients is below. As used throughout this wrap fee brochure, the words “we,” “our,” “firm,” “MSP,” and “us” refer to MSP Wealth Management, LLC and its investment advisor representatives, and the words “you,” “your,” and “client” refer to you as either a client or prospective client of our firm.

We act in a fiduciary capacity and will only recommend investments to you when we believe them to be in your best interests. A description of the services included under the MSP Wrap Fee Program is set forth below.

Scope of MSP Wrap Fee Program Services. When you participate in the MSP Wrap Fee Program, you will deposit your assets to an account held in your name at an independent qualified custodian (the “Custodian”) and grant us limited authority to buy and sell securities within your account either on a *discretionary* or *non-discretionary* basis. In a discretionary arrangement, we are authorized to implement our investment recommendations within your account *without* obtaining your specific consent prior to each transaction. In a non-discretionary arrangement, we must obtain your consent *prior* to implementing any investments within your account. The full scope of our authority with respect to management of your account will be set forth in a written advisory agreement entered at the inception of our relationship.

Clients may impose reasonable restrictions on our management of their account(s), including the ability to instruct us not to purchase certain specific securities, industry sectors, and/or asset classes. All such requests must be provided to us in writing. While we generally attempt to accommodate such restrictions, we reserve the right to reject such investment limitations if we believe they would frustrate our management of your account, or for any other reason, in our sole discretion. We will notify you promptly if we are unable to honor any of your investment restrictions or limitations.

Under the MSP Wrap Fee Program, we will consult with you at the inception of our relationship and periodically thereafter, as necessary, to gather information regarding your financial goals, investment objectives, tolerance for risk, and the time horizon for your investments. The information we typically request in this process will include your current

and expected income level, tax information, investment experience, current and expected cash needs, current portfolio construction/asset allocation, and risk tolerance level, among other items. Based on our analysis of these factors, we will prepare an investment policy statement (or similar documentation used to establish your investment objectives and suitability) outlining parameters for our management of your account(s). We will then implement an initial investment strategy and portfolio intended to align with your unique financial situation and goals. Client portfolios are typically constructed utilizing a diversified combination of mutual funds, exchange traded funds (“ETFs”), individual bonds, stocks, and other instruments, as may be appropriate for the individual client.

We may also recommend the engagement of certain independent third party money managers (“TPMMs”) to directly manage all or a portion of your account on a discretionary basis. You will be provided with a copy of each recommended TPMM’s Form ADV Part 2A firm brochure (or the equivalent) prior to the allocation of your assets to any TPMM (each such sub-account, a “TPMM Account”). Where a TPMM is engaged, we will continue to act as your fiduciary and as a “co-advisor” to your TPMM Accounts. We will determine the suitability of the TPMM’s investment program, communicate any changes in your investment profile to the TPMM, and recommend changes in your TPMM allocations as we believe to be in your best interests. The TPMM shall be responsible for all portfolio management and trading functions related to your TPMM Accounts. You may be required to execute a separate advisory agreement and/or trading authorization in favor of such TPMMs at the time of their engagement.

Following implementation of your initial investment portfolio, we will monitor the performance of your investments (including any TPMM Accounts) on an ongoing basis, recommend, and implement changes within your account as needed or appropriate, in consideration of current economic conditions, our market opinions and assumptions, and your individual financial circumstances and goals. It is your ongoing responsibility to advise us in writing of any material changes to your financial circumstances.

At your request, our investment recommendations under this service may also cover certain designated assets which are “held away” from the accounts placed directly under our management (*e.g.*, employer sponsored retirement accounts, 529 college savings plan accounts, and variable annuities). You will be responsible to monitor these assets and keep us informed of their status. We will provide you with advice regarding how to invest and allocate assets among the available investment options and you will make the ultimate investment decisions and be responsible for implementation. In certain instances, and only with your prior written consent, we will assist you with implementation of our investment recommendations regarding your held away assets.

In addition to the ongoing management of their designated investment accounts, clients who engage us for these services receive annual financial planning services as described in our firm brochure. If you did not receive a copy of our firm brochure, we will provide one to you, free of charge, by contacting us at the telephone number on the cover page of this wrap fee brochure.

Wrap Fees. MSP will charge you an annual “Wrap Fee” in connection with your participation in the MSP Wrap Fee Program. The Wrap Fee you will pay to our firm will be calculated as a fixed percentage of the market value of your account, typically ranging from 0.50% to 2.00% per annum (*i.e.*, an asset-based fee). This bundled fee covers the combined costs of our investment advice and the custodial, trade execution, and other management costs (including execution and transaction fees but excluding fees related to custody of certain alternative investments) incurred in your account.

Our wrap fee is not based directly on the number of transactions in your account. Various factors influence the relative cost of the MSP Wrap Fee Program to you, including the cost of our investment advice, custody, and brokerage services if you purchased them separately, the types of investments held in your account, and the frequency, type, and size of trades in your account. The program could cost you more or less than purchasing our investment advice and custody/brokerage services separately. Clients are advised that we do not offer portfolio management services outside of the MSP Wrap Fee Program.

