

**Item 1 Cover Page**

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**Website: [www.MidAmericanWealthAdvisory.com](http://www.MidAmericanWealthAdvisory.com)**

**September 7, 2022**

This brochure provides information about the qualifications and business practices of Mid- American Wealth Advisory Group Inc. If you have any questions about the contents of this brochure, please contact us at 816-640-5888 or [info@MidAmericanWealth.com](mailto:info@MidAmericanWealth.com).

Mid-American Wealth Advisory Group Inc. is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training.

Additional information about Mid-American Wealth Advisory Group Inc. Also is available on the SEC's website 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. Mid-American Wealth Advisory Group Inc.'s CRD number is 301621.

## Item 2 Summary of Material Changes

The following material changes in this brochure from the last annual updating amendment of Mid-American Wealth Advisory Group Inc. on March 16, 2022.

- Item 4: Advisory Business
  - Added language regarding the Adviser's use of third-party sub-advisers
  - Added language regarding Rollover Recommendations and important considerations for clients to evaluate when considering their investment of retirement assets.
- Item 5: Fees and Compensation
  - Added language regarding educational workshops provided by the Adviser to clarify that while the Adviser may not charge for these workshops, there is the potential for fees charged directly by the venue hosting the educational workshops related to the attendance of the workshops.
  - Added language to clarify how fees for portfolio management services are calculated and assessed.
  - Added language regarding fees associated with the use of sub-advisers and that those fees may be included in or in addition to the Adviser's portfolio management fee. Fee arrangements are detailed in the Advisory Agreement for each client.
- ITEM 8: Methods of Analysis, Investment Strategies, and Risk of Loss
  - Added language regarding the firm's use of models.
  - Added descriptions of certain risks involved with certain types of investments, including ETFs, equities and fixed income products.
- Item 19: Removed Form ADV Part 2B. ADV Part 2B is available upon request.

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#### **ITEM 4 Advisory Business**

Mid-American Wealth Advisory Group Inc. (“Adviser”) was organized in 1999 and became a registered investment adviser in June 2019. The Adviser’s owner, Mark Falter has been active in the financial services industry since 1985, also sells insurance commissioned products, and provides tax preparation services. The Adviser is a fiduciary and is required to act in a client’s best interest at all times.

The Adviser is a fee-based investment management firm. The Adviser does not act as a custodian of client assets. Other professionals (e.g., lawyers, accountants, tax preparers, insurance agents, etc.) are engaged directly by the client on an as-needed basis and may charge fees of their own. Conflicts of interest will be disclosed to the client in the event they should occur.

#### **Types of Advisory Services**

##### **ASSET MANAGEMENT**

The Adviser offers discretionary and non-discretionary direct asset management services to advisory clients. The Adviser will offer clients ongoing portfolio management services through determining individual investment goals, time horizons, objectives, and risk tolerance. Investment strategies, investment selection, asset allocation, portfolio monitoring and the overall investment program will be based on the above factors. The client will authorize the Adviser discretionary authority to execute selected investment program transactions as stated within the Investment Advisory Agreement.

The Adviser will offer the services of Pontera (formerly FeeX), Inc. to its clients to enable the Adviser to provide its advisory services on certain retirement assets held away. There are fees associated with this service which are described in more detail in Item 5: Fees and Compensation.

##### **SUB-ADVISER SERVICES**

At times, Mid-American may use the services of unaffiliated investment advisers in a sub-advisory capacity. These sub-advisers will provide ongoing portfolio management services on certain client accounts. For these services, sub-advisers charge a management fee that may be borne by the client receiving those services.

Mid-American has engaged AE Wealth Management, LLC (“AEWM”) to provide sub-advisory services on certain client accounts of the Adviser. AEWM will provide ongoing portfolio management services on these accounts. For these services, AEWM charges a management fee which shall be deducted from the gross investment advisory fee agreed upon by Client and Mid-American as set forth by investment advisory agreement. More information about these fees can be found in Item 5: Fees and Compensation.

