

**Firm Brochure**  
(Part 2A of Form ADV)

**McDonough Capital Management, Inc.**

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This Brochure provides information about the qualifications and business practices of [McDonough Capital Management, Inc. \(MCM\)](#). If you have any questions about the contents of this Brochure, please contact us at (407) 248-9647, or [mcm@mcdonoughcapital.com](mailto:mcm@mcdonoughcapital.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about [McDonough Capital Management, Inc.](#) also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Form ADV, Part 2A; our "Firm Brochure" as required by the Investment Advisers Act of 1940 is part of a very important document between our clients and McDonough Capital Management. We are registered investment adviser with the State of Florida. Our registration as an Investment Adviser does not imply any level of skill or training. The oral and written communications we provide to you, including this Brochure, serve as information you use to evaluate us (and other advisers), and factor in to your decision either to hire us or uphold the maintenance of a mutually beneficial relationship.

**October 31, 2019**

## **Material Changes**

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### **Annual Update**

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

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### **Material Changes since the Last Update**

Since our last update on December 31, 2018, the only material changes to report is the changes in our total assets under management. We have made updates to reflect our current total assets under management.

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### **Full Brochure Available**

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: (407) 248-9647 or by email at: [mcm@mcdonoughcapital.com](mailto:mcm@mcdonoughcapital.com).

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## ADVISORY BUSINESS

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### **Firm Description**

McDonough Capital Management, Inc. (hereinafter “MCM” or the “Firm”) was founded in 1999.

MCM offers personalized investment advisory services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, and other business entities with an emphasis on the medical industry. Individuals associated with MCM will provide its investment advisory services. Such individuals are known as Investment Adviser Representatives (IARs).

MCM is a corporation formed under the laws of the State of Florida. This narrative ADV Part 2 provides clients with information regarding MCM and the qualifications, business practices, and nature of advisory services that should be considered before becoming an advisory client of the Firm.

Persons associated with MCM are registered representatives and/or investment adviser representatives of Triad Advisors, LLC, a full service securities broker/dealer registered under federal and state securities laws. Triad Advisors, LLC is a member of the Financial Industry Regulatory Authority (“FINRA”) and the Securities Investors Protection Corporation (“SIPC”).

Please contact Edward A. McDonough, President/Chief Compliance Officer, if you have any questions about this Narrative ADV Part 2. Additional information about MCM is available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for MCM is 143767. The Firm’s services and fees are described in the following pages.

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### **Principal Owners**

Edward A. McDonough is a 100% stockholder.

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### **Types of Advisory Services**

MCM provides *financial planning services* and investment supervisory services, also known as *asset management services*.

All assets managed by MCM are on a discretionary basis.

Total assets under management for MCM as of October 31, 2019 are \$68,415,783.

#### ***Financial Planning Services***

Financial planning services typically involve providing a variety of services, principally advisory in nature, to clients regarding the management of their financial resources based upon an analysis of their individual needs. The Firm will first conduct a complimentary initial consultation. If the client and the Firm mutually decide to proceed, the client will engage MCM to provide financial planning services. Follow up meetings will be conducted as necessary, during which pertinent information about the client’s financial circumstances and objectives will be collected. MCM may meet with the client’s other professional advisors (financial, legal, real estate, tax, etc.) for a series of information gathering and/or implementation meetings. Once such information has been reviewed and analyzed, a written financial plan designed to achieve the client’s stated financial goals and objectives will be produced and presented to the client. The primary objective of this process is to allow MCM to assist the client in developing a strategy for the

successful management of income, assets, and liabilities in meeting the client's financial goals and objectives.

Financial plans are based on the client's financial situation at the time the plan is presented and are based on financial information disclosed by the client to MCM. Clients are advised that certain assumptions may be made with respect to interest and inflation rates and use of past trends and performance of the market and economy. Past performance is in no way an indication of future performance. MCM cannot offer any guarantees or promises that the client's financial goals and objectives will be met.