Our Wrap Fee may be negotiated on a per client basis, and some clients may pay fees at a rate outside the range stated above or which are otherwise materially different than those described in this brochure. The specific fee rate applicable to your account will be set forth in a written advisory agreement and shall be determined prior to the commencement of our services based on the complexity and amount of your assets; the existence and value of any related accounts managed by MSP (including any accounts held individually or jointly by you, your spouse, your minor children, or your business, including retirement accounts); the use of any TPMMs; the time, research, and resources required to provide services to you; and such other factors as we deem relevant.

Our Wrap Fees are calculated and payable quarterly, in advance, based on the market value of your account (including any cash balances and the value of any TPMM Accounts) at the end of the prior billing period as calculated by the Custodian of your account. The initial Wrap Fee applicable to your account will be based on the opening value of your account as of the date on which we begin to provide services and shall be pro-rated for any partial periods based on the number of days during which services are provided.

Clients may make additions or withdrawals from their account at any time, however, the Wrap Fees applicable to your account may be subject to pro-rata adjustments on account of such transactions. Clients should note that some or all of the investments in their account may be intended as long-term investments and withdrawals of cash and premature liquidations of securities positions may impair the achievement of your investment objectives.

Generally, all security pricing is done by the Custodian that will maintain your account(s) titled in your name. We will rely on this pricing in determining the Wrap Fee attributable to your account(s). The Custodian may use various pricing services such as Reuters and Standard & Poor’s to price securities held in your account. For actively traded securities, these services use the actual last reported sale price. For less actively traded securities such as bonds, these services will use the appropriate valuation methodology to determine the

value of the security. In those rare instances where your Custodian is unable to obtain a price (e.g., Delaware Statutory Trusts/Section 1031 exchanges, hedge funds, private placements, illiquid securities, derivatives, thinly-traded securities, etc.) or where MSP strongly believes the Custodian is not pricing a security fairly, or where a security has halted trading, MSP may make a good-faith effort to determine a fair value for that security. Alternatively, and only upon obtaining the client's prior written approval, MSP may hold certain illiquid securities at their initial cost or initial appraised value for purposes of calculating its advisory fees. In certain instances, MSP may agree to reduce its advisory fees on such assets to account for its inability to determine a fair value.

Wrap Fees will be directly deducted from your account held at the Custodian upon your written approval of such arrangement and the periodic submission to the Custodian of a written invoice reflecting the amount of advisory fees to be charged to your account. Your authorization for direct fee deduction is set forth in a written advisory agreement and/or the account opening documents of your Custodian. Wrap fees will typically be paid from cash balances or through the liquidation of money market shares held in your account, however, if money market shares or cash value are not available, other investments may be liquidated to pay such fees when due. Please note that unexpected or premature liquidation of investments to pay our Wrap Fees may impair the performance of your account. We generally do not offer direct paper or electronic invoicing of our Wrap Fees.

The Custodian will independently send an account statement to you no less than quarterly, identifying the amount of funds and each security in your account at the end of the period and setting forth all transactions in your account during the period, including the amount of any Wrap Fees paid from your account. The Custodian of your account is not responsible to verify the accuracy of our fee calculations. Therefore, we encourage you to review and compare the Custodian's account statements and any reports we may provide promptly upon receipt. If you believe there has been a miscalculation of any fees or if there is any other issue with your account, you should contact us immediately at the phone number listed on the cover page of this wrap fee brochure.

Services under the MSP Wrap Fee Program may be terminated at any time by either party, within five (5) business days of entering an advisory agreement, without penalty and without the client incurring any advisory fees to MSP. Thereafter, MSP Wrap Fee Program Services may be terminated by either party on ten (10) days' written notice to the non-terminating party. In the event of termination, we shall be compensated by a pro-rated Wrap Fee based on the number of days in the terminating period during which services were provided. A refund of any excess pre-paid fees shall be returned to you promptly following termination of our services. Termination of any separate TPMM engagements and refunds shall be governed by the terms of conditions of the client's agreement with the terminated TPMM.

While we believe our Wrap Fees to be reasonable in relation to the value of the services we provide, lower fees for comparable services may be available from other sources. We reserve the right to adjust the annual Wrap Fee to be charged to your account, however, any change in fees applicable to your account will not go into effect unless we provide you



with thirty (30) days' notice of any proposed change and the opportunity to terminate our services.

Broker-Dealer Selection and Recommendation. Although clients may request that we execute transactions for their MSP Wrap Fee Program account through any broker-dealer of their choosing, we typically recommend that clients engage the custodial and trade execution services of specific Custodians, including, without limitation, Charles Schwab & Company, Inc. ("Schwab") and/or TD Ameritrade Institutional, a division of TD Ameritrade, Inc. ("TDA," and together with Schwab, the "Recommended Custodians"). The Custodians we recommend to clients under the MSP Wrap Fee Program are SEC registered broker-dealers and members of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investors Protection Corporation ("SIPC"). We are not affiliated with the Recommended Custodians and the Recommended Custodians do not monitor or control the activities of our firm or its personnel. The Recommended Custodians will act solely as a custodian and/or broker-dealer and not as your investment advisor. They will hold your assets in a brokerage account or accounts and buy and sell securities and execute other transactions when instructed to do so by you or MSP.