To the extent AEWM is appointed to provide sub-advisory services to a client of the Adviser, such appointment includes the delegation to AEWM of Mid-American’s discretionary authority to select/hire and fire model managers, portfolio managers, strategists, and third-party money managers on behalf of

any client of Adviser who participates in AEWB's asset management program. Further, Mid-American delegates to AEWB's platform provider the discretionary authority (based upon the selected Model Manager's(s') designated portfolio model(s) and/or trade signals without first consulting with Client) to make all decisions to buy, sell, or hold securities, cash, or other investments for such portion of each client's assets that are included in AEWB's asset management program. This authority includes the ability to carry out such decisions by giving instructions, on behalf of clients of Mid-American who participate in AEWB's asset management program, to brokers, dealers, and custodians.

#### EDUCATIONAL WORKSHOPS

We provide educational workshops to all clients. These workshops will cover topics such as social security, IRA accounts, Required Minimum Distributions, and other topics to cover benefits and any regulatory changes. We will also discuss estate planning and explain the different options. If needed, we will also refer clients to an attorney.

#### TAX PREPARATION

Mark Falter provides accounting and/or tax preparation services to clients for a fee. No client of Adviser is under any obligation to use the accounting and/or tax preparation services. Mark Falter remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create. Adviser also attempts to mitigate the conflict of interest by requiring employees to acknowledge in the Adviser's Code of Ethics, their individual fiduciary duty to the clients of Adviser, which requires that employees put the interests of clients ahead of their own.

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

The goals and objectives for each client are documented in our client files. Investment strategies are created that reflect the stated goals and objective. Clients may impose restrictions on investing in certain securities or types of securities. Agreements may not be assigned without a client's consent.

#### **Types of Investments**

Adviser typically provides investment advice on mutual fund shares, insurance products (including variable annuities and life insurance), exchange-listed securities and ETFs (exchange-traded funds). Adviser may also provide investment advice on securities traded over-the-counter, foreign issues, corporate debt securities, commercial paper, certificates of deposit, municipal securities, US government securities, securities option contracts, REITs (real estate investment trusts), oil and gas interests, and any type of investment held in a client's portfolio at the inception of the advisory relationship. This may not be an all-inclusive list. As requested by clients, Adviser may review any type of investment. Adviser may render advice about the investment although not necessarily recommending the investment.

## General Information

Discretion means the trading activity within the Client's account(s) may be entered by Adviser without receiving prior authorization for each trade. This discretion is authorized by the Client in writing (upon signing the specific Investment Management Agreement) and may be revoked at any time by submitting a written request to Adviser. In most cases, discretion will be utilized. The Client will receive confirmations and statements showing all trading activity in the account(s). Clients primarily grant Adviser discretionary authority over the selection of and amounts of securities to be bought and/or sold for their account without obtaining their prior consent or approval from the client. The trading authority will allow Adviser to take advantage of time-sensitive market conditions in securities, which are consistent with the client's prior stated investment objectives. However, Adviser'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. Adviser does not participate in initial public offerings.

## ROLLOVER RECOMMENDATIONS

As part of our investment advisory services to you, we may recommend that you withdraw the assets from your employer's retirement plan and roll the assets over to an individual retirement account ("IRA") that we will manage on your behalf. 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 agreement you executed with our firm. This practice presents a conflict of interest because persons providing investment advice on our behalf have an incentive to recommend a rollover to you for the purpose of generating fee-based compensation rather than solely based on your needs. 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.

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: 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; and/or 4) rolling the funds into an IRA rollover account. Each of these options has advantages and disadvantages and before making a change we encourage you to speak with your CPA and/or tax attorney. Our recommendations may include any of them, depending on what we feel is in your best interest.

We are fiduciaries under the Investment Advisers Act of 1940 and when we provide investment advice to you regarding your retirement plan account or individual retirement account, we are also fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal

Revenue Code, as applicable, which are laws governing retirement accounts. As a fiduciary, we are required to document the reason(s) for why the recommendation we made is in your best interest.

As of December 31, 2021, we have \$188,882,051 in discretionary assets under management and \$48,042,868 in non-discretionary assets under management.

## **ITEM 5 Fees and Compensation**

### **Method of Compensation and Fee Schedule**

#### **ASSET MANAGEMENT**

We offer discretionary asset management services to advisory clients. The annual fee may be negotiable. Accounts within the same household may be combined for a reduced fee. Our standard advisory account fees are billed monthly in arrears based on the value of the assets under management at the end of each month. For accounts sub-advised by AEWM, fees are billed monthly in arrears based on the average daily balance. For these accounts, the investment advisory fee will be deducted from the client's account by AEWM. Clients may terminate their account within five business days of signing the Investment Advisory Agreement with no obligation. We will be entitled to a pro rata fee for the days that service was provided in the final month.

