

# Mutual Advisors, LLC

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## Form ADV, Part 2A Brochure

March 31, 2021

This brochure provides information about the qualifications and business practices of Mutual Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at 307-439-6357 or email us at [adv@mutualadv.com](mailto:adv@mutualadv.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Any reference to or use of the terms “registered investment adviser” or “registered,” does not imply we have achieved a certain level of skill or training. Additional information about Mutual Advisors, LLC 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. Our firm's CRD number is 167658.

## ITEM 2 - MATERIAL CHANGES

The purpose of this page is to inform you of material changes to our brochure. If you are receiving this brochure for the first time, this section may not be relevant to you.

Mutual Advisors, LLC reviews and updates our brochure at least annually to confirm that it remains current. Below is a summary of the material changes made to our brochure since the previous annual update. If you would like another copy of this Brochure, please download it from the SEC website as indicated above, or you may contact our CCO, Dawn Claussen, at 307-439-6357 ext. 215, or by email at [adv@mutualadv.com](mailto:adv@mutualadv.com).

We encourage you to read this document in its entirety.

Material changes since our last annual amendment:

There have been no material changes since our last amendment.

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## ITEM 4 - ADVISORY BUSINESS

### Description of Advisory Firm

Mutual Advisors, LLC (“Mutual Advisors,” “we,” “our,” or “us”) is a privately owned limited liability company headquartered in Casper, Wyoming. Mutual Advisors is registered as an investment adviser with the U.S. Securities and Exchange Commission. Mutual Advisors was formed in 2013 as a business combination between Investment & Retirement Solutions LLC and Mutual Securities, Inc. The firm’s principal owners are the Sabol Wyoming Trust, the Jasper Wyoming Trust, the Voss Wyoming Trust and the Damiani Wyoming Trust. The principal officers of the firm are Ryan Sabol (Managing Director), Aaron Jasper (CEO), Mitch Voss (Chairman) and Nick Damiani (COO).

Mutual Advisors, LLC, and its Investment Advisor Representatives, offers any combination of the Advisory Services described below under the name Mutual Advisors, LLC or various trade names, which are disclosed on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Mutual Advisors, LLC is the registered investment advisor and any individual providing advisory services under any of our registered trade names does so as an Investment Advisor Representative of Mutual Advisors, LLC.

### Advisory Services Offered

Our services may include any combination of the following: investment management, financial consulting, advising or consulting for employer-sponsored plans, institutional advice or consulting, and selection or recommendation of third-party money managers. A description of the types of advisory services we offer is outlined below. Our Investment Adviser Representatives (“IARs”) offer our services individually to our clients. Each client will work directly with one of our IARs. The IAR will assist the client in selecting the service appropriate for the client’s personal situation.

#### Investment Management Services

Mutual Advisors offers continuous and regular investment supervisory services on both a discretionary and non-discretionary basis. Our IAR’s work with clients and have the ongoing responsibility to select and/or make recommendations based upon the objectives of the client, as to specific securities or other investments that he/she recommends or purchases/sells in clients’ accounts. Our IAR’s utilize a variety of investment types when making investment recommendations/purchases in client accounts which include, but are not limited to: equity securities, fixed income securities and mutual funds. The investments recommended/purchased are based off of the clients’ individual needs, goals and objectives. Our IARs offer investment advice on any investment held by the client at the start of the advisory relationship. We describe the material investment risks under **Item 8 – Methods of Analysis, Investment Strategies, and Risk of Loss**. Financial Planning may be provided to clients as a part of the Investment Management Services. When being provided as a separate service it is described in this section under **Financial Consulting Services** below.

We discuss our discretionary authority below under **Item 16 – Investment Discretion**. For more information about the restrictions clients can put on their accounts, see **Tailored Services and Client**

**Imposed Restrictions** in this item below. We describe the fees charged for investment management services below under **Item 5 – Fees and Compensation**.

### Third-Party Accounts

Our firm also offers account programs facilitated through third-party investment advisers. The third-party investment adviser chosen by the client is responsible for all investment decisions made in the client's account(s).

In order to assist clients in the selection of a third-party money manager, we typically gather information from the client about their financial situation, investment objectives, and reasonable restrictions they can impose on the management of the account, which are often very limited. It is important to note that we do not offer advice on any specific securities or other investments in connection with this service. The third-party money managers implement and place trade orders for clients. See also **Item 13 – Review of Accounts**. We also describe fees charged for Third-party Accounts below under **Item 5 - Fees and Compensation**.

In certain instances, third-party managers provide Mutual Advisors with trading instructions (“signals”) to their models and Mutual Advisors will trade the client's account according to those signals. Mutual Advisors does not make any discretionary changes the signals being provided. By utilizing signal agreements, we are able to offer access to models with lower costs and investment minimums than traditional sub-advisory agreements.

We provide clients with a list of investment advisory services of third-party professional portfolio management firms for the individual management of client accounts and/or other managed vehicles. As part of this process, we assist clients in identifying an appropriate third-party money manager, sub-account, or strategy, as applicable. We provide initial due diligence on third-party money managers and sub-accounts or strategies, if applicable, and ongoing reviews of their management of your account. We will make sure that before selecting or recommending other advisers that the other advisers are properly licensed or registered as an investment adviser. Below are descriptions of the various third-party investment adviser relationships that we have established today.

### *Co-Advisors/Sub-Advisors*

Mutual Advisors has established agreements to work with third-party investment advisers in co-advisory or sub-advisory capacities. The co-advisor or sub-advisor is responsible for all investment-related decisions in the client accounts. Pursuant to our agreement with the co/sub-advisor, they may additionally offer some limited operational support in relation to our client accounts. The co/sub-advisors may be limited to only manage assets through specific custodians. For more information about what custodians a specific co/sub-advisor is authorized to offer services through, please refer to the co/sub-advisors ADV. Mutual retains the authority to hire and fire sub-advisors at our discretion.

### *Turn-key Asset Management Platforms (TAMPs)*

Mutual Advisors has established agreements to work with certain TAMP platforms to provide access to additional third-party money managers and operational/trading support. These TAMP platforms are

responsible for all account opening, account maintenance and trade processing. The third-party money managers provide the TAMP platform with all strategy related information, but the TAMP is responsible for deploying those strategies directly in the client account. Our IARs are responsible for maintaining the relationship with the client and selecting the appropriate strategy and third-party money manager for the client based on their risk tolerance and objective. Some TAMPs have restrictions on what custodians they work through. For more information about what custodian a specific TAMP is authorized to offer services through, please refer to the TAMPs ADV. Mutual retains the authority to hire and fire third-party investment managers used through TAMP platforms at our discretion.

### *Solicitor Accounts*

Mutual Advisors has established agreements to work with third-party investment advisers as solicitors for their firm. In this role, our IARs provide introductions of clients to third-party advisers for management and maintenance of client accounts. The third-party adviser is responsible for all investment-related decisions in the client accounts, and our IARs are responsible for maintaining the relationship with the client and help provide information to the third-party adviser regarding changes in a client's financial situation or investment objectives. For more information about what custodians a specific third-party manager is authorized to offer services through, please refer to the third-party manager's ADV.

### *ERISA Plan Advisory & Consulting Services*

We also offer several ERISA Plan advisory & consulting services separately or in combination. The clients who receive these services are, but are not limited to, pension, profit sharing, and 401(k) plans. Our ERISA 3(21) Advisory & Consulting services provided are detailed in our agreement with each individual plan. We acknowledge that we are considered a fiduciary within the meaning of Section 3(21) of the Employee Retirement Income Security Act of 1974 ("ERISA"), when providing certain services to ERISA qualified accounts. The plan agreement will indicate which services fall under the qualification of non-discretionary 3(21) fiduciary services, and which services are non-fiduciary services. All services provided for these plans shall be in compliance with all applicable laws regulating these types of services.

### *Communication*

We review the plan investments and accounts with the Plan Administrator(s) on a regular basis, but no less than annually. These reviews typically include, but may not be limited to, investment performance, plan benchmarking and/or Investment Policy Statement ("IPS") review.

