

**FORM ADV Uniform Application for Investment Adviser Registration**  
**Part 2A: Investment Adviser Brochure**  
**Item 1: Cover Page**

# Morling Financial Advisors, LLC



39355 California Street, Suite 201A  
Fremont, CA 94538  
Phone: 844-MORLING (844-667-5464)  
[www.MORLINGFINANCIALADVISORS.com](http://www.MORLINGFINANCIALADVISORS.com)

July 7, 2023

This brochure provides information about the qualifications and business practices of Morling Financial Advisors, LLC (hereinafter "Morling Financial Advisors" "MFA" "the firm" "we" "us" or "our"). If you have any questions about the contents of this brochure, please contact us at 844-667-5464.

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. Please note, while this brochure may use the terms "registered investment adviser" and/or "registered," registration itself does not imply a certain level of skill or training.

Additional information about Morling Financial Advisors, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2. Material Changes

---

This Brochure dated July 7, 2023, is filed as an amendment to MFA's ADV Part 2A and replaces MFA's Brochure dated March 24, 2023. This item of the Brochure identifies any material changes that have occurred since MFA's last annual update, which was dated March 24, 2023:

- Item 12. Brokerage Practices – updated to include Fidelity as a broker-dealer and related transition benefits.

## Item 3. Table of Contents

<b>FORM ADV Uniform Application for Investment Adviser Registration.....</b>	<b>1</b>
<b>Part 2A: Investment Adviser Brochure .....</b>	<b>1</b>
<b>Item 1: Cover Page .....</b>	<b>1</b>
Item 2. Material Changes.....	2
Item 3. Table of Contents.....	3
Item 4. Advisory Business.....	5
Description of Advisory Business .....	5
Types of Advisory Services .....	5
<i>Investment Management Services.....</i>	5
<i>Sub-Advisor Services .....</i>	5
<i>Financial Planning and Consulting Services .....</i>	5
<i>Pension Consulting Services.....</i>	6
Tailoring of Advisory Services.....	6
Client Assets Under Management.....	6
Item 5. Fees & Compensation.....	6
Investment Management Fees .....	6
Financial Planning & Consulting Fees.....	7
<i>Flat Fee .....</i>	7
<i>Hourly Fee .....</i>	7
Advisory Fees in General.....	7
Other Fees and Expenses .....	7
Refunds .....	7
Compensation For the Sale of Securities .....	8
Item 6. Performance-Based Fees and Side-By-Side Management .....	8
Item 7. Types of Clients.....	8
Item 8. Methods of Analysis, Investment Strategies, & Risk of Loss .....	8
Methods of Analysis:.....	8
Investment Strategies: .....	8
Private Placements:.....	9
Risk of Loss: .....	9
<i>Market Risk .....</i>	9
<i>Securities Selection Risk:.....</i>	9

Credit Risk .....	9
Interest Rate Risk: .....	9
Exchange-Traded Fund Risk:.....	9
<i>Fund Risk:</i> .....	9
<i>Illiquidity:</i> .....	9
<i>ESG Risks:</i> .....	10
Risks Related to Other Equity Securities:.....	10
<b>Item 9. Disciplinary Information.....</b>	<b>10</b>
<b>Item 10. Other Financial Industry Activities and Affiliations .....</b>	<b>10</b>
<b>Item 11. Code of Ethics, Participation, or Interest in Client Transactions and Personal Trading.....</b>	<b>11</b>
<b>Item 12. Brokerage Practices .....</b>	<b>11</b>
Selecting a Brokerage Firm:.....	11
Transition Assistance Benefits:.....	12
Soft Dollars: .....	13
Brokerage for Client Referrals.....	13
Directed Brokerage .....	13
Special Considerations for ERISA Clients:.....	13
Aggregation of Purchase or Sale: .....	13
<b>Item 13. Review of Accounts and Financial Plans.....</b>	<b>14</b>
<b>Item 14. Client Referrals and Other Compensation .....</b>	<b>14</b>
Referral Fees: .....	14
Events:.....	14
<b>Item 15. Custody.....</b>	<b>14</b>
<b>Item 16. Investment Discretion.....</b>	<b>15</b>
<b>Item 17. Voting Client Securities.....</b>	<b>15</b>
<b>Item 18. Financial Information.....</b>	<b>15</b>

## Item 4. Advisory Business

---

### Description of Advisory Business

Morling Financial Advisors (“MFA”) is an independent registered investment advisor and provides financial planning and investment management services to its clients which consist of individuals, families, businesses, retirement plans, and non-profit organizations. MFA was founded in 1999 in the State of California. It is organized as a Limited Liability Company and its principal owners are Messrs. Wa Huong, Peter Ling, and Matthew Shibata.