Client shall be given thirty (30) days prior written notice of any increase in fees.

<b>Total Assets</b>	<b>Annual Fee</b>
\$0 - \$250,000	1.25%
\$250,001 - \$500,000	1.10%
\$500,001 - \$1,000,000	1.00%
\$1,000,001 - \$2,000,000	0.95%
\$2,000,001 - \$3,000,000	0.90%
\$3,000,001 - \$5,000,000	0.80%
Over \$5,000,001	0.70%

#### **FEE CALCULATION EXAMPLE (Standard Advisory Account)**

Billing Frequency: Monthly, in Arrears based off Client Account Value at close of trading on last day of month

Fee Calculation: Client Account Value at close of trading on last day of month x (Annual Fee /12)  
Calculation Example: Client Account Value at close of trading on last day of month of \$100,000; Client Fee of 1.30% =  $\$100,000 \times (1.3\%/12) = \$108.33$

FEE CALCULATION EXAMPLE (AEWM Sub-Advised Account)

Billing Frequency: Monthly, in Arrears based off Average Daily Balance  
Fee Calculation: Average Daily Balance x (Fee (in basis points)/10,000) / # of Days in Year x # of Invested Days in Month  
Calculation Example: Account Average Daily Balance of \$100,000; Client Fee of 1.30% (130 basis points); Invested January 5<sup>th</sup>=  $\$100,000 \times (130/10,000) / 365 \times 26 = \$92.60$

**Payment of Fees and Brokerage Costs**

Clients' assets are held with a qualified custodian that maintains those funds and securities in a separate account for each client under that client's name. The annual fee percentage for portfolio management services is based on the market value of the client's assets under management on the last trading day of the month. Accounts are generally billed monthly, in arrears, based on the market value of the account on the last trading day of the month.

**Fee Calculation**

FEE CALCULATION EXAMPLE (Standard Advisory Account)

Billing Frequency: Monthly, in Arrears based off Client Account Value at close of trading on last day of month  
Fee Calculation: Client Account Value at close of trading on last day of month x (Annual Fee /12)  
Calculation Example: Client Account Value at close of trading on last day of month of \$100,000; Client Fee of 1.30% =  $\$100,000 \times (1.3\%/12) = \$108.33$

FEE CALCULATION EXAMPLE (AEWM Sub-Advised Account)

Billing Frequency: Monthly, in Arrears based off Average Daily Balance  
Fee Calculation: Average Daily Balance x (Fee (in basis points)/10,000) / # of Days in Year x # of Invested Days in Month  
Calculation Example: Account Average Daily Balance of \$100,000; Client Fee of 1.30% (130 basis points); Invested January 5<sup>th</sup>=  $\$100,000 \times (130/10,000) / 365 \times 26 = \$92.60$

Adviser will either invoice the client directly for the advisory fees or the qualified custodian holding the clients' funds and securities will debit the client account directly for the advisory fees. The client may choose which method, although Adviser prefers to directly debit the fee from the account. Where the client account is debited directly for the advisory fee, the client will provide written authorization

permitting the fees to be paid directly from their account held by the qualified custodian. Adviser will not have access to client funds for payment of fees without client consent that was provided to the custodian in writing. Further, the qualified custodian agrees to deliver at least quarterly an account statement directly to the client. The client is encouraged to review their account statements for accuracy. Adviser will receive a duplicate copy of the statement that was delivered to the client. You may contact the custodian at: TD Ameritrade Institutional, 5010 Wateridge Vista Drive, San Diego, CA 92121 or call 800-400- 6288 and ask for the Core West 1 Team for any additional information.

#### PAYMENT OF SUBADVISER FEES

Sub-adviser fees may be withdrawn from client's accounts or clients may be invoiced for such fees, as disclosed in each contract between us and the applicable third-party adviser. Fees charged by sub-advisers may be in addition to or included in the fee charged by the Adviser. The payment of fees will be defined within the advisory agreement with each client.

#### SUBADVISER SERVICES FEES

We may also act as a sub-adviser to unaffiliated third-party advisers and we would receive a share of the fees collected from the third-party adviser's client. The fees charged are negotiable and will not exceed any limit imposed by any regulatory agency. This relationship will be memorialized in each contract between us and the third-party adviser.