### *Financial Consultation Services*

Our Financial Consultation Service offers clients the ability to have their investment portfolio allocated among different financial institutions, reviewed by an Investment Adviser Representative for a negotiated fee. This consultation offers the client a detailed look at their financial condition in relation to their investment objectives, risk tolerance, time horizon, and any financial goals that they may be seeking to achieve. This Financial Consultation Service offered by us may or may not be in conjunction with one of our other fee-based programs.

We provide a variety of financial consulting services to individuals, families and other clients regarding the management of their financial resources based upon an analysis of client's current situation, goals, and objectives. Consulting encompasses one or more of the following areas: Investment Planning, Retirement Planning, Estate Planning, Charitable Planning, Education Planning, Corporate and Personal Tax Planning, Cost Segregation Study, Corporate Structure, Real Estate Analysis, Mortgage/Debt Analysis, Insurance Analysis, Lines of Credit Evaluation, Business and Personal Financial Planning.

Our financial consultations rendered to clients usually include general recommendations for a course of activity or specific actions to be taken by the clients. For example, recommendations may be made that the clients begin or revise investment programs, create or revise wills or trusts, obtain or revise insurance coverage, commence or alter retirement savings, or establish education or charitable giving programs. It should also be noted that we refer clients to accountants, attorneys, or other specialists, as necessary for non-advisory related services. For financial consulting engagements, we provide our clients with a written summary of our observations and recommendations. One-time consultations are typically completed within six (6) months of the client signing a contract with us, assuming that all the information and documents we request from the client are provided to us promptly. Services provided under an on-going consultation agreement are conducted on a regular basis, but no less than annually with the client. The client is under no obligation to act upon the investment adviser's recommendation. If the client elects to act on our recommendations, the client is under no obligation to affect the transaction through us.

We describe fees charged for Financial Consultation Services below under ***Item 5 - Fees and Compensation***.

### *Institutional Advisory & Consulting Services*

Mutual Advisors provides investment advisory and consultation services to qualified institutional clients and professional accredited investors. Investment advisory and consultation services offered through Mutual Advisors will not include investment banking activity or the dispensing of investment advice relating to the underwriting or issuing of new securities to a municipal entity. As an SEC registered investment advisor, Mutual Advisors is not required to register as a Municipal Advisor with the Municipal Securities Rulemaking Board ("MSRB") for advisory services provided to municipal entities.

In relation to Institutional Consulting Services, no Mutual Advisors client will be charged a consultation service fee if such client has executed orders and paid a commission to Mutual Securities, Inc., Mutual Advisors' related broker/dealer. Mutual Advisors and its investment adviser representatives will not be responsible for monitoring a client's securities positions and transaction activity or assuming trading or discretionary authority over such client's brokerage accounts as part of this service.

When entering into an ongoing Institutional Advisory Services contract, Mutual Advisors and its IARs will work with the institutional investor/entity to ensure a proper Investment Policy Statement is in place to guide the services provided by the IAR. Mutual Advisors and its IARs will offer these services on a discretionary or non-discretionary basis, determined by the agreement signed by the client.

We discuss our discretionary authority below under **Item 16 – Investment Discretion**. We describe fees charged for Institutional Advisory and Consultation Services below under **Item 5 - Fees and Compensation**.

### Variable Annuities

We may also recommend and provide ongoing advice on variable annuities. This service will be based upon an agreement in place between Mutual Advisors, LLC and our client(s). When providing advice on variable annuities, our advice is limited to those investment options made available by the insurance company. Further, limitations on frequency of trading or rebalancing will vary according to each sub-account's restrictions. We describe the fees charged below under **Item 5 - Fees and Compensation**. We describe the material investment risks for many of the securities that we utilize/recommend under **Item 8 – Methods of Analysis, Investment Strategies, and Risk of Loss**.

### Other Annuities and Life Insurance

We may also recommend and provide ongoing advice on other types of annuities and life insurance products. This service will be based on an agreement in place between Mutual Advisors, LLC and our client(s). When providing advice on other annuities and life insurance, our advice may be limited to those investment options, if any, made available by the insurance company as well as comprehensive advice including but not limited to the types of insurance to consider, which insurers to work with, answering questions, and providing consultations. Further, limitations on frequency of trading or rebalancing will vary according to each insurer's restrictions. We describe the fees charged below under **Item 5 - Fees and Compensation**. We describe the material investment risks for many of the securities that we utilize/recommend under **Item 8 – Methods of Analysis, Investment Strategies, and Risk of Loss**.

## **Limitations on Investments**

Mutual Advisors' IARs may be subject to a number of reasonable restrictions on investments offered to be utilized in providing investment advisory services to clients based on the platform and/or custodian selected. Mutual Advisors will always work within these limitations to meet the stated objectives and financial situation of the client.

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

Our IARs manage client accounts based on one or more of the investment strategies discussed below under **Item 8 – Methods of Analysis, Investment Strategies, and Risk of Loss**. Services are tailored to the specific needs of each client. We only allow clients to impose reasonable restrictions on investing in certain securities or types of securities based on the platform and/or custodian they select. We make investment decisions for clients based on information the client supplies about their financial situation, goals, and risk tolerance. Our recommendations/investment selections may not be suitable if the client does not provide us with accurate and complete information. It is the client's responsibility to keep Mutual Advisors informed of any changes to their investment objectives or restrictions.



## Wrap Fee Programs

Mutual Advisors sponsors wrap fee programs, which we describe further in our Wrap Fee Program Brochure. Our wrap fee accounts are managed on an individualized basis according to the client’s investment objectives, financial goals, and risk tolerance. Clients utilizing the Wrap Fee Program are managed on either a discretionary or non-discretionary basis based on the Investment Advisory Agreement signed by the client. As part of this program, the client pays a bundled fee to Mutual Advisors, instead of paying separately for Mutual Advisors’ advisory services, transaction fees, and custodian fees. Our firm does not manage wrap fee accounts in a different fashion than non-wrap fee accounts. Mutual Advisors’ may retain a higher or lower portion of this fee based on the number of trades conducted in the account during the billing period. Our discretionary authority, fees and potential conflicts of interest are all described in our Wrap Fee Program Brochure, which is provided to all clients participating in the program and the brochure is also available upon request.

## Assets Under Management

Mutual Advisors manages client assets in both discretionary and non-discretionary accounts on a continuous and regular basis. As of 12/31/2020, the total amount of assets under our management was:

Discretionary Assets	\$ 3,165,525,483
Non-Discretionary Assets	\$ 427,343,412
 Total Assets	 \$ 3,592,868,895

The total amount of Mutual Advisors’ discretionary and non-discretionary assets under management are the combined assets managed by all investment adviser representatives affiliated with Mutual Advisors.

## ITEM 5 - FEES AND COMPENSATION

### Fee Schedule & Billing Method

#### Investment Management Services

The annual management fee for our Investment Management Services is based on the complexity of your financial situation, the services provided, the experience and standard of fees charged by your IAR, and the nature and total dollar asset value of the assets maintained in your account. This fee is negotiable with your IAR; therefore fees vary from client to client. The fee assessed and/or charged is based on what is stipulated in the Investment Advisory Agreement signed by each client. This may include a minimum quarterly fee; however it may be waived at the IARs discretion.

Our annual fee ranges up to 2.00% annually and is assessed and/or charged quarterly or monthly in advance, based on prior period-end value. Inflows and outflows of cash are considered on a prorated basis in this calculation. Margin debits in accounts will decrease the fee calculated. Fees can be structured in one of the following ways: a fixed flat percentage fee on total assets in the account, a tiered fee schedule whereby the fee is calculated by applying different rates to different levels of assets

or a linear fee schedule where a breakpoint percentage fee is assessed to total assets in the account. Management fees are typically debited directly from your custodial account. All clients will receive brokerage statements from the custodian no less frequently than quarterly. The custodian statement will show the deduction of the advisory fee.