### Types of Advisory Services

MFA provides two services: investment management services and financial planning and consulting services.

#### *Investment Management Services*

Clients can engage MFA to manage all or a portion of their assets on a discretionary basis.

MFA typically assists clients in identifying and clarifying their investment objectives, constraints, risk tolerance, time horizon, liquidity needs, and other relevant factors that may impact investment needs. Based on these factors, MFA and the client will agree on an appropriate asset allocation.

Client assets are generally invested in mutual funds, exchange-traded funds (ETFs), listed equity and fixed-income securities (such as stocks, bonds, and options), hedge funds, as well as private equity, private debt, and other pooled investment vehicles. Some of these funds may be managed by other advisors.

Client assets may be allocated to strategies managed by other independent managers. The specific terms and conditions under which a client engages an independent manager are set forth in a written agreement between the independent manager and either MFA or the client. MFA continues to provide services relative to the discretionary selection of the independent managers.

#### *Sub-Advisor Services*

MFA offers discretionary investment advisory services through independent third-party Sub-Advisor(s). Any client who has an account managed by a Sub-Advisor must grant MFA the authority to engage a Sub-Advisor to manage his or her account, which shall be provided for in the Advisory Agreement between MFA and the client. As part of MFA’s discretionary authority, MFA retains the ability to engage or terminate the Sub-Advisor relationship with a client account as necessary to best service its clients’ accounts.

Clients will only have a direct relationship with MFA and MFA will serve as the communication conduit between the client and the Sub-Advisor. In third-party managed accounts, the Sub-Advisor will retain discretionary authority to formulate, monitor, and revise the investments held in the client’s portfolios. Clients must authorize the Sub-Advisor to direct trades for clients’ accounts with the custodian. However, this discretionary authority is limited to implementing transactions necessary to allocate the client’s assets among the portfolios as directed by MFA. The Sub-Advisor will be responsible for providing ongoing rebalancing of the portfolios to ensure they continue to align with the stated investment objective and risk tolerance of the portfolio. The Sub-Advisor will not have the authority to provide the client with any investment advice, determine the suitability of its portfolios for the client, or change the portfolio in which the client’s assets are invested in and will manage the client’s account based on the client information and investment guidelines provided by MFA.

The Sub-Advisor will not have possession or custody of cash and/or securities in any accounts, nor any responsibility or liability for custody, which will remain solely with custodian.

#### *Financial Planning and Consulting Services*

Clients can engage MFA for financial planning or consulting services. Clients seek analysis and advice on a variety of topics, which frequently include: expenses and cashflow, insurance coverage, education funding,

estate planning, charitable and philanthropic activities, real estate holdings, business issues, retirement plan setup and administration, or other financial topics.

Financial planning and consulting advice usually include recommendations for a course of activity or specific actions to be taken by clients. MFA refers clients to investment providers, accountants, attorneys, and other specialists as necessary. Implementation of recommendations is at the discretion of clients.

### *Pension Consulting Services*

Clients can engage MFA for pension consulting services. MFA provides advice to participant directed retirement plans, such as 401(k) and 403(b) plans. Our approach, as well as the steps in the process, is very similar to those in our other consulting services; but differences result from the application of federal pension laws to these plans. The fiduciary responsibilities of plan sponsors, trustees, and investment advisers are great. It is crucial that all fiduciaries understand their responsibilities. We help educate fiduciaries and share ERISA 3(21) responsibility with the plan sponsors and trustees. Upon request, we also will assume a higher level of fiduciary responsibility by written acceptance of our status as a 3(38) plan fiduciary. In all cases, special requirements that apply to participant-directed retirement plans include:

- Investment choices that are made available to participants must be prudently selected and provide a broad range of risk and return characteristics.
- Participants must have access to information on the suitability and performance of each choice.
- Participants must receive full and adequate disclosure about possible investment costs, volatility, losses and market fluctuations.
- Each investment choice must be well-diversified.
- Participants must have the ability to change their choices at least quarterly.