#### EDUCATIONAL WORKSHOP

We do not charge for the educational workshops that we offer. The attendance of a workshop may involve fees imposed directly by the venue itself, however these fees are not shared with nor received by the Adviser.

#### ADDITIONAL CLIENT FEES CHARGED

Custodians may charge transaction fees on purchases or sales of certain mutual funds, equities, exchange-traded funds and any fees for individual fixed income securities. These charges may include Mutual Fund transactions fees, postage and handling and miscellaneous fees (fee levied to recover costs associated with fees assessed by self-regulatory organizations). 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.

The Adviser, 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.). For more details on the brokerage practices, see Item 12 of this brochure.

FeeX Inc. services charge the Adviser 0.25% of Assets held away. This fee may require payment via an ACH, credit card, or invoiced separately if the client does not have other assets under management with

the Advisor, if client has other assets held with the Advisor, the FeeX fee can be factored into the total fee agreed upon within the Client's Advisory Agreement.

### **General Fee Information**

Advisor calculates its management fee against all assets in an account, including cash balances invested in money market funds and short-term investment funds. In addition, custodians for money market funds and short-term investment funds may charge a fee based on cash invested.

As fees are payable in arrears, typically, there will be no reason for Advisor to provide a refund. The client, however, will be responsible for any outstanding balance due to Advisor for services rendered.

Advice offered by Advisor may involve investment in mutual funds. Clients are hereby advised that all fees paid to Advisor for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. Further, there may be transaction charges involved with purchasing or selling of securities. Advisor does not share in any portion of the brokerage fees/transaction charges imposed by the custodian holding the client funds or securities. (See Brokerage Practices) The client should review all fees charged by mutual funds, Advisor, and others, so that the total amount of fees to be paid by the client are fully understood. Clients have the option to purchase investment products that Advisor recommends through other brokers or agents that are not affiliated with Advisor.

Any Advisor created trade errors that result in a net credit will be donated to a charity of Advisor's choice or, if not selected, then a charity of TD Ameritrade's choice. Any Advisor created trade errors that result in a net debit to client accounts will be debited against Advisor's TD Ameritrade Error Account and the client made whole.

### **ITEM 6 Performance-Based Fees and Side-By-Side Management**

No Advisor employee receives Performance-Based fees. Advice offered may involve investments in mutual funds as stated in the Fees and Compensation section.

### **ITEM 7 Types of Clients**

Advisor manages individuals, retirement and profit-sharing plans, corporations, trusts, and estates. For its complete investment supervisory services, Advisor requires a minimum asset value of \$25,000. Minimum account requirements may be waived at the Advisor's discretion.

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

Security analysis methods typically will involve fixed income analysis. Fixed income analysis is the valuation of fixed income or debt securities, and the analysis of their interest rate risk, credit risk, and likely price behavior in hedging portfolios. This includes analyzing bonds issued by the same entity for different maturities.

Regarding equity securities, these methods may also include fundamental analysis and technical analysis. Past performance is not a guarantee of future returns.

Fundamental analysis involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management and competitive advantages. This analysis is performed on historical and current data with a goal of making financial forecasts. The risk assumed with fundamental analysis is that the market will fail to reach expectations of perceived value.

Technical analysis attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernable patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not take into account new patterns that emerge over time.

#### INVESTMENT STRATEGY

The 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. Each client executes a document stating their objectives and their desired investment strategy.

Other strategies may include long-term purchases, short-term purchases and trading.

Adviser utilizes proprietary models based on a desired amount of exposure to risk-based assets, such as common stocks or growth focused ETFs. Currently, the Adviser offers models with 0%, 15%, 25%, 35%, 50%, and 80% exposure. Each model is also offered in a pre-tax and post-tax account version, as well as "lite" version for accounts with an account value under \$250,000. Clients are assigned to a model based risk tolerance assessment completed with the client. This assessment is conducted utilizing an allocation form which provides a target percentage range.

Models are managed daily using securities determined by the Adviser through fundamental and technical analysis and research. It is common for the Adviser to utilize small hedge positions using treasuries and commodities. The Adviser also utilizes corporate bonds, bond ETFs, preferred stocks, and preferred stock ETFs.