Typically, the Firm will charge an hourly fee of \$250 for financial planning services. The hourly fee is negotiable based upon the complexity and scope of the plan, the client's financial situation and objectives, and the IAR performing the financial planning services. An estimate of the total time/cost will be determined at the start of the advisory relationship. In limited circumstances, the time/cost could potentially exceed the initial estimate. In such cases, the Firm will notify the client and will request that the client approve applicable additional fees. Financial planning fees will be due upon presentation of the written plan.

In limited circumstances, some clients may only require advice on a single aspect of the management of their financial resources. For these clients, MCM offers financial plans in a modular format that address only those specific areas of interest or concern.

Clients may act on the Firm's recommendations by placing securities transactions with any brokerage firm the client chooses. The client is under no obligation to act on the Firm's financial planning recommendations. Moreover, if the client elects to act on any of the recommendations, the client is under no obligation to implement the financial plan through MCM or Triad Advisors, LLC. However, if the client implements a plan through IARs of MCM in their capacities as investment adviser representatives of Triad Advisors, LLC, such individuals may earn commissions for securities purchased through Triad Advisors, LLC.

The client may terminate the financial planning service within five business days after the date when all parties have agreed on such service without penalty. After the 5 day period, the client may contact the Firm and request a termination of the financial planning service. The client will incur a pro rata charge for bona fide financial planning and/or consulting services rendered prior to such termination.

### ***Asset Management Services***

Most Clients choose to have MCM manage their assets in order to obtain ongoing in-depth advice and life planning. All aspects of the Client's financial affairs are reviewed. Realistic and measurable goals are set and objectives to reach those goals are defined. As goals and objectives change over time, suggestions are made and implemented on an ongoing basis.

The scope of work and fee for an Investment Advisory Agreement is provided to the Client in writing prior to the start of the relationship. The Client is provided with ongoing investment advice and monitoring of securities holdings. The IAR will managed the account on a non-discretionary basis (or discretionary, provided certain qualifications are met), according to the client's objectives.

Generally, the annualized fees for managed accounts are based on the following blended fee schedule:

<u>Assets Under Management</u>	<u>Maximum Annualized Fee</u>
First \$200,000	1.50%*
Next \$300,000	1.25%
Next \$4,500,000	1.0%
Over \$5,000,000	Negotiable

The Firm typically requires a minimum annual fee of \$1,000\*. For example, accounts value less than \$66,666.67 may pay an annual asset management fee in excess of 1.5%. Lesser fees may be available elsewhere. In its discretion, the Firm may allow related accounts, such as those of members of the same household, to be aggregated for purpose of determining the advisory fee or for meeting the previously stated minimum. MCM may charge an annualized fixed fee of 1.25% or 1% of assets under management. The final fee is negotiable based on the size, asset composition and complexity of the client account. Older client relationships may be subject to a lower fee schedule. In any case, the fees, fee-paying arrangements and terms will be clearly set forth in the executed agreement for services.

The annual asset-based fee is paid *quarterly in advance*, as outlined in the Investment Advisory Agreement. The asset-based fee is calculated on the account asset value on the last business day of the preceding calendar quarter. Fees will be assessed pro rata in the event the Investment Advisory Agreement is executed at any time other than the first day of a calendar quarter.

## FEES AND COMPENSATION

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### Description

MCM bases its fees on a percentage of assets under management or hourly charges. It is up to the client how they wish to compensate MCM.

Financial plans are priced according to the degree of complexity and scope associated with the Client's situation.

The fees charged are calculated as described above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds, or any portion of the funds of an advisory Client (15 U.S.C. §80b-5(a)(1)).

MCM does not represent, warrant, or imply that the services or methods of analysis employed by the Firm can or will predict future results, successfully identify market tops or bottoms, or insulate Clients from losses due to market corrections or declines.

MCM reserves the right to advise clients on any other type of investment that it deems appropriate based on the client's stated goals and objectives. MCM may also provide advice on any type of investment held in a client's portfolio at the inception of the advisory relationship or on any investment for which the client requests advice.

Clients are advised that MCM's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to MCM's fee, and MCM shall not receive any portion of these commissions, fees, and costs. The Client should review all fees charged by mutual funds, MCM, and others to fully understand the total amount of fees to be paid by the Client.