In recommending broker-dealers to clients, we have an obligation to seek the "*best execution*" of transactions for your account. This duty requires that we seek to execute securities transactions for clients such that the total costs or proceeds in each transaction are the most favorable under the circumstances. The determinative factor in the analysis of best execution is not the lowest possible commission cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of the recommended broker-dealer's services. The factors we consider when evaluating a broker-dealer for best execution include, without limitation, the broker-dealer's:

- execution capability;
- commission rates;
- financial responsibility;
- responsiveness and customer service;
- custodial capabilities;
- research services/ancillary brokerage services provided; and
- any other factors that we consider relevant.

Therefore, we will seek competitive commission rates, but we may not obtain the lowest possible commission rates for specific account transactions. With this in consideration, our firm will continue to recommend the Recommended Custodians until their services do not result, in our opinion, in best execution of client transactions.

If the client selects a Custodian other than those we recommend (*i.e.*, Schwab and/or TDA) for execution of transactions (*i.e.*, client directed brokerage), you are advised that we may be unable to seek best execution of your transactions and your commission costs may be higher than those of our Recommended Custodians. For example, in a directed brokerage account, you may pay higher brokerage commissions and/or receive less favorable prices on the underlying securities purchased or sold for your account because we may not be



able to aggregate your order with the orders of other clients. In addition, where you direct brokerage, we may place orders for your transactions after we place transactions for clients using our Recommended Custodians. We reserve the right to reject your request to use a particular Custodian if such selection would frustrate our management of your account, or for any other reason.

A full description of our brokerage practices, including a description of certain important conflicts of interest with respect to our recommendation of Schwab and TDA to clients (and how we mitigate these conflicts), can be found at Item 12 of our firm brochure. Clients should carefully consider this information when selecting a Custodian for their account.

**B Certain Conflicts of Interest Related to Wrap Fees**

The benefits a client may experience under our wrap fee program depend, in part, upon the size of the account, the costs associated with managing your account, and the frequency and/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 the MSP Wrap Fee Program is appropriate for you, you should compare our Wrap Fee and any other costs associated with participating in the program with the amounts that would be charged to you for a similar suite of services by other investment advisors, broker-dealers, and custodians if advisory fees, brokerage and execution costs, and custodial services were to be charged to you separately.

When managing a client's account on a Wrap Fee basis, we are compensated for our investment advisory services with the balance of the Wrap Fee paid by you after certain custodial, trade execution, and other management costs incurred in your account are paid. This arrangement creates a conflict of interest, insofar as we have a financial incentive to maximize our compensation by seeking to reduce or minimize the total costs incurred in your account(s) subject to our Wrap Fee. For example, this arrangement creates an incentive for MSP to trade your account less frequently and to select investments which reduce our costs. To address the foregoing conflict of interest, we manage your account in strict accordance with your investment policy statement and our ongoing fiduciary duty to you.

Clients should further note that certain custodians, including those we recommend to clients, may not charge trading commissions or transaction fees in connection with the purchase of certain investments, which may include U.S. exchange listed equities, mutual funds, and exchange traded funds. We are always available to discuss the trade execution costs of the brokers we recommend so that our clients can better compare the total costs of participating in the MSP Wrap Fee Program. Ultimately, participation in the MSP Wrap Fee Program could cost you more or less than purchasing our investment advice and custody/brokerage services separately. MSP does not offer portfolio management services

for an unbundled fee (*i.e.*, where the costs of investment advice are paid separate from brokerage and custodial fees).

**C Additional Costs and Expenses**

Our Wrap Fee covers the combined costs of our investment advice, together with the custodial, trade execution, and other management costs (including execution and transaction fees but excluding fees related to custody of alternative investments) incurred in your account held at the Custodian. Our Wrap Fee does not cover the costs of wire transfer fees, stock transfer fees, or taxes associated with activity in your account, which shall be paid separately by the client. It also does not cover the costs of any client directed (non-advised) transactions within your account or trades executed away from your chosen Custodian. Clients are further advised that depending on the Custodian selected by the client, our Wrap Fee may or may not cover of any spreads, mark-ups, and mark-downs on securities transactions.

To the extent your account invests in any mutual funds and/or ETFs, you will also separately bear the costs of all internal management fees and other expenses that may be charged by such mutual funds and/or ETFs to their shareholders.

We do not share in any portion of the foregoing additional fees and expenses. To fully understand the total costs you will incur by participating in the MSP Wrap Fee Program, you should review the prospectus of each mutual fund, ETF, and/or TPMM advisory program in which you participate and the contractual arrangement entered with your Custodian and any other third party service providers you elect to retain.

**D No Compensation Paid For Referrals**

We do not pay any referral fees or additional compensation of any kind with respect to referrals of clients to the MSP Wrap Fee program.