#### SECURITY SPECIFIC MATERIAL RISKS

All investment programs have certain risks that are borne by the investor. Fundamental analysis may involve interest rate risk, market risk, business risk, and financial risk.

Risks involved in technical analysis are inflation risk, reinvestment risk, and market risk. Cyclical analysis involves inflation risk, market risk, and currency risk.

Investors face the following investment risks and should discuss these risks with us:

- *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 buy more than 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' 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.
- *Exchange Traded Funds (ETFs)*: An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Precious Metal ETFs (e.g., Gold, Silver, or Palladium Bullion backed "electronic shares" not physical metal) specifically may be negatively impacted by several unique factors, among them (1) large sales by the official sector which own a significant portion of aggregate world holdings in gold and other precious metals, (2) a significant increase in hedging activities by producers of gold or other precious metals, (3) a significant change in the attitude of speculators and investors.
- *Equities*: Equity investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.

- *Fixed Income:* Fixed income investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.

Adviser does not represent, warrant, or imply that the services or methods of analysis employed by Adviser can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. Each client should review the mutual fund prospectus for the specific risks related to each fund that is held in the client's account.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

#### **ITEM 9 Disciplinary Information**

There are no legal or disciplinary events that are related to Adviser's business or the integrity of Adviser's management.

#### **ITEM 10 Other Financial Industry Activities and Affiliations**

Individuals associated with Adviser will provide its investment advisory services. These individuals are appropriately licensed, qualified, and authorized to provide advisory services on behalf of Adviser. Such individuals are known as Investment Adviser Representatives.

Individuals associated with Adviser are licensed as insurance agents with various insurance carriers and acts as a broker to sell insurance products to clients upon request as appropriate. As a client of MAWAG, your investment adviser representative will also serve as an insurance agent and act as a broker to sell insurance products to clients upon request as appropriate.

No Adviser employee has a pending application to register as a registered representative, an associated person of a futures commission merchant, a commodity pool operator, or a commodity trading adviser. Adviser does not have a pending application to register as a broker-dealer, a futures commission merchant, a commodity pool operator, or a commodity trading adviser.

Adviser has arrangements that are material to its advisory business with non-related parties, such as a Custodial arrangement. Although these arrangements are considered material to its business they are

not considered "related persons." Adviser does not have any relationships that it selects other advisers for compensation.

MAWAG will utilize the services of Advisors Excel, a third-party insurance marketing organization ("IMO") to select the appropriate product. Advisory Excel is an affiliate of AE Wealth Management and our decision to work with AE Wealth Management is significantly based on our IMO relationship with Advisors Excel.

Advisors Excel, as IMO, offers special incentive compensation while our investment adviser representatives act in their separate capacity as insurance agents, if they meet certain overall sales goals by placing annuities and/or other insurance products through the IMO. The receipt of commissions and additional incentive compensation itself creates a conflict of interest. This conflict is mitigated by fully disclosing the conflict through a separate disclosure that will be given to the advisory client prior to the sale outlining the commission rate or amount of insurance commission that the investment adviser firm and/or supervised person will be received from the insurance company for such purchase. The disclosure will also include the reasoning used in determining how much to allocate to fixed index annuities versus advisory accounts. Clients are not required to purchase any insurance products through us in our separate capacity as insurance agents. The purpose of the IMO is to assist us to find the insurance company that best fits the client's situation.

The firm can also receive bonus payments from an insurance company for selling a targeted number of annuities during a specified period which creates a conflict of interest.

MAWAG has taken steps to manage these conflicts of interest by requiring that each investment adviser representative (i) only recommend insurance and annuities when in the best interest of the client and without regard to the financial interest of MAWAG and its investment adviser representative, (ii) not recommend insurance and/or annuities which result in investment adviser representative and/or MAWAG receiving unreasonable compensation related to the recommendation, and (iii) disclose in writing to a client any material conflicts of interest related to insurance or annuity recommendations. The disclosure will be given to the advisory client prior to the sale outlining the commission rate or amount of insurance commission that the investment adviser firm and/or supervised person will receive from the insurance company for such purchase, The disclosure will also include the reasoning used in determining how much to allocate to fixed index annuities versus advisory accounts.