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**Fee Billing**

Portfolio management fees are billed quarterly, in advance, as outlined in the Investment Advisory Agreement. The asset-based fee is calculated on the account asset value on the last business day of the preceding calendar quarter. Fees will be assessed pro rata in the event the Investment Advisory Agreement is executed at any time other than the first day of a calendar quarter.

Payment of the Firm's management fees will be made by the qualified custodian holding the Client's funds and securities provided the Client supplies written authorization permitting the fees to be paid directly from the client's account. MCM will not have access to Client funds for payment of fees without written consent by the Client. Further, the qualified custodian agrees to deliver an account statement directly to the client, at least quarterly, showing all amounts disbursed from client's account, including fees paid to MCM. The Client is encouraged to review all account statements for accuracy. MCM will receive a duplicate copy of the statement that was delivered to the Client.

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**Other Fees**

For non-IRA/ERISA managed accounts, the Client's Investment Adviser Representative may elect to absorb all or a portion of the Processing Fee, if any, but not less than 10% per trade. In addition to assessing management fees, certain open-end mutual funds may internally assess a distribution fee pursuant to section 12(b)-1 of the Investment Company Act of 1940, or an administrative or service fee ("trail"). Such fees are included in the calculation of operating expenses of a mutual fund and are disclosed in the fund prospectus. If received by the firm, these fees will be used to offset Advisory Fees incurred by the Client. However, if the IAR elects to absorb at least 10% of the Processing Fees in non-IRA/ERISA accounts, they may also elect to receive trails paid by the fund company, if any, to defray the cost of the Processing Fees they absorb. If such an election is made, there may be a conflict of interest where the IAR may have an incentive to absorb a portion or all of the Processing Fees in consideration of the actual or anticipated trails they will receive.

Clients should understand that the annual advisory fees charged in the asset management program are in addition to the management fees and operating expenses charged by open-end, closed-end and exchange-traded funds. To the extent that a Client intends to hold fund shares for an extended period of time, it may be more economical for the Client to purchase fund shares outside of these programs. Clients may be able to purchase mutual funds directly from their respective fund families without incurring MCM advisory fee. When purchasing directly from fund families, Clients may incur a front-end or back-end sales charge.

Custodians may charge transaction fees on purchases or sales of certain mutual funds and exchange-traded funds. These transaction charges are usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

MCM, in its sole discretion, may waive its minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with Clients, etc.).

MCM believes the charges and fees offered within each fee-based program are competitive with alternative programs available through other firms and/or investment sources, yet makes no guarantee that the aggregate cost of a particular program is lower than that, which may be available elsewhere.

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**Termination of Agreement**

The Investment Advisory Agreement may be terminated by the client or MCM at any time upon providing written notice pursuant to the provisions of the Investment Advisory Agreement. There is no penalty for terminating the client's account. Upon termination, Client's obligation to pay advisory fees (prorated through the date of termination) and, if applicable, any prepaid, unearned fees will be promptly refunded to the Client. MCM will not accept instructions to terminate the Agreement unless such instructions are provided in writing by client.

## PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

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### Sharing of Capital Gains

MCM does not use any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client) because of the potential conflict of interest.

Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the Client.

## TYPES OF CLIENTS

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### Description

MCM generally provides investment advice to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, and other business entities.

Client relationships vary in scope and length of service.

### Account Minimums

MCM generally imposes a minimum of \$150,000 to open and maintain an advisory account. However, this account minimum may be waived at the discretion of MCM if, for example, the client appears to have significant potential for increasing assets under management. Also in its discretion, MCM may household client accounts to meet the stated minimum.

MCM requires a minimum annual fee of \$1,000. Clients are hereby advised that, based on the Firm's fee structure, accounts with an aggregated value of less than \$50,000 may pay an annual asset management fee in excess of 2%. In its discretion, the Firm may waive this minimum or may allow related accounts, such as those of members of the same household, to be aggregated for purposes of determining the advisory fee or for meeting the previously stated minimum.

## METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

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### Methods of Analysis

Security analysis methods may include charting, fundamental analysis, technical analysis, and cyclical analysis. The main sources of information include financial newspapers and magazines, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

Other sources of information that MCM may use include Morningstar Principia mutual fund information, Morningstar Principia stock information, TradeStation, and the World Wide Web.

### Investment Strategies

The primary investment strategy used on Client accounts is active trend-following and tactical asset allocation. This means that we use actively and passively managed equities (individual stocks), mutual funds, as well as exchange traded funds to invest in areas where we believe there are greater opportunities to make a difference based on market conditions and trend analysis. Trend analysis can also be referred to as following market momentum. We actively attempt to find trends or momentum that occurs in the market and try to capitalize on those trends.

The risk tolerance and investment strategy for a specific Client is based upon the objectives stated by the Client during consultations. The Client may change these objectives at any time.

While trend-following is the primary investment strategy, other strategies may include:

- *Long-term purchases*: purchases designed to be held for long term time horizons (usually more than 1 year). These investments are designed to be held with long term capital appreciation in mind.
- *Short-term purchases*: purchases designed to be held for short term time horizons (usually less than 1 year). These investments are designed to experience capital appreciation or income in a short period of time.
- *Trading*: these transactions are designed to capitalize on market changes without regard to any specified holding period.
- *Margin transactions*: client accounts may purchase more in security value than the available cash in their accounts. In these situations, the client bears a higher degree of risk due to the leveraged nature of the accounts.

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### **Risk of Loss**

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- *Interest-rate Risk*: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- *Market Risk*: The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- *Inflation Risk*: When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- *Currency Risk*: Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- *Reinvestment Risk*: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- *Business Risk*: These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- *Liquidity Risk*: Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- *Financial Risk*: Excessive borrowing to finance a business's operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

- *Leveraged Risk:* Utilizing leverage can increase the potential return on a client account. If a client account is leveraged, the account controls more in value than would ordinarily be attainable based on cash readily available within the account. Leverage can be accomplished by borrowing funds from a custodian (margin) or utilizing option contracts that control a larger number of shares than would normally be available based on purchasing the underlying security. In these situations, the degree of risk and potential for loss is much higher than a typical non-leveraged account.

## DISCIPLINARY INFORMATION

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### Legal and Disciplinary

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of MCM or the integrity of MCM's management. MCM and its employees have no reportable disciplinary history.

## OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

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### Financial Industry Activities and Affiliations

MCM is not registered as a securities broker-dealer, or a futures commission merchant, commodity pool operator or commodity trading advisor.

Edward A. McDonough, Chief Compliance Officer of MCM, is also President of MCM. IARs of MCM who are registered representatives of Triad Advisors, LLC will market securities services through MCM. Mr. McDonough is the supervisor for these registered representatives through his affiliation with Triad Advisors, LLC. In this capacity, Mr. McDonough oversees and supervises all aspects of securities business conducted by such individuals.

Additionally, IARs of MCM will sell insurance products, including, but not limited to, annuities, life, and long-term care products, and will receive additional compensation, in the form of commissions, on the sale of such products. IARs may also receive 12b-1 distribution fees from investment companies (mutual funds) in connection with the placement of Clients' funds into investment companies in their capacity as registered representatives of Triad Advisors, LLC.

As part of their fiduciary duty to Clients, MCM and its associated persons endeavor at all times to put the interests of its Clients first. However, Clients should be aware that the receipt of additional compensation creates a potential conflict of interest.

## CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

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### Code of Ethics

MCM has adopted a Code of Ethics, the full text of which is available to clients and prospective clients upon request. MCM has several goals in adopting this Code. First, the Firm desires to comply with all applicable laws and regulations governing its practice, and the management of MCM has determined to set forth guidelines for professional standards, under which all associated persons of the Firm are to conduct themselves. The Firm has set high standards, the intention of which is to protect client interests at all times and to demonstrate its commitment to its fiduciary duties of honesty, good faith and fair dealing with clients. All associated persons are expected to adhere strictly to these guidelines, as well as any procedures for approval and reporting established in the Code of Ethics primarily related to violations of the Code. In addition, MCM maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by MCM or any person associated with the Firm.