**Rollover Recommendations**

As part of our investment advisory services to you, we may recommend that you roll assets from your employer's retirement plan, such as a 401(k), 457, or ERISA 403(b) account (collectively, a "Plan Account"), to an individual retirement account, such as a SIMPLE IRA, SEP IRA, Traditional IRA, or Roth IRA (collectively, an "IRA Account") that we will manage on your behalf. We may also recommend rollovers from IRA Accounts to Plan Accounts, from Plan Accounts to Plan Accounts, and from IRA Accounts to IRA Accounts. When we provide any of the foregoing rollover recommendations we are acting as fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act ("ERISA") and/or the Internal Revenue Code ("IRC"), as applicable, which are laws governing retirement accounts.

If you elect to roll the assets to an IRA that is subject to our management, we will charge you an asset-based fee as set forth in the advisory agreement you executed with our firm.

This creates a conflict of interest because it creates a financial incentive for our firm to recommend the rollover to you (*i.e.*, receipt of additional fee-based compensation). You are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by our firm. Due to the foregoing conflict of interest, when we make rollover recommendations, we operate under a special rule that requires us to act in your best interests and not put our interests ahead of yours.

Under this special rule's provisions, we must:

- meet a professional standard of care when making investment recommendations (give prudent advice);
- never put our financial interests ahead of yours when making recommendations (give loyal advice);
- avoid misleading statements about conflicts of interest, fees, and investments;
- follow policies and procedures designed to ensure that we give advice that is in your best interests;
- charge no more than a reasonable fee for our services; and
- give you basic information about conflicts of interest.

Many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, you should consider the costs and benefits of a rollover.

Note that an employee will typically have four options in this situation:

1. leaving the funds in your employer's (former employer's) plan;
2. moving the funds to a new employer's retirement plan;
3. cashing out and taking a taxable distribution from the plan; or
4. rolling the funds into an IRA rollover account.

Each of these options has positives and negatives. Because of that, along with the importance of understanding the differences between these types of accounts, we will provide you with a written explanation of the advantages and disadvantages of both account types and the basis for our belief that the rollover transaction we recommend is in your best interests.

As an alternative to providing you with a rollover recommendation, we may instead take an entirely educational approach in accordance with the U.S. Department of Labor's Interpretive Bulletin 96-1. Under this approach, our role will be limited only to providing you with general educational materials regarding the pros and cons of rollover transactions. We will make no recommendation to you regarding the prospective rollover of your assets and you are advised to speak with your trusted tax and legal advisors with respect to rollover decisions. As part of this educational approach, we may provide you with materials

discussing some or all of the following topics: the general pros and cons of rollover transactions; the benefits of retirement plan participation; the impact of pre-retirement withdrawals on retirement income; the investment options available inside your Plan Account; and high level discussion of general investment concepts (*e.g.*, risk versus return, the benefits of diversification and asset allocation, historical returns of certain asset classes, etc.). We may also provide you with questionnaires and/or interactive investment materials that may provide a means for you to independently determine your future retirement income needs and to assess the impact of different asset allocations on your retirement income. You will make the final rollover decision.

## **Item 5 – Account Requirements and Types of Clients**

We typically provide investment advice to individuals, high net worth individuals, trusts, partnerships, corporations, and other business entities. Because each client is unique, they must be willing to be involved in the planning and ongoing processes of our management of their account. Such involvement does not have to be time consuming, however we want our clients to remain informed and have a sense of security about their investments.

We do not require the client maintain any minimum account size or pay any minimum annual fee to participate in the MSP Wrap Fee Program.

## **Item 6 – Portfolio Manager Selection and Evaluation**

### **A Selection and Review of Portfolio Managers**

All portfolio management services rendered under the MSP Wrap Fee Program are managed, directed, and performed exclusively by MSP's in-house portfolio managers. Our portfolio managers are registered as investment advisor representatives of our firm and are retained based on their demonstrated skill and experience in managing client portfolios.

On occasion, our in-house portfolio managers may recommend that certain TPMMs be engaged to sub-advise all or a portion of your account. In recommending TPMMs to you, we may take into account a number of considerations, including, without limitation, the length of time the TPMM has been operating; the qualifications of the TPMM's management and analytical team and their bench strength; the costs of the TPMM's advisory services and whether the TPMM's strategy fits your investment needs; the TPMM's track record of executing well and consistently on their stated investment strategy; whether the TPMM's reporting system is timely and user-friendly; and the TPMM's commitment to customer service and problem resolution.

Portfolio manager performances, including those of any TPMMs, are evaluated in light of generally accepted benchmarks and/or our expectation of their performance level within the client's overall investment portfolio. We will consider replacing portfolio managers, including TPMMs, if they fail to meet the selected benchmark or otherwise fail to meet the expected level of performance we designate for your account.

**B Conflicts of Interest Related to Use of In-House Portfolio Managers**

You should be aware that because our in-house portfolio managers will manage your account, we have an incentive to evaluate their performance more favorably than we might otherwise if they were not affiliated with our firm. Likewise, because your portfolio manager is affiliated with our firm, we have a disincentive to terminate their services to your account or to take other negative action as a result of their failure to perform to our expectations. You should be further aware that our firm cannot actively monitor TPMMs' conflicts of interest, daily trading activity, and other operational issues.