**ITEM 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading** the Adviser and its employees may buy and sell securities that they recommend to advisory clients for purchase and sale. To the extent possible, the firm and its employees will process securities transactions for client accounts ahead of similar transactions contemplated for their own accounts. The Adviser and its employees do not recommend to clients or buy or sell for clients' accounts investments in which the Adviser or its employees have a material financial interest. To ensure employee transactions are supervised, we have established a Code of Ethics designed to prevent conflicts of interest. Under the requirements of the Code, each Adviser employee is required to file personal transaction reports

regularly for transactions in accounts in which they have a beneficial interest. In addition, certain types of transactions for employee personal accounts require preapproval and certain types of transactions are prohibited. A complete copy of the Adviser's Code of Ethics is available upon request.

#### **ITEM 12 Brokerage Practices**

Adviser uses and recommends broker-dealers and custodians to clients after considering the full range and quality of services including execution, account access and information, rates, overall fees and account costs and the prior experience, responsiveness, service, reputation, honesty, integrity and the financial stability of the entity among other possible factors. Adviser also considers the administrative ease to service client accounts in using or suggesting any entity.

Adviser executes transactions primarily through the custodian for the account who then acts as the broker-dealer. With all discretionary management accounts, Adviser uses a custodian and broker-dealer unaffiliated with Adviser and its related persons.

On the outset of the relationship with any custodian, Adviser strives to negotiate the best arrangement for the client with the most favorable overall account costs. After the custodial relationship is established, account costs, including execution costs, are charged by the custodian or broker-dealer according to the negotiated Schedule.

Adviser has adopted various policies and procedures for its order execution review. It reviews order execution on a systematic basis to assure correct placement of the order, the best price and best execution and otherwise to protect its clients' interests.

Adviser further reviews relationships with the broker-dealer and custodian in their entirety on a determined periodic basis. This periodic review covers the same factors considered in initially selecting the broker-dealer and custodian, such as the full range and quality of services, execution, compatibility, account access and information, rates, overall fees and account costs, and the prior experience, responsiveness, service, reputation, honesty, integrity and the financial stability of the broker-dealer or custodian, among other possible factors. In particular, Adviser reviews its past experience and relationship with the broker-dealer or custodian.

At present, Adviser participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC. TD Ameritrade is an independent and unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers services to independent investment advisors which include custody of securities, trade execution, clearance and settlement of transactions. Adviser receives some benefits from TD Ameritrade through its participation in the program.

Generally, in addition to a broker's ability to provide the "best execution," Adviser may also consider the value of "research" or additional brokerage products and services a broker-dealer has provided or may be willing to provide. This is known as paying for those services or products with "soft dollars." Because many of the services or products do provide a benefit to Adviser and, because the "soft

dollars” used to acquire them are client assets, Adviser could be considered to have a conflict of interest in allocating client brokerage business: specifically, Adviser could receive valuable benefits by selecting a particular broker-dealer to execute client transactions and the transaction compensation charged by that broker-dealer might not be the lowest compensation Adviser might otherwise be able to negotiate. In addition, Adviser theoretically could have an incentive to cause clients to engage in more securities transactions than would otherwise be optimal in order to generate brokerage compensation with which to acquire products and services. However, Adviser revenue from discretionary management accounts depends directly upon achieving and maintaining the highest possible client account values.

Adviser’s use of soft dollars is intended to comply with the requirements of Section 28(e) of the Securities Exchange Act of 1934. Section 28(e) provides a “safe harbor” for investment managers who use commissions or transaction fees paid by their advised accounts to obtain investment research services that provide lawful and appropriate assistance to the manager in performing investment decision-making responsibilities. As required by Section 28(e), Adviser will make a good faith determination that the amount of commission or other fees paid is reasonable in relation to the value of the brokerage and research services provided. That is, before placing orders with a particular broker-dealer or custodian, Adviser generally determines, considering all the factors described below, that the compensation to be paid to the broker-dealer or custodian is reasonable in relation to the value of all the brokerage and research products and services provided by the broker-dealer or custodian. In making this determination, Adviser typically considers not only the particular transaction or transactions, and not only the value of brokerage and research services and products to a particular client. In some cases, the commissions or other transaction fees charged by a particular broker-dealer for a particular transaction or set of transactions may be greater than the amounts another broker-dealer who does not provide research services or products might charge.