In summary, our goal is to give prudent, expert advice to participant directed retirement plans. In providing investment consulting advice we share ERISA 3(21) fiduciary status with plan sponsors and trustees. If, in addition to this, we are appointed by the plan trustees to take over discretionary control of plan assets, we become an ERISA 3(38) fiduciary, and as such are solely responsible for the selection, monitoring, and replacement of a plan's investment options.

## Tailoring of Advisory Services

MFA's services are tailored to the individual needs of each client based on their financial situation. Clients may impose reasonable restrictions on the management of their assets.

## Client Assets Under Management

As of December 31, 2022, MFA was managing \$485,623,893 on a discretionary basis.

## Item 5. Fees & Compensation

---

### Investment Management Fees

Investment management services are provided for an annualized fee which is prorated and billed quarterly, in arrears. The fee is based on the value of assets on the final day of the quarter. and the fee may be prorated up or down based on intra-quarter contributions and distributions. Clients who hold alternative investments will be billed for the alternative investments based on the most recent fair value provided by the third-party investment manager, which may be adjusted for intra-quarter cashflows.

MFA typically deducts its investment management fees directly from client accounts quarterly, although clients may request an invoice that can be paid by check. MFA's standard fee schedule is as follows:

Assets Under Management	Annualized Fee
\$0 - \$999,999	1.15%
\$1,000,000 - \$1,999,999	0.75%
\$2,000,000 - \$4,999,999	0.65%
\$5,000,000 - \$9,999,999	0.60%
\$10,000,000 and above	0.55%

## Financial Planning & Consulting Fees

Financial planning and consulting services are billed on flat fee basis or an hourly basis.

### *Flat Fee*

Flat fees are based on client complexity and the scope of the engagement. Flat fees typically consist of an initial planning fee and a recurring monthly fee. Initial planning fees can range from \$250 to \$15,000. Recurring monthly fees can range from \$150 to \$5,000. MFA may require a retainer in some cases, but only for services that can be rendered within six months. Flat fees are generally billed and invoiced monthly, in advance.

### *Hourly Fee*

MFA's hourly fees are \$400/hour for partners and advisors and \$195/hour for data entry. Hourly fees are generally billed and invoiced monthly, in arrears.

## Advisory Fees in General

Although MFA has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee schedule is identified in the contract between the adviser and each client. Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm. Lastly, pre-existing advisory clients are subject to the advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum advisory fees differ among clients.

## Other Fees and Expenses

MFA'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 managers 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. Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

Mutual funds, exchange traded funds, and other pooled investment vehicles also charge internal management fees, which are disclosed in a fund's prospectus and incurred by the client. Such charges, fees and commissions are exclusive of and in addition to MFA's fee, and MFA shall not receive any portion of these commissions, fees, and costs.

## Refunds

MFA's investment management and hourly fees are paid in arrears. If an agreement is terminated before the end of a billing period, MFA will only bill for services provided up until the effective termination date.

Flat fees are typically paid in advance. In the event that an agreement is terminated before the end of a billing period, MFA will continue to provide services, of which have been paid in advance, until the end of billing period. If MFA's services are not provided until the end of the billing period, the client will be issued a pro-rated refund based on the amount of time remaining in the billing period.

## Compensation For the Sale of Securities

Neither MFA nor its supervised persons accept any compensation for the sale of investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

---

MFA does not charge any performance-based fees (fees based on a share of capital gains or capital appreciation of the client's assets) or side-by-side management fees. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees.

## Item 7. Types of Clients

---

MFA primarily serves individuals, high net worth individuals, couples, families, trusts, businesses, pension plans, and non-profit organizations.