**C Additional Disclosures Related to our Advisory Business; Performance-based Fees and Side-by-Side Management; Methods of Analysis, Investment Strategies and Risk of Loss; and Voting of Client Securities**

We do not charge any performance-based fees for our services or engage in side-by-side management of accounts.

While we do not recommend one particular type of investment or asset class over any other, we primarily advise our clients regarding investments in equity securities, mutual funds, ETFs, corporate debt securities, the selection of appropriate TPMMs, and variable products (life insurance and annuities). Depending on the client's financial circumstances, our investment advice may also concern other instruments, including, without limitation, municipal securities, exchange traded notes, Delaware statutory trusts, business development companies, non-traded real estate investment trusts, limited partnership interests and private equity investments, money market accounts, and U.S. government securities. We may also provide advice regarding investments held in the client's portfolio at the inception of our advisory relationship or advice concerning other investment instruments specifically requested by the client.

We may use some or all of the following methods of analysis in providing investment advice to you:

Fundamental Analysis. In using fundamental analysis, we attempt to determine the intrinsic value of target securities through a review of, among other things, company specific financial disclosures, the strength and track record of management personnel, industry sector financial health, and at a macro level, the overall direction of the economy at large. We use this information as a basis to determine if such securities are underpriced or overpriced relative to current market prices and then to make a buy or sell recommendation to you.

Relying on this type of analysis leaves open the risk that the price of a security may move along with the overall direction of the market, irrespective of the economic and financial factors which may have indicated that an opposite movement would have been expected. The main sources of information we rely upon when researching and analyzing securities using fundamental analysis include research materials prepared by others, annual reports, corporate rating services, prospectuses, and company press releases.

Technical Analysis. We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement. Technical analysis does not consider the underlying financial condition of a company or security. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of overall market movement.

Asset Allocation. Rather than focusing on selecting the particular securities or other assets to invest for your account, we attempt to identify an appropriate ratio of various types of investments (for example, stocks, fixed income, and cash) suitable to investment goals, time horizon, and risk tolerance. A risk of asset allocation is that you may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate to meet with your investment goals.

Mutual Fund and ETF Selection and Analysis. We evaluate and select mutual funds and/or ETFs for your account based on several factors which may include, without limitation, (1) the experience and track record of the underlying portfolio manager(s), (2) the performance of the mutual fund or ETF over time and through various market conditions; (3) expected market conditions that might impact the underlying holdings of the mutual fund or ETF or applicable market sector; and (4) whether and to what extent the underlying holdings of the mutual fund or ETF overlap with other assets held in your account. We also monitor the mutual fund or ETF in an attempt to determine if the fund is continuing to follow its stated investment strategy.

A risk of mutual funds and ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A fund manager's past track record of success cannot be relied upon as a predictor of success in the future. In addition, the underlying holdings of the fund are determined by independent fund managers and may change overtime without advance warning, creating the potential for overlap with other investments held in your account. This increase in the correlation of your holdings will increase the risk of loss where the value of any overlapping holdings should decrease. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the mutual fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

TPMM Selection and Analysis. This is the analysis of the experience, investment philosophies, and past performance of independent TPMMs in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. Key factors we consider when evaluating TPMMs are their investment process and philosophy, risk management methods and procedures, historical performance, investment strategy and style, fees and operating expenses, assets under management and number of clients, and tax-efficiencies. Our evaluation may also incorporate both qualitative and quantitative fundamental analysis to validate and confirm a TPMM's investment style and skill, as well as to compare them to other managers of



similar style. We may utilize various research databases, proprietary models, financial periodicals, prospectuses and filings with the SEC, industry contacts and manager data, among other items, as part of the research process. Monitoring the TPMM's underlying holdings, strategies, concentrations, and leverage as part of our overall periodic risk assessment completes the analysis. As part of the due-diligence process, the TPMM's compliance and business enterprise risks may be surveyed and reviewed.

Methods of analysis such as charting, fundamental, technical, or cyclical analysis may be used by the TPMMs we help select or recommend to clients. Please refer to the disclosure brochure of the TPMM for more information.

We typically use the following investment strategies in managing client accounts:

Long-term Purchases. We may take a long term, passive, "buy and hold" approach to investing client assets. In this type of investment strategy, we suggest the purchase of securities with the idea of holding them in a portfolio for a year or longer. Typically, we employ this strategy when (1) we believe the securities to be currently undervalued, and/or (2) we want the portfolio to have exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the recommendation to sell.

Short-term purchases. When utilizing this strategy, we may suggest the purchase of securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we recommend for purchase.

A short-term purchase strategy poses risks should the anticipated price swing not materialize; we are then left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss. In addition, this strategy involves more frequent trading than does a longer-term strategy and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

Trading. A trading program rather than an investment program may not be suitable for all clients. "Trading" refers to purchasing and selling securities on a short-term basis with the intention of achieving quick profits. Trading is, by definition, a form of speculating as distinguished from investing.

A trading strategy poses risks should the anticipated price swing not materialize; we are then left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss. In addition, this strategy involves more frequent trading than does a longer-term strategy and will result in increased



brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains. For these reasons, we will use trading strategies only in client accounts we believe will benefit from the strategy and which can assume the increased risk of loss.