### *American Funds F2 Direct Accounts*

Our firm has an agreement to establish advisory accounts directly through American Funds in their F2 advisory share class funds. These advisory accounts are managed by our advisors on either a discretionary or non-discretionary basis based on the clients' individual needs, goals and objectives. The advisory fees charged for these accounts are 0.75% flat rate annually. These fees are calculated and debited by the custodian quarterly in arrears based on an average daily balance of the account(s). The fees for these accounts are non-negotiable. The accounts are not subject to any additional trading related fees through the American Funds platform. The client also acknowledges and agrees to allow American Funds to liquidate mutual fund shares in order to cover any applicable advisory or account service fees.

We discuss our discretionary authority below under ***Item 16 – Investment Discretion***.

### *Third-party Accounts*

We have established agreements with various third-party money managers in varying capacities, including the following: sub-advisory, co-advisory, TAMP and solicitor agreements. Our sub-advisory arrangements are billed by Mutual, who pays the sub-advisor for their separate fee, which is disclosed in the fee agreement. Our co-advisory, TAMP and solicitor agreements are billed by the third-party manager or platform provider, who pays Mutual Advisors for our portion of the total fee, which is disclosed in the fee agreement. The total annual fee charged through these arrangements varies based on the money manager selected and the services being provided. Clients should refer to the signed agreement for the specific fee to be charged to the account, and the percentage that the third-party money manager and Mutual Advisors will receive. Fees paid to us by third-party money managers are generally ongoing. Third-party money managers and platforms who charge the fee from the account(s) establish and maintain their own separate billing processes, which we have no control over. These processes may include billing either monthly or quarterly, and either in advance or in arrears. This will be described in their separate written disclosure documents.

All fees we receive directly from your accounts or from third-party money managers and the written separate disclosures made to you regarding these fees comply with applicable state statutes and rules. The separate written disclosures you need to be provided with include a copy of the third-party money manager's Form ADV Part 2, all relevant brochures and brochure supplements, a fee agreement detailing the exact fee percentages paid to all parties and a copy of the third-party money manager's privacy policy. Neither the third-party money managers we recommend, nor Mutual Advisors, will directly charge you a higher investment management fee than you would have been charged by either party through a direct advisory relationship, but your total annual fee (including the fee we receive) may be higher. When Mutual Advisors is acting in a solicitor capacity, this will clearly be indicated in the third-party account agreement.

### ERISA Plan Advisory & Consulting Services

Mutual Advisors charges fees for ERISA Plan Advisory & Consulting services based on a percentage of the plan assets for which we provide services. The percentage assessed and/or charged is negotiable up to 1.00% annually. The frequency the fees are charged and assessed for on-going advisory services will be no less than quarterly in advance or arrears, based on prior or current period ending value. Fees charged for consulting services may be based on an hourly rate, percentage of assets or a flat fee. Fees for advisory services can be structured in one of the following ways: a fixed flat percentage fee on total assets in the account, a tiered fee schedule whereby the fee is calculated by applying different rates to different levels of assets, or a linear fee for which the percentage is lowered on all assets as asset volume thresholds are met. The percentage, frequency and structure of the fee to be assessed and/or charged for these services is stipulated in the advisory or consulting agreement executed with each plan.

### Financial Consultation Service

We will quote the client a fixed fee that is based on the estimate of time to complete the project, or will negotiate another fee arrangement for the client, pursuant to the Financial Planning & Consulting Agreement. The total estimated fee, as well as the ultimate fee that we charge you, is based on the scope and complexity of our engagement with you. We may require a negotiable retainer, which is calculated based on the estimated total financial planning or consulting fee with the remainder of the fee directly billed to you and due to us within thirty (30) days of your financial plan being delivered or consultation rendered to you. In all cases, we will not require a retainer exceeding \$1,200 when services cannot be rendered within six (6) months. In the event that the client or Mutual Advisors terminates the financial consulting engagement before completion of the financial plan or consultation, Mutual Advisors will determine the fees due for the services already completed. For flat fee engagements, Client may receive a pro-rata refund of unearned fees which will be based on the hours Advisor has spent on the engagement, billed at the Advisor's hourly rate for such engagements. If the retainer previously paid by you is more than the fees due, Mutual Advisors will refund the amount of the unearned fees to you. If the amount due is more than the retainer we collected from you, Mutual Advisors will send you an invoice for the remainder due, which will be due within thirty (30) days of the invoice date. For ongoing engagements, Client will receive a pro-rata refund for any remaining days left in the quarter in which the contract was terminated.

### Institutional Advisory and Consultation Services

Institutional Consultation Service fees are negotiable between Mutual Advisors' investment adviser representatives and the qualified clients and are billable in advance. The fee amount will be based on services rendered from time to time as provided in a written invoice, which will depend on the nature and complexity of each client's circumstances. We will quote the client a fixed fee that is based on the estimate of time to complete the project. Consultation service billing periods may be monthly, quarterly or annually.

Institutional Advisory Service fees are also negotiable between Mutual Advisors' IARs and the qualified clients. The fee will be assessed and/or charged no less frequently than quarterly. The percentage,

frequency and structure of the fee to be assessed and/or charged for these services is stipulated in the advisory or consulting agreement executed with each client.

### Variable Annuities

The fees are negotiable depending on the level of assets, scope and complexity of the services provided. The fee will be charged quarterly in accordance with client's agreement with the insurance company and/or as described in the variable annuity prospectus. The maximum fee for variable annuities is 2.00%. Variable annuities also charge internal fees for mortality, administration and contract fees (M&A fees), which are disclosed in the variable annuity prospectus. Variable annuities may also charge underlying fund expenses which are related to the investment subaccounts as well as for special features including but not limited to stepped-up death benefits, guaranteed minimum income benefits, long-term health insurance or principal protection. Your IAR may offer similar services in their capacity as a Registered Representative (RR) of our affiliated broker-dealer, Mutual Securities, Inc. However, for any assets for which your IAR is receiving compensation in their capacity as RR, they will not receive advisory fees for IAR services. This is determined by the client agreement established with the insurance company, and the product in which you are investing. We receive no portion of the M&A fees, underlying fund expenses or charges for special features.

### Other Annuities and Life Insurance

The fees are negotiable depending on the level of assets, scope and/or complexity of the services provided. The fee will be charged in accordance with client's agreement with Mutual Advisors, LLC. The max fee for other annuities and other life insurance will be reasonable based on the service being provided but shall not exceed 2.00%. Other annuities and insurance products also charge internal fees which include but are not limited to mortality, administration and contract fees (M&A fees). Your IAR may offer similar services in their capacity as a Registered Representative (RR) of our affiliated broker-dealer, Mutual Securities, Inc or as a licensed insurance agent. However, for any assets for which your IAR is receiving compensation in their capacity as RR or as a licensed insurance agent, they will not receive advisory fees for IAR services. This is determined by the client agreement established with the insurance company, and the product in which you are investing or purchasing. We receive no portion of the M&A fees.

## **Other Fees and Expenses**

Non-Wrap fee Clients may incur transaction charges for trades executed in their accounts. These transaction fees are separate from our fees and will be disclosed by the firm that the trades are executed through. Also, clients may pay the following separately incurred expenses, which we do not receive any part of, including but not limited to: custodial fees, administrative fees, charges imposed directly by a mutual fund, index fund, or exchange traded fund, which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses).

Wrap fee clients will receive our Form ADV, Part 2A, Appendix 1 (the “Wrap Fee Program Brochure”). Wrap fee clients will not incur transaction costs for trades but may be subject to other fees. More information about this is disclosed in our separate Wrap Fee Program Brochure.

## Termination

Either party may terminate the advisory agreement at any time by providing written notice to the other party. The client may terminate the agreement at any time by writing Mutual Advisors at our office. Mutual Advisors will refund any prepaid, unearned advisory fees.

Terminations will not affect liabilities or obligations from transactions initiated in client accounts prior to termination. In the event the client terminates the investment advisory agreement, Mutual Advisors will not liquidate any securities in the account unless instructed by the client to do so. In the event of client’s death or disability, Mutual Advisors will continue management of the account until we are notified of client’s death or disability and given alternative instructions by an authorized party.

## ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Mutual Advisors does not charge performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## ITEM 7 - TYPES OF CLIENTS

Mutual Advisors provides asset management, financial consulting, ERISA plan advisory & consulting, investment advisory consultation, and selection of third-party money managers. Our services are provided on a discretionary and non-discretionary basis to a variety of clients, such as institutional investors, individuals, high net worth individuals, trusts and estates, qualified purchasers and individual participants of retirement plans. In addition, we may also provide advisory services to entities such as pension and profit sharing plans, businesses, and other investment advisers.

### Account Requirements

Mutual Advisors does not have a specific minimum, but it is up to each IAR whether they will impose their own account minimum. If a minimum is imposed, accounts may be aggregated to meet the minimum.

Clients who utilize our Third-party Accounts program should review each manager’s Form ADV disclosure brochure *Item 7 – Types of Clients* regarding account requirements.

Account requirements for clients participating in our wrap fee programs are described in our Wrap fee Program Brochure, which is provided to all clients participating in the program and available upon request.

## **ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

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

We will typically use fundamental, cyclical, charting, and/or technical analysis in the selection of individual securities. Mutual Advisors selects categories of investments based on the clients' attitudes about risk and their need for capital appreciation or income. Different instruments involve different levels of exposure to risk. We seek to select individual securities with characteristics that are most consistent with the client's objectives. Since Mutual Advisors treats each client account uniquely, client portfolios with a similar investment objectives and asset allocation goals may own different securities. Tax factors will not influence Mutual Advisors' investment decisions.

#### *General Investment Strategies*

Mutual Advisors generally uses diversification in an effort to minimize risk and optimize the potential return of a portfolio. More specifically, we utilize multiple asset classes, investment styles, market capitalizations, sectors, and regions to provide diversification. Each portfolio composition is determined in accordance with the clients' investment objectives, risk tolerance, and time horizon. We utilize both passive and active investment management strategies in an effort to optimize portfolios.

Our general investment strategy is to seek real capital growth proportionate with the level of risk the client is willing to take. We develop a Client Profile to help identify the client's investment objectives, time horizon, risk tolerance, tax considerations, target asset allocation, and any special considerations and/or restrictions the client chooses to place on the management of the account. Mutual Advisors will then recommend investments that we feel are consistent with the Client Profile.

After defining client needs, Mutual Advisors develops and implements plans for the client's account. Then, we monitor the results and make adjustments as needed. As the initial assumptions change, the plans themselves may need to be adapted. Continuous portfolio management is important in an effort to keep the client's portfolio consistent with the client's objectives.

#### *Wrap Fee Program*

The methods of analysis, investment strategies, and risk of loss pertaining to accounts participating in the wrap fee programs are described in our Wrap Fee Program Brochure, which is provided to all clients participating in the program(s) and available upon request.

#### *Third-party Managers*

We may refer clients to third-party managers. In these instances, we provide clients with a list of investment advisory services of third-party professional portfolio management firms for the individual management of client accounts. As part of this process, we assist clients in identifying an appropriate third-party money manager. Our recommendation is based on the client's investment objectives and financial situation, and the third-party manager's management style. We provide initial due diligence on third-party money managers and ongoing reviews of their management of your account. The third-party

managers we refer to clients must maintain proper and current licensing/registration, as applicable to each manager. Clients should review **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss** of the brochure of the third-party manager for the methods of analysis and investment strategies of the third-party manager.

### Methods of Analysis for Selecting Securities

Mutual Advisors' IARs may use, among others, technical, fundamental, and/or charting analysis in the selection of individual equity securities. Additionally, our IARs may use specific strategies or resources in the method of analysis and selection of mutual funds.

### Technical Analysis

The effectiveness of technical analysis depends upon the accurate forecasting of major price moves or trends in the securities traded by the IAR. However, there is no assurance of accurate forecasts or that trends will develop in the markets we follow. In the past, there have been periods without discernable trends and similar periods will presumably occur in the future. Even where major trends develop, outside factors like government intervention could potentially shorten them.

Furthermore, one limitation of technical analysis is that it requires price movement data, which can translate into price trends sufficient to dictate a market entry or exit decision. In a trendless or erratic market, a technical method may fail to identify trends requiring action. In addition, technical methods may overreact to minor price movements, establishing positions contrary to overall price trends, which may result in losses. Finally, a technical trading method may under perform other trading methods when fundamental factors dominate price moves within a given market.

The calculations that underline our system, methods, and strategies involve many variables, including determinants from information generated by computers and/or charts. The use of a computer in collating information or in developing and operating a trading method does not assure the success of the method because a computer is merely an aid in compiling and organizing trade information.

Accordingly, no assurance is given that the decisions based on computer-generated information will produce profits for a client's account.

### Relative Strength Analysis

Relative strength measures one stock versus another or a group of stocks versus an index, such as the S&P 500. Through relative strength analysis, we can rank areas of the market that are outperforming or underperforming the broad market, whether the Russell 3000 or S&P 500. For our purposes, we use the S&P 500. We then add the highest relative strength sectors and macro areas (i.e. small cap vs. large cap) to our investment model, using primarily ETFs. The general premise is that those areas of the market with highest relative strength outperform over the long term. Additionally, as a risk override, we run moving average analysis to identify when markets are most vulnerable, and from time to time lighten market exposure.

### Fundamental Analysis

Fundamental analysis assesses the financial health and management effectiveness of a business by analyzing a company's financial reports, key financial ratios, industry developments, economic data, competitive landscape, and management. The objective of fundamental analysis is to use historical and current financial data to assess the stock valuation of a company, evaluate company profitability, credit risk, and forecast future performance of the company and its share price. Fundamental analysis assumptions and calculations are based on historical data and forecasts; therefore the quality of information and assumptions used are critical. Differences can exist between market fundamentals and how you analyze them.

### Charting Analysis

Charting analysis involves the use of patterns in performance charts. Our IARs use this charting technique to search for patterns in an effort to predict favorable conditions for buying and/or selling a security.

### Mutual Funds

In analyzing mutual funds, our IARs use various sources of information, including data provided by Morningstar. We review key characteristics such as historical performance, consistency of returns, risk level, and size of fund. Expense ratio and other costs are also significant factors in fund selection. We also subscribe to/access additional information from other sources that inform our general macro-economic view.

When using mutual funds and exchange traded funds, ("ETFs") in our investment strategies. Our policy is to purchase institutional share classes of those mutual funds selected for the client's portfolio. The institutional share class generally has the lowest expense ratio. The expense ratio is the annual fee that all mutual funds or ETFs charge their shareholders. It expresses the percentage of assets deducted each fiscal year for funds expenses, including 12b-1 fees, management fees, administrative fees, operating costs, and all other asset-based costs incurred by the fund. Some fund families offer different classes of the same fund and one share class may have a lower expense ratio than another share class. These expenses come from client assets which could impact the client's account performance. Mutual fund expense ratios are in addition to our fee, and we do not receive any portion of these charges. If an institutional share class is not available for the mutual fund selected, the adviser will purchase the least expensive share class available for the mutual fund. As share classes with lower expense ratios become available, we may use them in the client's portfolio, and/or convert the existing mutual fund position to the lower cost share class. Clients who transfer mutual funds into their accounts with us would bear the expense of any contingent or deferred sales loads incurred upon selling the product. If a mutual fund has a frequent trading policy, the policy can limit a client's transactions in shares of the fund (e.g., for rebalancing, liquidations, deposits or tax harvesting). All mutual fund expenses and fees are disclosed in the respective mutual fund prospectus.

Non-Transaction Fee (NTF) Mutual Funds



When selecting investments for our clients' portfolios we might choose mutual funds on your account custodian's Non-Transaction Fee (NTF) list. This means that your account custodian will not charge a transaction fee or commission associated with the purchase or sale of the mutual fund.

The mutual fund companies that choose to participate in your custodian's NTF fund program pay a fee to be included in the NTF program. The fee that a mutual fund company pays to participate in the program is ultimately borne by the owners of the mutual fund including clients of our Firm. When we decide whether to choose a fund from your custodian's NTF list or not, we consider our expected holding period of the fund, the position size and the expense ratio of the fund versus alternative funds. Depending on our analysis and future events, NTF funds might not always be in your best interest.