“Research” products and services Adviser may receive from broker-dealers may include economic surveys, data, and analyses; financial publications; recommendations or other information about particular companies and industries (through research reports and otherwise); and other products or services (e.g., computer services and equipment, including hardware, software, and data bases) that provide lawful and appropriate assistance to Adviser in the performance of its investment decision-making responsibilities. Consistent with Section 28(e), brokerage products and services (beyond traditional execution services) consist primarily of computer services and software that permit it to effect securities transactions and perform functions incidental to transaction execution. Adviser uses such products and services in the conduct of its investment decision making generally, not just for the accounts whose commissions may be considered to have been used to pay for the products and services.

Adviser may use some products and services not only as “research” and as brokerage (i.e., to assist in making investment decisions for clients or to perform functions incidental to transaction execution) but for its administrative and other purposes as well. In these instances, Adviser makes a reasonable allocation of the cost of the products and services so that only the portion of the cost that is attributable to making investment decisions and executing transactions is paid with commission dollars

and Adviser bears the cost of the balance. Adviser's interest in making such an allocation differs from clients' interests, in that Adviser has an incentive to designate as much as possible of the cost as research and brokerage in order to minimize the portion that it must pay directly.

Although shares of no-load mutual funds can be purchased and redeemed without payment of transaction fees, Adviser may, consistent with its duty of best execution, determine to cause client accounts to pay transaction fees when purchasing shares of certain no-load mutual funds, thereby indirectly increasing "soft dollars" available to obtain "research." This research may be used for the benefit of clients generally and not only for clients who pay transaction fees in purchasing certain mutual fund shares.

A broker-dealer through which Adviser wishes to use soft dollars may establish "credits" arising out of brokerage business done in the past, which may be used to pay specified expenses. Adviser does not exclude a broker-dealer from receiving business simply because the broker-dealer has not been identified as providing soft dollar research products and services, although Adviser may not be willing to pay the same commission to such broker-dealer as it would pay were the broker-dealer to provide such products and services.

### **Directed Brokerage**

A client may direct Adviser to use a specific broker; however, the broker may not wish to establish a new relationship with Adviser. While we believe that TD Ameritrade has execution procedures that are designed to obtain the best execution possible, there can be no assurance that best execution will be obtained. Clients should understand that not all advisors require their clients to direct brokerage to a specific firm. By directing brokerage to TD Ameritrade, clients may be unable to achieve the most favorable execution for client transactions. Therefore, directed brokerage may cost clients more money.

Adviser participates in TD Ameritrade's institutional customer program and Adviser may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between Adviser's participation in the program and the investment advice it gives to its clients, although Adviser receives economic benefits through its participation in the program that are not typically 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, technology, and practice management products or services provided to Adviser by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by Adviser's related persons. Some of the products

and services made available by TD Ameritrade through the program may benefit Adviser but may not benefit its client accounts. These products or services may assist Adviser in managing and administering client accounts, including accounts not maintained at TD AMERITRADE. Other services made available by TD Ameritrade are intended to help Adviser manage and further develop its business enterprise. The benefits received by Adviser or its personnel do not depend on the amount of brokerage transactions directed to TD Ameritrade.

As part of its fiduciary duties to clients, Adviser endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Adviser or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Adviser's choice of TD Ameritrade for custody and brokerage services.

### **Brokerage for Client Referrals**

Typically, clients are referred to TD Ameritrade and Adviser does not receive referrals from TD Ameritrade.

### **Aggregation of Orders**

Adviser may aggregate orders with respect to a security if such aggregation is consistent with achieving best execution for the various client accounts. When orders are aggregated, each participating account will receive the average share price for all transactions in a particular security effected to fill such orders on a given business day. Transaction costs will generally be allocated upon each account's participation in the transaction. Specific allocations may be chosen based upon an account's existing positions in securities, the cash availability of one or more particular accounts, a partial fill of the aggregated trade, tax reasons, or the required minimum trade lot sizes for foreign securities.

If it is not possible to aggregate a trade, a client may receive a different price on a security transaction and may not be able to purchase or sell the same quantity of a security. In addition, clients that elect the services of broker/dealers other than those recommended may not be able to participate in aggregate trading practices.