MFA's stated minimum for investment management services is \$1,000,000. In its sole discretion, MFA may accept clients with smaller portfolios based upon each client's particular circumstances. MFA reserves the right to waive the minimum at any time.

There is no minimum fee for financial planning and consulting services.

## Item 8. Methods of Analysis, Investment Strategies, & Risk of Loss

---

### Methods of Analysis:

MFA reviews information from many sources to understand economic and market conditions, financial and tax issues, as well as information relating to specific investment managers, strategies, and vehicles. MFA evaluates information from multiple angles, including fundamental analysis, technical analysis, behavioral finance, statistical analysis, and other objective and subjective criteria.

### Investment Strategies:

MFA's investment recommendations are driven by individual client needs. We attempt to understand each client's unique financial situation in order to develop an appropriate strategic asset allocation. The strategic asset allocation provides allocation targets for the major asset classes, such as public equities and fixed-income, private equity and debt, real estate equity and debt, as well as other alternative asset classes.

We primarily use the following to gain exposure to various asset classes: index-based strategies for publicly-traded equities, open-end mutual funds, exchange-traded funds (ETFs), exchange-traded closed-end funds, closed-end interval funds, government securities, limited partnerships, offshore corporations, pooled or collective investment vehicles, and/or private placements. We do not typically engage in individual stock picking, options strategies, or insurance products such as annuities, but may do so upon request and/or to meet specific client objectives.

We believe in investing for the long-term, but opportunities, risks, and tax considerations may call for short-term purchases or trading. Long-term purchases are investments held at least a year, short-term purchases are investments sold within a year, and trading refers to investments sold within 30 days.



Environmental, Social and Governance Investing (“ESG”) – MFA tailors recommendations seeking to integrate ESG considerations into portfolios upon client request. In order for MFA to include an ESG fund in the lineup, the fund must adhere to the ESG guidelines as stated in the prospectus. MFA will ultimately offer recommendations to align portfolios with MFA’s clients’ values.

### Private Placements:

We may recommend privately placed collective investment vehicles (some of which may be referred to as “hedge funds,” “private equity,” “private debt,” “private real estate,” “fund of funds,” and other names) for certain clients. The managers of these vehicles will have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. The funds may trade on margin, borrowed capital, or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation. There are substantial risks incidental to the ownership of such investments and any investment is speculative and involves a high degree of risk of loss by the client of their entire investment. Investments in such are only for investors who qualify as accredited investors or qualified purchasers, as those terms are defined in the Securities Act. Investors in such must be able to bear the economic risk of losing their entire investment and understand that such an investment cannot readily be sold and is not suitable for an investor unless the investor has available other personal liquid assets to assure that their investment will not cause any undue financial difficulties or affect the investor’s ability to provide for current needs and possible personal financial contingencies. Clients should consult their attorney concerning such an investment and consult with independent tax counsel regarding the tax considerations of investing. No public market exists or is anticipated to exist for such investments. Therefore, each prospective investor must consider its investment to be illiquid. There are numerous other risks in investing in these securities. The client will receive a private placement memorandum and/or other documents explaining such risks.

### Risk of Loss:

Investing in securities involves risk of loss that clients should be prepared to bear.

*Market Risk:* The prices of individual investments or the entire stock market, bond market, real estate market, and other markets have and can decline in value. Future declines may be greater than past declines.

*Securities Selection Risk:* Equity or income securities selected by MFA may not perform to expectations. Consequently, portfolios managed by MFA may underperform compared to other portfolios with similar investment objectives.

*Credit Risk:* The issuer of a fixed-income security, including securities convertible into common stock, may be unable to meet its financial obligations or go bankrupt, causing investors in those securities to lose money.

*Interest Rate Risk:* Fluctuations in interest rates may affect investment prices, in particular fixed-income investments. For example, when interest rates rise, yields on existing bonds become less attractive, causing prices of these bonds to fall.

*Exchange-Traded Fund Risk:* MFA may purchase securities of ETFs for client accounts. ETF securities are traded on an exchange, like shares of common stock, and the value of the ETF securities fluctuates in relation to changes in the value of the underlying portfolio of securities. The market price of the ETF securities may not be equivalent to the pro rata value of the underlying portfolio of securities.