We use our best judgment and good faith efforts in rendering investment advice to our clients. We cannot warrant or guarantee any particular level of account performance, or that an account will be profitable over time. Not every investment recommendation we make will be profitable. **Investing in securities involves risk of loss that clients should be prepared to bear.** You assume all market risk involved in the investment of your account assets. Investments are subject to various market, currency, economic, political, and business risks.

Except as may otherwise be provided by law, we are not liable to you for:

- any loss that you may suffer by reason of any investment recommendation we made with that degree of care, skill, and diligence under the circumstances that a prudent person acting in a fiduciary capacity would use; or
- any independent act or failure to act by a custodian of your account(s).

Summary of Investment Risks. While all investing involves risks and losses can and will occur, our advisory services generally recommend a broad and diversified allocation of mutual funds and other securities intended to reduce the specific risks associated with a concentrated or undiversified portfolio. Nonetheless, you should consider the following high-level summary of investment risks. **This list is not intended to be an exhaustive description of all risks you may encounter in engaging our firm for advisory services. We encourage you to inquire with us frequently about the risks related to any investments in your account.**

Risk of Loss. Securities investments are not guaranteed, and you may lose money on your investments. As with any investment manager that invests in common stocks and other equity securities, our investment recommendations are subject to market risk—the possibility that securities prices will decline over short or extended periods of time. As a result, the value of your account(s) will fluctuate with the market, and you could lose money over short or long periods of time. You should recognize whenever you determine to invest in the securities markets your entire investment is at risk. Clients should not invest money if they are unable to bear the risk of total loss of their investments.

Economic Risk. The prevailing economic environment is important to the health of all businesses. Some companies, however, are more sensitive to changes in the domestic or global economy than others. These types of companies are often referred to as cyclical businesses. Countries in which a large portion of businesses are in cyclical industries are thus also very economically sensitive and carry a higher amount of economic risk. If an investment is issued by a party located in a country that experiences wide swings from an economic standpoint or in situations where certain elements of an investment instrument

are hinged on dealings in such countries, the investment instrument will generally be subject to a higher level of economic risk.

Financial Risk. Financial risk is represented by internal disruptions within an investment or the issuer of an investment that can lead to unfavorable performance of the investment. Examples of financial risk can be found in cases like Enron or many of the dot com companies that were caught up in a period of extraordinary market valuations that were not based on solid financial footings of the companies.

Market Risk. The value of your portfolio may decrease if the value of an individual company or multiple companies in the portfolio decreases or if our belief about a company's intrinsic worth is incorrect. Further, regardless of how well individual companies perform, the value of your portfolio could also decrease if there are deteriorating economic or market conditions. It is important to understand that the value of your investment may fall, sometimes sharply, in response to changes in the market, and you could lose money. Investment risks include price risk as may be observed by a drop in a security's price due to company specific events (e.g. earnings disappointment or downgrade in the rating of a bond) or general market risk (e.g. such as a "bear" market when stock values fall in general). For fixed-income securities, a period of rising interest rates could erode the value of a bond since bond values generally fall as bond yields go up. Past performance is not a guarantee of future returns.

TPMM Risks. A TPMM's past track record of success cannot be relied upon as a predictor of success in the future. In addition, the underlying holdings of your TPMM account(s) are determined by TPMM directly and may change overtime without advance warning to our firm, creating the potential for overlap with other investments held in your account. This increase in the correlation of your holdings will increase the risk of loss where the value of any overlapping holdings should decrease. There is also a risk that a TPMM may deviate from the stated investment mandate or strategy of the account, which could make the holding(s) less suitable for the client's portfolio. We do not control any TPMM's daily business and compliance operations, and thus our firm may be unaware of any lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

Risks Related to Analysis Methods. Our analysis of securities relies in part on the assumption that the issuers whose securities we recommend for purchase and sale, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

Securities Transactions at the Direction of Clients. Irrespective of whether you engage us on a discretionary or non-discretionary basis, you always maintain the concurrent ability to direct transactions within your account held at the Custodian. We are not responsible for the consequences of your self-directed investment decisions or the costs and fees they generate within your account.

Interim Changes in Client Risk Tolerance and Financial Outlook. The particular investments recommended by our firm are based solely upon the investment objectives and financial circumstances disclosed to us by the client. While we strive to meet with clients at regular intervals (at least annually, unless otherwise agreed, either in person, telephonically, or by electronic means) to discuss any changes in the client's financial circumstances, the lack of constant and continuous communication presents a risk insofar as your liquidity, net worth, risk tolerance and/or investment goals could change abruptly, with no advance notice to our firm, resulting in a mis-aligned investment portfolio and the potential for losses or other negative financial consequences.

*Voting Client Securities.*

We do not have authority to vote and therefore do not vote client securities. Additionally, we do not provide advice to clients on how the client should vote. Clients will receive proxies and other solicitations directly from the custodian or transfer agent. If any proxy materials are received on behalf of a client, they will be sent directly to the client or a designated representative of the client, who is responsible to vote the proxy.