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## Participation or Interest in Client Transactions

MCM or individuals associated with the Firm may buy or sell – for their personal account(s) - investment products identical to those recommended to clients. It is the expressed policy of MCM that employees shall not have priority in any purchase or sale over clients' accounts.<sup>(1)(2)</sup>

Footnotes:

<sup>(1)</sup>This policy has been established recognizing that some securities being considered for purchase and/or sale on behalf of MCM's clients trade in sufficiently broad markets to permit transactions by clients to be completed without an appreciable impact on the markets of the securities. Under certain circumstances, exceptions may be made to the policies stated above. Records of these trades, including the reasons for the exceptions, will be maintained with MCM's records in the manner set forth above.

<sup>(2)</sup>The foregoing does not apply to certain types of securities, such as obligations of the U.S. Government, and shares in open-end mutual funds. Open-end mutual funds are purchased or redeemed at a fixed net asset value price per share specific to the date of purchase or redemption. As such, transactions in mutual funds by Advisory Representatives are not likely to have an impact on the prices of the fund shares in which clients invest.

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## Personal Trading

The Chief Compliance Officer of MCM is Edward A. McDonough. He reviews all employee trades each quarter. His trades are reviewed by Triad Advisors, LLC. The personal trading reviews ensure that the personal trading of employees does not affect the markets, and that Clients of the firm receive preferential treatment.

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## BROKERAGE PRACTICES

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### Selecting Brokerage Firms

MCM does not have any affiliation with product sales firms. Specific custodian recommendations are made to Clients based on their need for such services. MCM recommends custodians based on the proven integrity and financial responsibility of the firm and the best execution of orders at reasonable commission rates.

MCM participates in the institutional advisor program (the "Program") offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC/NFA ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Advisor receives some benefits from TD Ameritrade through its participation in the Program. (Please see the disclosure under Soft Dollars below.)

As registered representatives of Triad Advisors, LLC, associated persons of MCM will recommend Triad Advisors, LLC to advisory Clients for brokerage services. As registered representatives, such persons are subject to internal policies and regulatory rules that may restrict them from conducting certain securities transactions away from Triad Advisors, LLC. Therefore, Clients are advised that such persons may be limited to conducting certain securities transactions through Triad Advisors, LLC. It may be the case that Triad Advisors, LLC charges a higher fee than another broker charges for a particular type of service, such as transaction fees. Clients may utilize any broker dealer they choose and have no obligation to purchase or sell securities through Triad Advisors, LLC. However, MCM may not be able to execute certain securities transactions away from Triad Advisors, LLC.

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### Best Execution

MCM believes that TD AMERITRADE and Triad Advisors, LLC provide "best execution" in effecting transactions for Client accounts. "Best execution" means obtaining for the Client the lowest total cost (in purchasing a security) or highest total proceeds (in selling a security), taking into account the circumstances of the transaction and the reputability and reliability of the executing broker or dealer. In determining whether a broker/dealer and/or

custodian provides best execution for its Clients, MCM considers all factors that it deems relevant to the execution capability, including, for example, price, the size of the transaction, the nature of the market for the security, the amount of the commission, the timing of the transaction in light of market prices and trends, the reputation, experience and financial stability, and the quality of services rendered by the broker dealer and/or custodian.

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### **Order Aggregation**

Orders for the same security entered on behalf of multiple Clients will generally be aggregated, if it is consistent with achieving best execution for various Client accounts and if it is deemed to be in the best interests of participating Clients. All Clients participating in each aggregated order shall receive the weighted average price and pay a trade commission based on the account agreement with the custodian. Smaller accounts may bear higher charges if they fail to meet the minimum account sizes set by the broker.

The appropriate share amount of each buy or sell of a particular security is determined prior to placing the trade. Allocations of orders among Client accounts must be made in a fair and equitable manner. Each participating Client in an aggregated trade receives the predetermined number of shares in the trade allocation process. In the unusual event of a partial fill of an aggregated order, the originally anticipated allocation will be altered in a fair and equitable manner.