*Fund Risk:* Open-end, closed-end, and exchange-traded fund objectives and holdings vary widely. Owning investments with other shareholders exposes you to investment risks that you may not be otherwise exposed to, including but not limited to forced selling and/or taxable events. Funds also incur expenses, fees, and transaction costs which you may not incur if investments were held directly.

*Illiquidity:* If you want to sell an investment that you own, you may not be able to sell it. There may not be a secondary market or it may not function properly during times of market stress.

*ESG Risks:* The ESG criteria could cause portfolios with an ESG policy to be limited in possible holdings compared to similar portfolios that do not have such policies. Accordingly, MFA may forego opportunities to recommend certain assets when it might otherwise be advantageous to do so or may recommend selling assets for ESG reasons when it might be otherwise disadvantageous for it to do so.

*Risks Related to Other Equity Securities:* In addition to common stocks, the equity securities in a portfolio may include preferred stocks, convertible preferred stocks, convertible bonds, and warrants. Like common stocks, the value of these equity securities may fluctuate in response to many factors, including the activities of the issuer, general market and economic conditions, interest rates, and specific industry changes. Convertible securities entitle the holder to receive interest payments or dividend preference until the security matures, is redeemed, or the conversion feature is exercised. As a result of the conversion feature, the interest rate or dividend preference is generally less than if the securities were non-convertible. Warrants entitle the holder to purchase equity securities at specific prices for a certain period of time. The prices do not necessarily move parallel to the prices of the underlying securities and the warrants have no voting rights, receive no dividends, and have no rights with respect to the assets of the issuer.

## Item 9. Disciplinary Information

---

Neither the firm nor its personnel have any disciplinary, regulatory, criminal, civil, or otherwise reportable history to disclose at this time.

## Item 10. Other Financial Industry Activities and Affiliations

---

MFA or our management persons have a material relationship with the following related person(s) as follows:

1. Morling & Company

Mr. Peter Ling's primary business is through his concurrent employment as an executive officer of the accounting and tax consulting firm of Morling & Company. He spends about 70% of his time on these activities. A conflict of interest may exist as our firm may recommend Morling & Company to advisory clients whom seek accounting and tax services, thus resulting in compensation being paid to Mr. Ling. Clients are under no obligation to act upon our recommendations.

2. Insurance Agent

Mr. Wa Huong is an independent licensed insurance agent. As such, he may offer insurance products and receive normal and customary commissions as a result of insurance transactions. He spends about 5% of their time on these activities. A potential conflict of interest may exist between the interests of Mr. Huong and those of the advisory clients as the purchase of insurance products results in additional compensation for Mr. Huong. Clients are under no obligation to act upon any recommendations of Mr. Huong or effect any transactions through Mr. Huong if they decide to follow the recommendations.

3. Magnolia Tree Investments Inc.

Mr. Wa Huong is a managing member of Magnolia Tree Investments Inc., a real estate investment and advisory company not affiliated with Morling Financial Advisors, LLC. He spends about 10% of his time on these activities. Magnolia Tree Investments Inc., both owns real estate and organizes and manages investment entities to buy real estate. MFA does not provide services or receive any fee from these entities. Some clients of MFA may also be investors in these limited partnerships, however MFA does not actively recommend investments in, or solicit clients to become investors in Magnolia Tree Investments Inc. No client is obligated to invest in these partnerships. However, a conflict of interest may exist as MFA could recommend Magnolia Tree Investments Inc. services and related funds to advisory clients who seek real estate investment opportunities, thus benefiting Mr. Huong.

### Selection of Other Advisors

MFA does not receive any additional remuneration from advisors, investment managers, or other service providers that it recommends to clients. However, we engage Sub-Advisors to manage MFA client accounts. Please see *Item 5 – Fees and Compensation* for more details regarding these compensation arrangements.