*Security Claims Class Action Litigation*

MSP has engaged an independent third-party service provider, Chicago Clearing Corporation ("CCC"), to monitor and file securities claims class action litigation paperwork with claims administrators on behalf of our firm's portfolio management clients. MSP does not receive any fees or remuneration in connection with this service, nor does it receive any fees from the third-party provider(s). CCC earns a fee based on a flat percentage (typically 15%) of all claims it collects on behalf of MSP's clients. This fee is collected and retained by CCC out of the claims paid by the claim administrator.

Clients are advised that it may be necessary to share client information, such as your name and account number, with CCC in connection with this service. All clients who engage MSP for portfolio management services are automatically enrolled in this service, unless they elect to opt-out. You may opt-out of this service at any time by notifying us in writing. If a client opts out, MSP does not have an obligation to advise or take any action on behalf of a client with regard to class action litigation involving investments held in or formerly held in a client's account. We have the right to change the provider of this service at our sole discretion. If we do so, we will notify you and send you another opt-out election form.

Because we are providing this service through CCC, we no longer monitor class action suits or process claim forms on your behalf (whether or not you participate in the service CCC provides). We are not responsible or liable for: (a) any assistance we provide to CCC concerning monitoring or processing class action claims or (b) any CCC act in monitoring or processing such claims.

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**Item 7 – Client Information Provided to Portfolio Managers**

We are required to describe the information about you that we communicate to your portfolio manager(s), and how often or under what circumstances we provide updated information. Our in-house portfolio managers will have access to your suitability information, written financial plan (if any), and all other information provided to us by you and contained in your client file with the firm. We will communicate with any TPMMs engaged to manage your account on an as needed basis (daily, weekly, monthly, quarterly, etc.) to ensure that your most current investment goals and objectives are understood by such TPMMs. In most cases, we will communicate such information as part of our regular investment management duties. Nevertheless, we will also communicate information to your TPMMs when you ask us to, when they ask us to, when market or economic conditions make it prudent to do so, etc.

**Item 8 – Client Contact With Portfolio Managers**

There are no limitations on the client's ability to contact our firm and speak with the in-house portfolio manager of their account. It is your continuing and exclusive responsibility to give us complete information and to notify us of any changes in your financial circumstances, income level, investment goals or employment status. **We encourage you to contact us regularly and promptly to discuss any such changes.**

With respect to any TPMMs, clients should contact us prior to communicating with the portfolio manager directly. However, clients are free to directly contact their TPMMs with any questions or concerns they have about their portfolios or other matters.

**Item 9 – Additional Information****A Disciplinary Information; Conflicts of Interest; Financial Industry Activities and Affiliations**

MSP is required to disclose all material facts regarding any legal or disciplinary event that would be material to your evaluation of our firm, or the integrity of our management. No principal or person associated with MSP has any information to disclose which is applicable to this Item.

Our firm and our related persons are not registered, nor do they have an application pending to register, as a broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of any of the foregoing.

Neither our firm nor our personnel receive any compensation for the sale of any securities.

Certain associated persons of MSP are independently licensed to sell insurance in one or more states acting as a direct agent representative of a specific insurance company or companies. Insurance related business may be transacted with advisory clients and licensed individuals may receive commissions from insurance products sold to clients. Clients are advised that the fees paid to MSP or its associated persons for investment advisory services

are separate and distinct from any commissions earned by MSP or its associated persons for selling insurance products to clients. If requested by a client, we will disclose the amount of commissions expected to be paid.

The receipt of insurance related commissions by any individual associated with our firm presents a conflict of interest. As fiduciaries we must act primarily for the benefit of our investment advisory clients. As such, we will only transact insurance related business with clients when fully disclosed, suitable, and appropriate. Further, we must determine in good faith that any commissions paid to our associated persons are appropriate. Clients are informed that they are under no obligation to use any individual associated with our firm for the purchase of insurance products or services. Clients may use any insurance firm or agent they choose for purchase of these products and services. We encourage you to ask us about the conflicts of interest presented by the insurance licensing of our associated persons.

Certain principals and associated persons of MSP are also the principals and/or associated persons of Molatore, Scroggin, Peterson & Co. LLP ("Molatore CPAs"), where they may provide accounting and/or tax advisory services and are paid separate compensation. Molatore CPAs typically recommends MSP to its accounting clients in need of investment advisory services. Conversely, MSP typically recommends Molatore CPAs to advisory clients in need of accounting and/or tax advisory services. Accounting and tax advisory services provided by Molatore CPAs are separate and distinct from MSP's advisory services and are provided to clients for typical compensation that is separate and distinct from MSP's advisory fees. MSP clients are never obligated to engage Molatore CPAs for any accounting or tax advisory services and conversely, no accounting client is obligated to use the advisory services of MSP.

Clients should be aware that the foregoing referral arrangements with our affiliate, Molatore CPAs, creates a conflict of interest that may impair the objectivity of our firm and our personnel when making advisory recommendations. MSP endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment advisor and discloses the potential for our firm and our employees to earn compensation (in the form of accounting fees) from advisory clients in addition to our firm's advisory fees. We do not pay or receive any compensation as a result of the foregoing referral relationship with our affiliate, Molatore CPAs.