### **ITEM 13 Review of Accounts**

The Investment Adviser Representative(s) assigned to your account will monitor your account on a periodic basis and will conduct account reviews at least quarterly to ensure the advisory services provided to you and that the portfolio mix is consistent with your stated investment needs and objectives. Additional reviews may be conducted based on various circumstances, including, but not limited to: contributions and withdrawals; year-end tax planning; market moving events; security specific events; and/or, changes in your risk/return objectives.

For investment management accounts, statements are sent by the broker dealer or custodian that maintains custody of the client's account on at least a quarterly basis.

## **ITEM 14 Client Referrals and Other Compensation**

As disclosed under Item 12, above, Adviser participates in TD Ameritrade's institutional customer program and Adviser may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between Adviser's participation in the program and the investment advice it gives to its clients, although Adviser 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 Adviser 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 Adviser by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by Adviser's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit Adviser but may not benefit its client accounts. These products or services may assist Adviser in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Adviser manage and further develop its business enterprise. The benefits received by Adviser 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, Adviser endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Adviser or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Adviser's choice of TD Ameritrade for custody and brokerage services.

### **Client Referrals**

Adviser does not have an arrangement under which it or its associated persons compensate others for client referrals.

### **Other Compensation**

Adviser may receive access to product research, services, technology and other educational information to help it operate efficiently, grow its business and deliver exceptional service to clients. Custodians or other investment companies may provide some or all of these services. No client is charged for these services and the information received may be used to benefit all clients of Adviser.

Adviser understands and acknowledges that at all times it owes a fiduciary duty to clients to obtain best execution for their transactions. Adviser believes the relationships with these companies help them to

execute securities transactions for clients in such a manner that the client's total cost in each transaction is as favorable as possible under prevailing market conditions.

Clients may pay higher account maintenance or trading fees than what is available at other firms.

Investment Advisor Representatives will each receive commissions, compensation, and other cash and economic benefits if clients voluntarily execute insurance transactions through its employees as an agent for any insurance company. Certain Investment Advisor Representatives of the firm are insurance agents acting for various insurance companies. Prior to executing any such transaction, a client is informed that Investment Advisor Representatives will receive compensation from the transaction and the client's prior consent is obtained by executing an insurance application. Further, clients are neither obligated to execute any recommended transaction nor to execute any recommended transaction through Investment Advisor Representatives or their affiliated entities.

#### **ITEM 15 Custody**

Adviser does **not** have physical custody of any client funds and urges its clients to compare the account statements they receive from the qualified custodian with those that they receive from Adviser. The Adviser is deemed to have constructive custody because advisory fees are direct deducted from client's accounts by the custodian on behalf of the Adviser and Clients may have standing letters of authorization on their accounts. We have reviewed those standing letter of authorization relationships and determined that they meet the IAA no action letter seven conditions and do not trigger the surprise custody audit. We have also reviewed the Kansas custody statues and our standing letters of authorization do not trigger the surprise custody audit.

#### **ITEM 16 Investment Discretion**

Adviser primarily manages client accounts on a discretionary basis. When the client signs the Adviser Investment Management Agreement, the client authorizes Adviser to determine the security and amount. The determination of the security and amount is based on the needs, goals, and objectives of the client, and any further limitation must be in writing and submitted to Adviser.

#### **ITEM 17 Voting Client Securities**

We will not vote proxies on behalf of your advisory accounts. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of applicable securities, you are responsible for exercising your right to vote as a shareholder.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitation to vote proxies.

#### **Class Action Lawsuits**

From time to time, securities held in the accounts of clients will be the subject of class action lawsuits. Adviser has no obligation to determine if securities held by the client are subject to a pending or resolved class action lawsuit. Adviser also has no duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, Adviser has no obligation or responsibility to initiate litigation to recover damages on behalf of clients who may have been injured as a result of actions, misconduct or negligence by corporate management of issuers whose securities are held by clients.

#### **ITEM 18 Financial Information**

Adviser does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. As an advisory firm that maintains discretionary authority for client accounts and is deemed to have custody, we are also required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. Adviser has no additional financial circumstances to report.

In light of the COVID-19 coronavirus and historic decline in market values, Adviser has elected to participate in the CARES Act's Paycheck Protection Program ("PPP") to strengthen its balance sheet. Adviser intends to use this loan predominantly to continue payroll for the firm and may ultimately seek loan forgiveness per the terms of the PPP. Due to this and other measures taken internally, Adviser has been able to operate and continue serving its clients.