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

---

### **Code of Ethics:**

As required by Rule 204A-1 of the Investment Advisers Act of 1940, MFA has adopted a Code of Ethics (the “Code”). The Code requires MFA personnel to report their personal securities holdings and transactions and requires the President or Chief Compliance Officer (“CCO”) to pre-approve certain investments. MFA personnel are required to submit an annual report of brokerage accounts and holdings along with an acknowledgement and certification stating that the individual will comply with the Code of Ethics. All supervised persons at MFA are required to submit quarterly transaction reports that detail the individual’s securities transactions for the quarter. All employees must also acknowledge, in writing, the terms of the Code of Ethics upon employment, annually, and as amended.

All employees, managers, and officers of MFA must comply with the Code. The Code states that MFA personnel owe a fiduciary duty to, and must act in the best interest of, MFA and its clients. The Firm has instituted a policy of disciplinary actions to be taken with respect to any associated person who violates the Code.

### **Participation or Interest in Client Transactions:**

The firm or individuals associated with the firm may buy or sell for their personal accounts investment products identical to those recommended to Clients. It is our expressed policy that no person with access to client account data may enter an order to purchase or sell any security on the same day as an advisory account, and therefore, preventing such employees from benefiting from transactions placed on behalf of advisory accounts. It should be noted that a number of exemptions to this blackout policy exist and can be found in our Code of Ethics. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm’s Code of Ethics.

MFA’s Code of Ethics prohibits employees from engaging in transactions based on material nonpublic (“inside”) information. In addition, MFA or any related person shall not, when purchasing or selling for their own accounts, prefer its own interest to that of a client of MFA.

A copy of the Firm’s Code of Ethics will be provided to any client or prospective client upon request by contacting Mr. Matthew Shibata, CCO/Managing Partner by telephone at 844-667-5464 or by email at [matt@morlingadvisors.com](mailto:matt@morlingadvisors.com).

## Item 12. Brokerage Practices

---

### **Selecting a Brokerage Firm:**

MFA seeks to recommend a custodian/broker who will hold client assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. In selecting brokers to effect portfolio transactions, the determination of what is expected to result in the best execution involves a number of largely judgmental considerations. Among these are the following:

- Ability to maintain the confidentiality of trading intentions

- Timeliness of execution
- Timeliness and accuracy of trade confirmations
- Liquidity of the securities traded
- Willingness to commit capital
- Ability to place trades in difficult market environments
- Research services provided
- Ability to provide investment ideas
- Execution facilitation services provided
- Record keeping services provided
- Custody services provided
- Frequency and correction of trading errors
- Ability to access a variety of market venues
- Expertise as it relates to specific securities
- Financial condition
- Business reputation

With this in consideration, our firm has an arrangement with Fidelity Brokerage Services, LLC (“Fidelity”), Schwab Institutional, a division of Charles Schwab & Co., Inc. (“Schwab”), and with TD Ameritrade Institutional, a division of TD Ameritrade, Inc. (“TD Ameritrade”), collectively (“Broker-Dealers”). Fidelity, Schwab, and TD Ameritrade offer services to independent investment advisers which include custody of securities, trade execution, clearance and settlement of transactions. MFA may have an interest to select or recommend Fidelity, Schwab, or TD Ameritrade as a broker-dealer based on MFA’s interest to receive these benefits because MFA does not have to produce or pay for these benefits.

These Broker-Dealers charge brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for fixed-income securities transactions). The Broker-Dealers enable us to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. The commission and transaction fees charged by Fidelity, Schwab, and TD Ameritrade may be higher or lower than those charged by other custodians and broker-dealers.

Our clients may pay a commission to Fidelity, Schwab, and TD Ameritrade that is higher than another qualified broker dealer might charge to effect the same transaction where we determine in good faith that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer’s services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although we will seek competitive rates, to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions.

### Transition Assistance Benefits:

Fidelity has provided our firm and our clients assistance with the transition of their associated business to Fidelity’s platform. The proceeds of such transition assistance are intended for a variety of purposes, including but not limited to: technology systems; regulatory compliance support services; other professional consulting services, etc. Our firm mitigates these conflicts of interest by evaluating and recommending that clients use Fidelity’s services based on the benefits that such services provide, rather than the transition assistance earned by our firm. We consider Fidelity’s suite of services when recommending that clients maintain accounts with Fidelity. However, clients should be aware of this conflict and take it into consideration in making a decision whether to custody their assets with Fidelity.