As a rule, allocations among accounts with the same or similar investment objective are made pro rata based upon account size. There is no allocation to an account or set of accounts based on account performance or the amount or structure of management fees. When such concurrent authorizations occur, the objective will be to allocate the executions in a manner that is deemed equitable to the accounts involved. However, the following factors may justify an allocation that deviates from the general rule.

- (1) Specific allocations may be chosen in order to adjust or maintain the overall ratios of specific securities held by Client accounts.
- (2) Specific allocations may be chosen based upon an account's existing positions in securities.
- (3) Specific allocations may be chosen because of the cash availability of one or more particular accounts.
- (4) Specific allocations may be chosen for tax reasons.
- (5) An account's allocation may be eliminated, reduced, or increased because of investment policies and restrictions, account guideline limitations, or investment objectives. Clients with specific investment policies, restrictions, or limitations may not be able to participate in certain aggregated transactions, and therefore, may not benefit from averaged pricing.

Aggregated orders may include proprietary or related accounts. Such accounts are treated as Client accounts and are neither given preferential nor inferior treatment versus other Client accounts.

## **REVIEW OF ACCOUNTS**

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### **Periodic Reviews**

Edward McDonough, President, or other qualified associates of the Firm will monitor client accounts on a continuous basis and encourage clients to schedule quarterly meetings with their IAR to ensure the advisory services provided to the client are consistent with the client's investment needs and objectives. Triggering factors that may stimulate a review include, but are not limited to, significant market corrections, large deposits or withdrawals from an account and the client's request for an additional review.

For those clients that retain MCM for financial planning only, and do not implement the financial plan through MCM, reviews and updates to a financial plan are provided at the client's request, and may be subject to an additional fee. Such arrangements will be negotiated in advance of services rendered.

The custodian holding the client's funds and securities will send the client a confirmation of every securities transaction in their account, and a brokerage statement at least quarterly. MCM will also provide clients with quarterly performance reports.

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## **CLIENT REFERRALS AND OTHER COMPENSATION**

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### **Incoming Referrals**

MCM has been fortunate to receive many Client referrals over the years. Employee and non-employee (outside) solicitors, e.g. unaffiliated broker/dealers, investment advisers, accountants, attorneys, etc., who are directly responsible for bringing a Client to MCM, may receive compensation from MCM for the Client referral. Under these arrangements, the Client does not pay higher fees than MCM's normal/typical advisory fees.

Such arrangements will comply with the requirements set forth under the Investment Advisers Act of 1940 and/or the applicable state Securities Act, including a written agreement between MCM and the solicitor. Non-employee solicitors must provide a copy of MCM's ADV Part 2 (Disclosure Brochure) and a separate solicitor's disclosure statement regarding the relationship between the solicitor and MCM to the prospective Client at the time of the solicitation or referral. The prospective Client will be requested to acknowledge this arrangement prior to acceptance of the account for advisory services. Applicable state laws may require these persons to become either licensed or registered as representatives of MCM or as an independent investment adviser.

As disclosed under Brokerage Practices above, MCM participates in TD Ameritrade's institutional customer program and MCM may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between MCM's participation in the program and the investment advice it gives to its Clients, although MCM receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to MCM by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by MCM's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit MCM but may not benefit its Client accounts. These products or services may assist MCM in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help MCM manage and further develop its business enterprise. The benefits received by MCM or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, MCM endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by MCM or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the MCM's choice of TD Ameritrade for custody and brokerage services.

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### **Other Compensation**

IARs of MCM may sell insurance products, including, but not limited to, life, health, and long-term care products, and will receive additional compensation, in the form of commissions, on the sale of such products. They may also receive commissions on the sale of securities, including 12b-1 distribution fees from investment companies (mutual funds) in connection with the placement of clients' funds into investment companies, through their capacities as registered representatives of Triad Advisors, LLC.

As part of its fiduciary duties to clients, MCM endeavors at all times to put the interests of its advisory clients first. However, clients should be aware that the receipt of economic benefits by MCM or its related persons in and of itself creates a potential conflict of interest.