### Options

IARs may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset. The two types of options are calls and puts. A call gives the holder the right to buy an asset at a certain price within a specific period of time. A call may be purchased if the expectation is that the stock will increase substantially in value before the option expires. It may also be sold as a hedge to protect gains or principal of an existing holding (covered calls). A put gives the holder the right to sell an asset at a certain price within a specific period of time. A put may be purchased if the expectation is that the stock will decrease substantially in value before the option expires. They are typically purchased as a hedge to protect gains or principal of a portfolio. There are various options strategies that our IARs may deploy in a strategy, as appropriate for a client's needs. These include, but may not be limited to: covered options (selling a call or put for a premium payment while retaining the cash or securities required to facilitate the underlying purchase or sale of securities if an option is exercised) or spreads/straddles (buying or selling call or put options on the same or opposite side of the market to benefit from the bid/ask "spread" or to straddle the market based on value or time variances).

### Alternative Investments

IARs may use Alternative Investments as a way to diversify a portfolio. Alternative Investments are considered to be "non-correlated" assets, meaning that they do not tend to run up or down (track) with the market like standard securities typically do. The main goal of alternatives is to provide access to other return sources, with the potential benefit of reducing risk of a client's portfolio, improving returns, or both.

### Specific Investment Strategies for Managing Portfolios

IARs may use Modern Portfolio Theory tactical asset allocation, cash as a strategic asset, long-term holding, trend, dollar-cost-averaging, defensive portfolio strategies in the construction and management of client portfolios. There is no guarantee that any of the following strategies will be successful and we make no promises or warranties as to the accuracy of our market analysis.

### Modern Portfolio Theory (MPT)

IARs use the Modern Portfolio Theory, which has a basic concept of using diversification in an effort to help minimize risk and optimize the potential return of a portfolio.

### Tactical Asset Allocation

IARs may use a tactical asset allocation strategy in the shorter term to deviate from a client's long-term strategic asset allocation target in an effort to take advantage of what we perceive as market pricing anomalies or strong market sectors or to avoid perceived weak sectors. Once they achieve the desired short-term opportunities or perceives that opportunities have passed, we generally return a client's portfolio to the original strategic asset mix.

### Cash as a Strategic Asset

IARs may use cash as a strategic asset and at times move or keep client's assets in cash or cash equivalents. While high cash levels can help protect a client's assets during periods of market decline, there is a risk that our timing in moving to cash is less than optimal upon either exit or reentry into the market, potentially resulting in missed opportunities during positive market moves.

### Long-term Holding

IARs do not generally purchase securities for clients with the intent to sell the securities within 30 days of purchase, as we do not generally use short-term trading as an investment strategy. However, there may be times when we will sell a security for a client when the client has held the position for less than 30 days.

IARs do not attempt to time short-term market swings. Short term buying and selling of securities is typically limited to those cases where a purchase has resulted in an unanticipated gain or loss in which we believe that a subsequent sale is in the best interest of the client.

### Trend

IARs may manage client assets using a trend following methodology based on the 200-day average and grounded in a strong sell discipline for all positions within the portfolio.

### Dollar-Cost-Averaging

Dollar cost averaging involves investing money in multiple installments over time to take advantage of price fluctuations in the attempt to get a lower average cost per share.

### Defensive Strategies

If our IAR anticipates poor near-term prospects for equity markets, we may adopt a defensive strategy for clients' accounts by investing substantially in fixed income securities and/or money market instruments. We may also utilize low, non, or negative correlated investments through mutual funds and EFT's. There can be no guarantee that the use of defensive techniques would be successful in avoiding losses.

### Margin

Some clients of Mutual Advisors maintain margin accounts to facilitate short-term borrowing needs, which are unrelated to our investment strategy(ies). For some high-net worth (HNW) clients that are seeking a more aggressive strategy for their portfolio, our IARs may work with those clients on an individual basis to develop a leveraged strategy utilizing margin to increase market participation portfolio as part of a customized investment strategy. Clients are responsible for any brokerage or margin charges in addition to advisory fees. Risks of using margin include “margin calls” (also called “fed calls” or “maintenance calls.”) Margin calls occur when account values decrease below minimum maintenance margin levels established by the broker-dealer that holds the securities in the client’s account, requiring the investor to deposit additional money or securities into their margin account.

While the use of margin borrowing can increase returns, it can also magnify losses. Clients must specifically request to establish a margin account.

### Additional Strategies

Clients interested in learning more about any of the above strategies should contact us for more information and/or refer to the prospectus of any mutual fund. We may also consider additional strategies by specific client request.

### Variable Annuities

A variable annuity is a contract with an insurance company, under which the insurer agrees to make periodic payments, beginning either immediately or at some future date. A variable annuity contract is purchased by making either a single purchase payment or a series of purchase payments. The value of a variable annuity will vary depending on the performance of the investment options chosen. The investment options for a variable annuity are typically mutual funds (called sub-accounts) that invest in stocks, bonds, money market instruments, or some combination of the three.

Although variable annuities are typically invested in mutual fund sub-accounts, variable annuities differ from mutual funds in several important ways:

First, variable annuities allow an owner to receive **periodic payments** for the rest of their life (or the life of a spouse or other designated person). This feature offers some protection against the possibility that, after retirement, the owner will outlive their assets.

Second, variable annuities have a **death benefit**. If the owner dies before the insurer has started making payments, the beneficiary is guaranteed to receive a specified amount – typically at least the amount of the purchase payments. The beneficiary will get a benefit from this feature if, at the time of the owner’s death, the account value is less than the guaranteed amount.

Third, variable annuities are **tax-deferred**. That means the owner pays no taxes on the income and investment gains from an annuity until money is withdrawn. Money can also be transferred from one investment option to another within a variable annuity without paying tax at the time of the transfer.

When money is taken out of a variable annuity, the earnings are taxed at ordinary income tax rates rather than lower capital gains rates. In general, the benefits of tax deferral will outweigh the costs of a variable annuity only if held as a long-term investment to meet retirement and other long-range goals.

There are also risks when investing in variable annuities:

1. Other investment vehicles, such as IRAs and employer-sponsored 401(k) plans, also may provide tax-deferred growth and other tax advantages. For most investors, it will be advantageous to make the maximum allowable contributions to IRAs and 401(k) plans before investing in a variable annuity.
  - a. In addition, if investing in a variable annuity through a tax-advantaged retirement plan (such as a 401(k) plan or IRA), there is no additional tax advantage from the variable annuity. Under these circumstances, consider buying a variable annuity only if it makes sense because of the annuity's other features, such as lifetime income payments and death benefit protection. The tax rules that apply to variable annuities can be complicated – before investing, a tax adviser should be consulted about the tax consequences.
2. Variable annuities are designed to be long-term investments, to meet retirement and other long-range goals. Variable annuities are not suitable for meeting short-term goals because substantial taxes and insurance company charges may apply if money is withdrawn early.

Investors pay for each benefit provided by the variable annuity, and should understand the charges and carefully consider whether the benefit is needed. Consideration should also be made whether the investor could buy the benefit more cheaply as part of the variable annuity or separately (*e.g.*, through a long-term care insurance policy).

### *Other Annuities and Life Insurance*

Two other types of annuities are Fixed Annuities and Indexed Annuities.

#### *Fixed Annuities*

With a fixed annuity, the insurance company guarantees both the rate of return (the interest rate) and the payout to the investor. Although the word "fixed" might suggest otherwise, the interest rate on a fixed annuity *can* change over time. The contract will explain whether, how and when this can happen. Often the interest rate is fixed for a number of years and then changes periodically based on current rates. Payouts can be for an entire lifetime, or you can choose another time period.