**B     Code of Ethics; Participation or Interest in Client Transactions and Personal Trading; Account Reviews; Client Referrals and Other Compensation; and Financial Information**

We subscribe to an ethical and high standard of conduct in all our business activity in order to fulfill the fiduciary duty we owe to our clients. Included in these ethical obligations is the duty to put our client's interests ahead of our own along with duties of loyalty, fairness, and good faith towards our clients. We disclose to clients material conflicts of interest which could reasonably be expected to impair our rendering of unbiased and objective advice.

MSP has a Code of Ethics (“Code”) which all employees are required to follow. The Code outlines proper conduct related to all services provided to clients and will be made available to you, free of charge, upon request by contacting us at the phone number listed on the cover page of this brochure. Prompt reporting of internal violations is mandatory. MSP’s Chief Compliance Officer and/or an appropriate designee evaluates employee performance to ensure compliance with our Code.

Designed to prevent conflicts of interest between the financial interests of clients and the interests of the firm and its staff, the Code requires, among other procedures, our “access persons” to report their personal securities transactions quarterly and to report all securities positions in which they have a beneficial interest at least annually. These reporting requirements allow supervisors at the firm to determine whether to allow or prohibit certain employee securities purchases and sales based on transactions made, or anticipated to be made, in the same securities which may be purchased or sold for client accounts. The Code is required to be reviewed annually and updated as necessary.

Our firm and individuals associated with our firm do not have any proprietary or material interests in or any role in the management of any companies or investments that we recommend to our clients.

MSP and/or individuals associated with our firm may manage accounts which belong either to themselves, individually, or to their family or their affiliates (collectively, “Proprietary Accounts”) while simultaneously managing client accounts. It is possible that orders for Proprietary Accounts may be entered simultaneously (but typically only as part of a block trade) with or opposite to orders for client accounts, pursuant to, for instance, a neutral allocation system, a different trading strategy, or trading at a different risk level. The management of any Proprietary Account is subject to our Code of Ethics and the duty of our firm and its personnel to exercise good faith and fairness in all matters affecting client accounts.

The practice of trading in Proprietary Accounts creates an actual conflict of interest with our clients insofar as our firm or individuals associated with our firm may have a financial incentive to trade in securities for Proprietary Accounts in advance of or opposite to transactions in the same securities for client accounts. To address this conflict, our policy is that, assuming the purchase or sale is otherwise appropriate for the subject client accounts, we will purchase or sell securities for our clients’ accounts, as the case may be, before purchasing or selling any of the same securities for any Proprietary Accounts. In some cases we may buy or sell securities for our own account for reasons not related to the strategies adopted by our clients. The only exception to this general rule is where our Proprietary Accounts may participate in an aggregate (“block”) trade simultaneously with client accounts.

In summary, our practice of buying and selling for Proprietary Accounts the same securities that we buy or sell for client accounts is restricted by the following controls:



- We are required to uphold our fiduciary duty to our clients;
- We are prohibited from misusing information about our clients' securities holdings or transactions to gain any undue advantage for ourselves or others;
- We are prohibited from buying or selling any security that we are currently recommending for client accounts, unless we participate in an aggregated trade with clients, or unless we place our orders after client orders have been executed; and
- We are required to periodically report our securities holdings and transactions to the firm's Chief Compliance Officer, who must review those reports for improper trades.

We act in a fiduciary capacity. If a conflict of interest arises between us and you, we shall make every effort to resolve the conflict in your favor. Conflicts of interest may also arise in the allocation of investment opportunities among the accounts that we advise. We will seek to allocate investment opportunities according to what we believe is appropriate for each account. We strive to do what is equitable and in the best interest of all the accounts we advise.

We will disclose to advisory clients any material conflict of interest relating to us, our representatives, or any of our employees which could reasonably be expected to impair the rendering of unbiased and objective advice.

MSP Wrap Fee Program accounts are typically reviewed by the investment advisor representative and/or portfolio manager who is primarily responsible for managing the client's account. However, individuals conducting reviews may vary from time to time, as personnel join or leave our firm. The frequency of reviews is determined based on each client's investment objectives and investment profile. Accounts are generally reviewed quarterly, but in any event, no less than annually.

More frequent reviews of accounts may be triggered by a change in client's investment objectives; risk/return profile; tax considerations; contributions and/or withdrawals; large sales or purchases; security specific events; or changes in the economy more generally.

Clients will receive trade confirmations and standard account statements from Schwab, TDA, or any other Custodian selected by the client typically monthly, but no less than quarterly. We will provide you with independently prepared written reports as you may reasonably request. Reports we provide to you will contain relevant account and/or market-related information such as an inventory of account holdings and account performance, as examples.

We have no arrangements, written or oral, in which we compensate others or are compensated for client referrals.



MSP does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

MSP does have discretionary authority over certain client funds and securities, but we have no financial commitments that would impair our ability to meet contractual and fiduciary commitments to our clients.

Neither MSP nor any of its principals, have been the subject of a bankruptcy petition at any time in the past.