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## CUSTODY

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### Account Statements

All assets are held at qualified custodians, which means the custodians provide account statements directly to Clients at their address of record at least quarterly, showing all amounts disbursed from client's account, including fees paid to MCM. Portfolio management fees are billed quarterly, in advance, as outlined in the Investment Advisory Agreement. On a quarterly basis, MCM will give instructions to the custodians to deduct the portfolio management fees directly from the client accounts. MCM will not have access to Client funds for payment of fees without written consent by the Client. We prefer to deduct management fees directly from client accounts as this helps us keep our administrative costs down.

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### Performance Reports

Clients are urged to compare the account statements received directly from their custodians to the performance report statements provided by MCM upon Client request.

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## INVESTMENT DISCRETION

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### Discretionary Authority for Trading

Clients may grant MCM discretion over the selection of and the amount of securities to be bought or sold for their account without obtaining their prior consent or approval. However, the Firm's investment authority may be subject to specified investment objectives, guidelines, and/or conditions imposed by the client. For example, a client may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry. Clients may amend these limitations as required and such amendments must be submitted in writing.

The Client approves the custodian to be used and the commission rates paid to the custodian. MCM does not receive any portion of the transaction fees or commissions paid by the Client to the custodian on certain trades.

Discretionary trading authority facilitates placing trades in your accounts on your behalf.

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### Limited Power of Attorney

A limited power of attorney is a trading authorization for this purpose. You sign a limited power of attorney so that we may execute the trades on a discretionary basis.

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## VOTING CLIENT SECURITIES

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### Proxy Voting and Class Action Litigation

MCM will not vote proxies or render any advice regarding proxies solicited by or with respect to the issuers of securities held in client accounts. Additionally, MCM will not take any action or render any advice with respect to any securities held in client accounts, which are named in or are subject to class action lawsuits. MCM will, however, forward to any proxy materials or information received by the Firm regarding class action legal matters involving securities held in client accounts. Where the Firm receives written or electronic proxy material or notice of a class action lawsuit, settlement, or verdict affecting securities owned by a client, it will forward all notices, proof

of claim forms, and other materials, to the client. Electronic mail is acceptable where appropriate, if the client has authorized contact in this manner.

## **FINANCIAL INFORMATION**

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### **Financial Condition**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about MCM's financial condition. MCM has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

## **INFORMATION SECURITY PROGRAM**

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### **Information Security**

MCM maintains an information security program to reduce the risk that your personal and confidential information may be breached.

### **Trading Errors**

On infrequent occasions, an error may be made in a Client account. For example, a security may be erroneously purchased for a Client account instead of sold. In such situations, MCM seeks to rectify the error by placing the Client account in a similar position as it would have been had there been no error. Depending on the circumstances, various corrective steps may be taken, including but not limited to, canceling the trade, adjusting an allocation, and/or reimbursing the account. If a trade error results in a profit, it remains in the error account of the executing broker/dealer or account custodian and is not allocated to the Client account.

### **Privacy Notice**

MCM views protecting its customers' private information as a top priority and, pursuant to the requirements of the federal Gramm- Leach-Bliley Act, MCM has instituted policies and procedures to ensure that customer information is kept private and secure.

MCM does not disclose any nonpublic personal information about its customers or former customers to any nonaffiliated third parties, except as permitted by law. In the course of servicing a client's account, MCM may share necessary information with its service providers, such as transfer agents, custodians, broker-dealers, accountants, and consultants, and attorneys. Federal and state securities regulators may review our Company records and your personal records as permitted by law.

MCM restricts internal access to nonpublic personal information about the client to those associated persons of MCM who need access to that information in order to provide services to the client. As emphasized above, it has always been and will always be MCM's policy never to sell information about current or former customers or their accounts to anyone. It is also MCM's policy not to share information unless required to process a transaction, at the request of a customer, or as required by law.

We maintain a secure office to ensure that your information is not placed at unreasonable risk. We employ a firewall barrier, secure data encryption techniques and authentication procedures in our computer environment.

Personally identifiable information about you will be maintained while you are a Client, and for the required period thereafter that records are required to be maintained by federal and state securities laws. After that time, information may be destroyed.