While you are accumulating assets in a deferred fixed annuity, your investment grows tax-deferred. The insurance company agrees to pay you no less than a specified rate of interest during the time that your account is growing. With an immediate fixed annuity—or when you "annuitize" your deferred annuity—you receive a pre-determined fixed amount of money, usually on a monthly basis (similar to a pension). These payments may last for a specified period, such as 25 years, or an unspecified period such as your lifetime or the lifetime of you and your spouse.

The predictability of a fixed annuity makes it a popular option for investors who want a guaranteed income stream to supplement their other investment and retirement income. Fixed annuity payouts are not affected by fluctuations in the market.

There are also risks to consider when determining whether a fixed annuity is for you.

1. An annuity's "guarantee" is only as strong as the insurance company that issues the annuity. There may be state guarantees in the event of an insurance company's failure, but annuities are not guaranteed by the FDIC, SIPC or any other federal agency if the insurance company that issues the contract fails.
2. Payments in a fixed annuity typically do not have cost-of-living adjustments to keep pace with inflation, so the value of the money you receive in your payments may decline over time. Annuities with inflation protection can be purchased but the cost, in general, is significantly higher.
3. It may be difficult to get your money back once you pay the premium to the insurance company. Even if you only receive a few payments under a fixed annuity contract, the insurance company may not be obligated to continue payments to your spouse or refund your premiums to your estate.
4. If there are changes to your fixed annuity and you want to withdraw your money early, you could incur surrender charges that cut into your returns.

### *Indexed Annuities*

Indexed annuities—also known as "equity-indexed annuities" or "fixed-indexed annuities"—are complex financial instruments that have characteristics of both fixed and variable annuities. Indexed annuities offer a minimum guaranteed interest rate combined with an interest rate linked to a market index, hence the name.

Many indexed annuities are based on broad, well-known indices like the S&P 500 Composite Stock Price Index. But some use other indexes, including those that represent other segments of the market. Some indexed annuities allow investors to select one or more indexes. Because of the guaranteed interest rate, indexed annuities give you more risk (but more potential return) than a fixed annuity, but less risk (and less potential return) than a variable annuity.

There are also risks to consider when determining whether a fixed annuity is for you.

1. Indexed annuities can be quite complex. One of the most confusing features of an indexed annuity is the method used to calculate the gain in the index to which the annuity is linked. There are several indexing methods firms use to calculate gains. The method used for your annuity matters because it will impact the calculation of the amount of interest to be credited to the contract based on the change in the index. Because of the variety and complexity of the methods used to credit interest, investors will find it difficult to compare one indexed annuity to another.

2. Indexed annuities offer protection on downside risk with a guaranteed minimum return, typically at least 87.5 percent of the premium paid at 1 to 3 percent interest. However, if you don't receive any index-linked interest—in other words, if the index linked to your annuity declines—you actually can lose money on your investment. And, if you surrender your annuity early, you may have to pay a significant surrender charge along with a 10 percent tax penalty that will reduce or eliminate any return.
3. Before purchasing an indexed annuity, make sure you not only understand each feature, but also how the features work together, because this combination can have a significant impact on your return. You should also understand any fees or expenses that come with a particular product. Indexed annuities can be expensive and have been known to have substantial surrender charges if you surrender the policy early, and you may incur a tax penalty that could reduce or eliminate any return. Be prepared to ask your insurance agent, broker, financial planner or other financial professional specific questions to determine whether an indexed annuity is right for you.

### *Life insurance*

Life insurance products are often a part of an overall financial plan. They come in various forms, including but not limited to term life, whole life and universal life policies. There also are variations on these—variable life insurance and variable universal life insurance—which are considered securities.

Insurance products often are developed to meet specific objectives. For example, long-term care insurance is designed to help manage health care expenses as you age. As with other financial products, insurance products can be complex and come with fees.

Here are some of the most common types of life insurance:

1. **Term Life Insurance.** Term life provides coverage for a specified and limited period, known as the term. Premiums for most term policies tend to go up as you age or at the end of each renewal period. After the term ends, so does the policy and its coverage if it's not renewed.
2. **Whole Life Insurance.** Whole life or ordinary life insurance is a type of permanent life insurance. It provides coverage for the life of the insured and can build cash value, which is a savings feature. Premium payments typically remain the same for the life of the insured.
3. **Universal Life Insurance.** Universal life provides coverage for the life of the insured and also offers flexible premium payments and insurance coverage. The cost of your insurance protection and in some cases other costs are deducted from the cash or policy account value.
4. **Variable Life Insurance.** Variable life is a type of security that offers fixed premiums and a minimum death benefit. Unlike whole life insurance, its cash value is invested in a portfolio of securities. As the policyholder, you can choose the mix of investments from those the policy offers. However, the policy's investment return is not guaranteed and the cash value will fluctuate.

- 5. Variable Universal Life Insurance.** This type of security combines features of universal life insurance and variable life insurance. It offers flexibility in premium payments and insurance coverage, as well as an investment account.

Another type of insurance is long-term care insurance, which tends to cover what Medicare and most conventional health insurance policies don't: long-term custodial care expenses. It's a risk-management product to help cushion the financial blow of prolonged and expensive elder care or custodial care.

### *Investing Involves Risk*

#### *General Risks of Owning Securities*

Investing in securities involves risk of loss that clients should be prepared to bear. While the stock market may increase and your account(s) could enjoy a gain, it is also possible that the stock market may decrease, and your account(s) could suffer a loss. It is important that you understand the risks associated with investing in the stock market, are appropriately diversified in your investments, and ask us any questions you may have.

#### *Risk of Loss*

Diversification does not guarantee a profit or guarantee to protect you against loss, and there is no guarantee that your investment objectives will be achieved. Mutual Advisors strategies and recommendations may lose value. All investments have certain risks involved including, but not limited to the following:

**Stock Market Risk:** The value of securities in the portfolio will fluctuate and, as a result, the value may decline suddenly or over a sustained period of time.

**Managed Portfolio Risk:** The manager's investment strategies or choice of specific securities may be unsuccessful and may cause the portfolio to incur losses.

**Industry Risk:** The portfolio's investments could be concentrated within one industry or group of industries. Any factors detrimental to the performance of such industries will disproportionately impact your portfolio. Investments focused in a particular industry are subject to greater risk and are more greatly impacted by market volatility than less concentrated investments.

**Non-U.S. Securities Risk:** Non-U.S. securities are subject to the risks of foreign currency fluctuations, generally higher volatility and lower liquidity than U.S. securities, less developed securities markets and economic systems and political economic instability.

**Emerging Markets Risk:** To the extent that your portfolio invests in issuers located in emerging markets, the risk may be heightened by political changes and changes in taxation or currency controls that could adversely affect the values of these investments. Emerging markets have been more volatile than the markets of developed countries with more mature economies.

**Currency Risk:** The value of your portfolio's investments may fall as a result of changes in exchange rates.

**Credit Risk:** Most fixed income instruments are dependent on the underlying credit of the issuer. If we are wrong about the underlying financial strength of an issuer, we may purchase securities where the issuer is unable to meet its obligations. If this happens, your portfolio could sustain an unrealized or realized loss.

**Inflation Risk:** Most fixed income instruments will sustain losses if inflation increases or the market anticipates increases in inflation. If we enter a period of moderate or heavy inflation, the value of your fixed income securities could go down.

**Interest Rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate.

**Margin Risk:** The use of margin is not suitable for all investors, since it increases leverage in your Account and therefore risk.

**ETF and Mutual Fund Risk:** When we invest in an ETF or mutual fund for a client, the client will bear additional expenses based on its pro rata share of the ETFs or mutual fund's operation expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund greatly reflects the risks of owning the underlying securities the ETF or mutual fund holds. Clients may also incur brokerage costs when purchasing ETFs.

**Derivative Risk:** Derivatives are securities, such as futures contracts or options, whose value is derived from that of other securities or indices. Derivatives can be used for hedging (attempting to reduce risk by offsetting one investment position with another) or non-hedging purposes. Hedging with derivatives may increase expenses, and there is no guarantee that a hedging strategy will achieve the desired results. Utilizing derivatives can cause greater than ordinary investment risk, which could result in losses.