## Soft Dollars:

Our firm does not accept products or services that do not qualify for Safe Harbor outlined in Section 28(e) of the Securities Exchange Act of 1934, such as those services that do not aid in investment decision-making or trade execution.

The Broker-Dealers may make certain research and brokerage services available at no additional cost to our firm all of which qualify for the safe harbor exemption defined in Section 28(e) of the Securities Exchange Act of 1934. These services may be directly from independent research companies, as selected by our firm (within specific parameters). Research products and services provided by Fidelity, Schwab, and TD Ameritrade may include research reports on recommendations or other information about, particular companies or industries; economic surveys, data and analyses; financial publications; portfolio evaluation services; financial database software and services; computerized news and pricing services; quotation equipment for use in running software used in investment decision-making; and other products or services that provide lawful and appropriate assistance by the Broker-Dealers to our firm in the performance of our investment decision-making responsibilities.

We do not use client brokerage commissions to obtain research or other products or services, beyond the aforementioned safe harbor exemptions of research and brokerage services which are used by our firm to manage accounts for which we have investment discretion. Without this arrangement, our firm might be compelled to purchase the same or similar services at our own expense. Thus, as a result of receiving these services, we may have an incentive to continue to use or expand the use of Fidelity, Schwab, and TD Ameritrade services. Our firm examined this potential conflict of interest when we chose to enter into the relationship with these Broker-Dealers and we have determined that the relationship is in the best interest of our firm's clients and satisfies our fiduciary obligations, including our duty to seek best execution.

## Brokerage for Client Referrals

MFA and its related persons do not receive client referrals from broker-dealers or third-parties in exchange for using any broker-dealer or third-party services.

## Directed Brokerage

Clients may limit MFA's discretionary authority and may occasionally direct MFA to use a particular broker-dealer to execute portfolio transactions for their account. When a client directs the use of a particular broker-dealer, MFA may not be in a position to freely negotiate commission rates or spreads or select broker-dealers on the basis of best price and execution. Directed transactions may be subject to price movements, particularly in volatile markets, that may result in the client receiving a price that is less favorable than the price obtained on aggregated orders for a particular security. This directed transaction may result in higher commissions and/or greater spreads for such security.

## Special Considerations for ERISA Clients:

A retirement or ERISA plan client may direct all or part of portfolio transactions for its account through a specific broker or dealer in order to obtain goods or services on behalf of the plan. Such direction is permitted provided that the goods and services provided are reasonable expenses of the plan incurred in the ordinary course of its business for which it otherwise would be obligated and empowered to pay. ERISA prohibits directed brokerage arrangements when the goods or services purchased are not for the exclusive benefit of the plan. Consequently, we will request that plan sponsors who direct plan brokerage provide us with a letter documenting that this arrangement will be for the exclusive benefit of the plan.

## Aggregation of Purchase or Sale:

MFA performs investment management services for various clients. There are occasions on which portfolio transactions may be executed as part of concurrent authorizations to purchase or sell the same security for numerous accounts served by our firm or a Sub-Advisor, which involve accounts with similar investment objectives. Although such concurrent authorizations potentially could be either advantageous or disadvantageous to any one or more particular accounts, they are effected only when we believe that to do so will be in the best interest of the effected accounts. When such concurrent authorizations occur, the objective is to allocate the executions in a manner which

is deemed equitable to the accounts involved. In any given situation, MFA and Sub-Advisors engaged by MFA, attempt to allocate trade executions in the most equitable manner possible, taking into consideration client objectives, current asset allocation and availability of funds using price averaging, proration and consistently non-arbitrary methods of allocation.

For trading conducted by the Sub-Advisor, the client should refer to the Sub-Advisors ADV Part 2A disclosure brochure to learn more about the Sub-Advisor's order aggregation policies.

## Item 13. Review of Accounts and Financial Plans

---

Client accounts and financial plans are monitored on an ongoing basis by the Financial Advisors and Managing Partners. Reviews are conducted on at least a quarterly basis, as well in connection with reviews with clients or more often as market conditions dictate.