**Structured Products Risk:** Structured products are securities derived from another asset, such as a security or a basket of securities, an index, a commodity, a debt issuance, or a foreign currency. Structured products frequently limit the upside participation in the reference asset. Structured products are senior unsecured debt of the issuing bank and subject to the credit risk associated with that issuer. This credit risk exists whether or not the investment held in the account offers principal protection. The creditworthiness of the issuer does not affect or enhance the likely performance of the investment other than the ability of the issuer to meet its obligations. Any payments due at maturity are dependent on the issuer's ability to pay. In addition, the trading price of the security in the secondary market, if there is one, may be adversely impacted if the issuer's credit rating is downgraded. Some structured products offer full protection of the principal invested, others offer only partial or no protection. Investors may be sacrificing a higher yield to obtain the principal guarantee. In addition, the principal guarantee relates to nominal principal and does not offer inflation protection. An investor in a structured product never has a claim on the underlying investment, whether a security, zero coupon bond, or option. There may be little or no secondary market for the securities and information regarding independent market pricing for the securities may be limited. This is true even if the product has a ticker symbol or has been approved for listing on an exchange. Tax treatment of structured products may be



different from other investments held in the account (e.g., income may be taxed as ordinary income even though payment is not received until maturity). Structured CDs that are insured by the FDIC are subject to applicable FDIC limits.

**Alternative Investment Risk:** Alternative Investments involve a high degree of risk, often engage in leveraging and other speculative investment practices that may increase the risk of investment loss, can be highly illiquid, are not always required to provide periodic pricing or valuation information to investors, may involve complex tax structures and delays in distributing important tax information, are not subject to the same regulatory requirements as mutual funds, often charge high fees which may offset any trading profits, and in many cases the underlying investments are not transparent and are known only to the investment manager. Alternative investment performance can be volatile. An investor could lose all or a substantial amount of his or her investment.

**Management Risk:** Your investment with us varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment may decrease.

**Cybersecurity Risk:** In addition to the Material Risks listed above, investing involves various operational and “cybersecurity” risks. These risks include both intentional and unintentional events at Mutual Advisers or one of its third-party counterparties or service providers, that may result in a loss or corruption of data, result in the unauthorized release or other misuse of confidential information, and generally compromise our Firm’s ability to conduct its business. A cybersecurity breach may also result in a third-party obtaining unauthorized access to our clients’ information, including social security numbers, home addresses, account numbers, account balances, and account holdings. Our Firm has established business continuity plans and risk management systems designed to reduce the risks associated with cybersecurity breaches. However, there are inherent limitations in these plans and systems, including that certain risks may not have been identified, in large part because different or unknown threats may emerge in the future. As such, there is no guarantee that such efforts will succeed, especially because our Firm does not directly control the cybersecurity systems of our third-party service providers. There is also a risk that cybersecurity breaches may not be detected.

## **ITEM 9 - DISCIPLINARY INFORMATION**

Mutual Advisers and our personnel seek to maintain the highest level of business professionalism, integrity, and ethics. We are required to disclose the facts of any legal or disciplinary events that are material to a client’s evaluation of our business or the integrity of our management. We do not have any required disclosures to this Item.

## **ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

### **Related Broker-Dealer and Insurance Agency**

Mutual Advisers has a related firm, Mutual Securities, Inc. (“MSI”), which is registered as a securities broker-dealer, members FINRA/SIPC and is a California licensed insurance agency. MSI is owned and

controlled by the indirect owners of Mutual Advisors. Typically, Mutual Advisors' investment advisory representatives ("IARs") are dually licensed as registered representatives of our related broker-dealer.

IARs, in their capacities as registered representatives (not acting as IARs), may offer advisory clients securities or other products. These registered representatives typically receive compensation, commissions and/or trailing 12b-1 fees. In addition, MSI will receive additional compensation when clients transact in certain products. Therefore, a conflict of interest exists between the interests of these individuals, MSI and those of the advisory clients. When recommending commissionable products to clients, we have a duty to only recommend products that are suitable for the client. In addition, clients are under no obligation to act on any recommendations of these individuals or place any transactions through them if they decide to follow their recommendations. **NOTE:** Our IARs who receive compensation on the sale of security in their capacity as a RR of MSI are prohibited from concurrently receiving an investment advisory or consultation fee on those assets in their capacity as an IAR of Mutual Advisors.

Some of our IARs are separately licensed as insurance agents/brokers with various companies. In this role, they may offer commissionable insurance products to our clients for which they may receive compensation. A conflict of interest arises as these commissionable insurance product sales may create an incentive to recommend products based on the compensation that MSI and/or our representatives may earn and may not be in the best interests of the client. When recommending commissionable products to clients, we have a duty to only recommend products that are suitable for the client. In addition, clients are under no obligation to act on any recommendations of these individuals or place any transactions through the associated person or MSI if they decide to follow their recommendations.

### **Third-party Managers**

The compensation paid to us by third-party managers may vary, and thus, there is a conflict of interest in recommending a manager who shares a larger portion of the advisory fees charged to a client over another third-party manager. Our client's fees may be higher than they would be if our client obtained services directly from the third-party money manager. There is a conflict of interest in utilizing third-party managers, as there is an incentive to us in selecting a particular manager over another in the form of fees or services. In order to minimize this conflict, our firm seeks to make our selections in the best interest of our clients.

### **Other Financial Institutions**

Mutual Advisors has established consulting agreements with various financial institutions for consultation on expertise related to business development or investment advisory services provided to clients. If the consultation being provided is specific to services provided to a client account, the specifics of this arrangement, including the compensation paid to the other financial institution, will be fully disclosed to clients in their signed agreements.

## ITEM 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

### Code of Ethics

Mutual Advisors believes that we owe clients the highest level of trust and fair dealing. As part of our fiduciary duty, we place the interests of our clients ahead of the interests of the firm and our personnel. Mutual Advisors has adopted a Code of Ethics that emphasizes the high standards of conduct that Mutual Advisors seeks to observe. Mutual Advisors' personnel are required to conduct themselves with integrity at all times and follow the principles and policies detailed in our Code of Ethics.

Mutual Advisors' Code of Ethics attempts to address specific conflicts of interest that either we have identified or that could likely arise. Mutual Advisors' personnel are required to follow clear guidelines from the Code of Ethics in areas such as gifts and entertainment, other business activities, prohibitions of insider trading, and adherence to applicable federal securities laws. Additionally, individuals who formulate investment advice for clients, or who have access to nonpublic information regarding any clients' purchase or sale of securities, are subject to personal trading policies governed by the Code of Ethics (see below).

Mutual Advisors will provide a complete copy of the Code of Ethics to any client or prospective client upon request.

### Personal Trading Practices

Mutual Advisors and our personnel may purchase or sell securities for themselves, regardless of whether the transaction would be appropriate for a client's account. Mutual Advisors and our personnel may purchase or sell securities for themselves that we also recommend/utilize for clients. This includes related securities (e.g., warrants, options, or other derivatives). This presents a potential conflict of interest, as we have an incentive to take investment opportunities from clients for our own benefit, favor our personal trades over client transactions when allocating trades, or use the information about the transactions we intend to make for clients to our personal benefit by trading ahead of clients.

Our policies to address these conflicts include the following:

1. The client receives the opportunity to act on investment decisions/recommendations prior to and in preference to accounts of your Mutual Advisors' investment advisor representative ("IAR").
2. Mutual Advisors prohibits trading in a manner that takes personal advantage of price movements caused by client transactions.
3. If your Mutual Advisors' IAR wishes to purchase or sell the same security as he/she recommends or takes action to purchase or sell for a client, he/she will not do so until the custodian fills the client's order, if the order cannot be aggregated with the client order. As a result of this policy, it

is possible that clients may receive a better or worse price than Mutual Advisors' IAR for transactions in the same security on the same day as a client.