MFA recommends a yearly review with clients, either in person or by telephone. Clients may request more frequent reviews.

Clients typically receive account statements directly from their chosen custodian on at least a quarterly basis. MFA typically supplements these custodial statements during client meetings or as requested.

## Item 14. Client Referrals and Other Compensation

---

MFA receives an economic benefit from custodians in the form of the support products and services they make available to MFA and other independent investment advisors that have their clients maintain accounts at Fidelity, Schwab, and TD Ameritrade. The Broker-Dealers offer services to independent investment advisers which include custody of securities, trade execution, clearance and settlement of transactions. MFA may have an interest to select or recommend Fidelity, Schwab, or TD Ameritrade as a broker-dealer based on MFA's interest to receive these benefits because MFA does not have to produce or pay for these benefits.

MFA does not use client brokerage commissions to obtain research or other products or services, beyond the aforementioned safe harbor exemptions of research and brokerage services which are used by our firm to manage accounts for which we have investment discretion. Without this arrangement, our firm might be compelled to purchase the same or similar services at our own expense. Thus, as a result of receiving these services, we may have an incentive to continue to use or expand the use of Fidelity, Schwab, and TD Ameritrade services. Our firm examined this potential conflict of interest when we chose to enter into the relationship with Fidelity, Schwab, and TD Ameritrade and we have determined that the relationship is in the best interest of our firm's clients and satisfies our fiduciary obligations, including our duty to seek best execution.

### Referral Fees:

MFA does not directly or indirectly compensate anyone for client referrals.

### Events:

MFA may host or co-host events that are fully or partially sponsored by third-parties. The third-parties may include investment sponsors, managers, custodians, vendors, or other parties that we have relationships with.

## Item 15. Custody

---

MFA is deemed to have "custody" of client funds if it directly debits investment advisory fees from client accounts. Debiting of fees is done pursuant to authorization provided by each client, and the custodian is advised in writing of the limitation of MFA's access to the account.

MFA is also deemed to have “custody” of client funds subject to certain third-party standing letters of authorization (“SLOA” or “SLOAs”) which permit the adviser to transfer money to a third-party subject to the client’s standing instruction. With regard to these accounts, MFA has complied with the seven requirements of the SEC’s No-action Letter, dated February 21, 2017, in order to seek relief from the surprise examination requirement of the Custody Rule (Rule 206(4)-2(a)(4) of the Investment Advisers Act of 1940).

With the exception of debiting client accounts for advisory fees, and certain third-party SLOAs, MFA does not maintain or accept custody of client funds or securities. Usually monthly, and at least quarterly, clients receive account statements directly from the account custodian. MFA urges clients to compare information contained in account statements received directly from the account custodian to any account information provided by MFA.

## Item 16. Investment Discretion

---

MFA accepts and exercises discretionary authority to manage accounts on behalf of clients, pursuant to an executed advisory agreement. MFA takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made;
- The costs at which the transactions will be effected; and
- The independent managers to be hired or fired.

Limitations to the above may be imposed by clients in the form of specific constraints on any of these areas of discretion with MFA’s written acknowledgement.

MFA also accepts the discretionary authority, when granted by the client, to retain an independent third-party Sub-Advisor. The Sub-Advisor shall have discretionary trading authority including the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made; and
- The costs at which the transactions will be effected.

All investment decisions are made in accordance with the client’s stated investment objectives.

## Item 17. Voting Client Securities

---

As stated in the Advisory Agreement between MFA and its clients, MFA does not, by default, vote proxies with respect to securities held in client accounts. In limited circumstances, individual clients may, in their discretion, grant MFA the authority to engage a sub adviser to vote these proxies on their behalf and according to their interests. MFA conducts due diligence on the Sub-Advisors, including a review of their proxy voting policy. A copy of MFA’s proxy voting policies and procedures is available to clients upon request by calling MFA at 844-667-5464.

## Item 18. Financial Information

---

MFA has no financial commitment that impairs its ability to meet its contractual and fiduciary commitments to its clients and has not been the subject of a bankruptcy.

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