4. Mutual Advisors requires our IARs to report personal securities transactions on at least a quarterly basis.
5. Conflicts of interest also may arise when Mutual Advisors' IARs become aware of limited offerings or IPOs, including private placements or offerings of interests in limited partnerships or any thinly traded securities, whether public or private. Given the inherent potential for conflict, limited offerings and IPOs demand extreme care. Mutual Advisors' IARs are required to obtain pre-approval from the Chief Compliance Officer before trading in limited offerings and are prohibited from transacting in IPOs for personal accounts.
6. Under certain limited circumstances, we make exceptions to the policies stated above. Mutual Advisors will maintain records of these trades, including the reasons for any exceptions.

## ITEM 12 - BROKERAGE PRACTICES

Mutual Advisors requires accounts that are not managed by third-party investment managers to be established with one of the following custodians: Fidelity Institutional Wealth Services, a division of Fidelity Brokerage Services, Inc. ("Fidelity"), a Fidelity Investments company, with TD Ameritrade Institutional, a division of TD Ameritrade, Inc., member FINRA/SIPC, with Charles Schwab & Co., Inc. ("Schwab"), member FINRA/SIPC, SEI Investments Company ("SEI"), Interactive Brokers, LLC ("IB"), member FINRA/SIPC, or with American Funds Service Company ("AFS") (collectively "the custodians"). Some legacy sub-advisory accounts are established with our related broker-dealer, Mutual Securities, Inc. ("MSI"). No new accounts are able to be established through MSI. Both MSI and Fidelity clear through National Financial Services, LLC ("NFS"), TD Ameritrade Institutional clears through TD Ameritrade Clearing, Inc., Schwab and IB are self-clearing, SEI clears through SEI Private Trust Company (SPTC), a federally chartered limited purpose savings association and wholly owned subsidiary of SEI Investments Company, and AFS clears through Capital Bank & Trust. MSI and Mutual Advisors are affiliated, all other custodians are unaffiliated service providers. Mutual Advisors engages the custodians to clear transactions and custody assets. The custodians provide Mutual Advisors with services that assist us in managing and administering clients' accounts which include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of fees from its clients' accounts; and (v) assist with certain back-office functions, recordkeeping and client reporting.

As part of the arrangement described above, the custodians also make certain research and brokerage services available at no additional cost to our firm. These services include certain research and brokerage services, including research services obtained by the custodians directly from independent research companies, as selected by our firm (within specific parameters). Research products and services provided by the custodians to our firm 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 custodians to our firm in the performance of our investment decision-making responsibilities. The aforementioned research and brokerage services are used by our firm to manage accounts. Without this arrangement, our firm might be compelled to purchase the same or similar services at our own expense.

As a result of receiving the services discussed above, we have an incentive to continue to use or expand the use of the custodians' services. Our firm examined this conflict of interest when we chose to enter into the relationship with the custodians and we have determined that the relationship is in the best interest of our firm's clients and satisfies our client obligations, including our duty to seek best execution.

The custodians 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 individual equity and debt securities transactions).

The custodians generally do not charge clients separately for custody services but are compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through the custodians or that settle into accounts at the custodians. The custodians 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 individual equity and debt securities transactions). The custodians enable us to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. The custodians' commission rates are generally discounted from customary retail commission rates. However, the commission and transaction fees charged by the custodians may be higher or lower than those charged by other custodians and broker-dealers.

Our legacy sub-advisory accounts may pay a commission to MSI that is higher than another qualified broker-dealer or custodian 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.

We may aggregate (combine) trades for ourselves or our associated persons with your trades, providing that the following conditions are met:

1. Our policy for the aggregation of transactions shall be fully disclosed separately to our existing clients (if any) and the broker-dealer(s) through which such transactions will be placed;

2. We will not aggregate transactions unless we believes that aggregation is consistent with our duty to seek the best execution (which includes the duty to seek best price) for you and is consistent with the terms of our investment advisory agreement with you for which trades are being aggregated.
3. No advisory client will be favored over any other client; each client that participates in an aggregated order will participate at the average share price for all our transactions in a given security on a given business day, with transaction costs based on each client's participation in the transaction;
4. We will prepare a procedure specifying how to allocate the order among those clients;
5. If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the allocation statement; if the order is partially filled, it will be allocated pro-rata based on the allocation statement;
6. Our books and records will separately reflect, for each client account, the orders of which aggregated, the securities held by, and bought for that account.
7. We will receive no additional compensation or remuneration of any kind as a result of the proposed aggregation; and,
8. Individual advice and treatment will be accorded to each advisory client.

As a matter of policy and practice, we do not utilize research, research-related products and other services obtained from broker-dealers, or third parties, on a soft dollar commission basis other than what is described above.

## **Factors Considered in Recommending Custodians**

We consider several factors in recommending custodians to a client. Factors that we consider when recommending custodians may include financial strength, reputation, execution, pricing, reporting, research, and service. We will also take into consideration the availability of the products and services received or offered (detailed above) by the custodians.

### *Directed Brokerage Transactions*

Mutual Advisors, LLC does not allow clients to direct brokerage to a specific broker-dealer. For an individual Third-party money manager's policy on directed brokerage transactions, you must refer to **Item 12 – Brokerage Practices** of that managers form ADV 2A brochure.

### *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 directs plan brokerage provide us with a letter documenting that this arrangement will be for the exclusive benefit of the plan.

## **Trade Errors**

We have implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with our fiduciary duty, it is our policy to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client will be responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client will be made whole and we will absorb any loss resulting from the trade error if the error was caused by the firm. If the error is caused by the Custodian, the Custodian will be responsible for covering all trade error costs. If an investment gain results from the correcting trade, the gain will be donated to charity. We will never benefit or profit from trade errors.

## **ITEM 13 - REVIEW OF ACCOUNTS**

### **Account Reviews & Reporting**

#### *Managed Accounts Reviews*

We manage portfolios on a continuous basis and generally review all positions in client accounts on a regular basis, but no less than annually. We generally offer account reviews to clients annually. Clients may choose to receive reviews in person, by telephone, via e-mail, or via web meeting. Mutual Advisors' IARs conduct reviews based on a variety of factors. These factors include, but are not limited to, stated investment objectives, economic environment, outlook for the securities markets, and the merits of the securities in the accounts.

In addition, we may conduct a special review of an account based on, but not limited to, the following:

1. A change in the client's investment objectives, guidelines and/or financial situation;
2. Changes in diversification;
3. Tax considerations; or
4. Material cash deposits or withdrawals.

#### *Third-party Accounts*

Investment Adviser Representatives periodically review third-party money managers' reports provided to the client, but no less often than on a semi-annual basis. Our Investment Adviser Representatives contact clients from time to time, as agreed to with the client, in order to review their financial situation and objectives; communicate information to third-party money managers as warranted; and, assist the client in understanding and evaluating the services provided by the third-party money manager. The client is expected to notify us of any changes in his/her financial situation, investment objectives, or

account restrictions that could affect their account. The client may also directly contact the third-party money manager managing the account or sponsoring the program. Clients who utilize third-party money managers should review the third-party money manager's Form ADV Part 2 **Item 13 – Review of Accounts** regarding account reviews, types of written reports provided and frequency of such reports.

#### *Advisory & Consultation Services for Retirement Plan Sponsors*

Retirement Plan Sponsor clients' advisory accounts will be managed on a continual basis, and the IAR will review the accounts with the client on a schedule agreed upon in the Investment Policy Statement and services agreement, but no less than annually. If the client has entered into a consultation agreement, the frequency and scope of the IAR's review will be stipulated in the Investment Policy Statement and in the services agreement.

#### *Financial Consultation Service*

Financial consultation clients do not receive reviews of their written plans unless they take action to schedule a financial consultation with us or separately contract with us for a post-financial plan meeting or update to their initial written financial plan. The type of reporting is agreed upon by Mutual Advisors and the client on a case-by-case basis. We do not provide ongoing services to financial consultation clients but are willing to meet with such clients upon their request to discuss updates to their plans or changes in their circumstances. The clients IAR provides the financial consultation services to the client. In cases when we have been contracted to conduct ongoing financial consultation services, the Investment Adviser Representatives will conduct reviews as agreed upon with the client.

#### *Institutional Advisory and Consultation Service Reviews*

Institutional clients' advisory accounts will be managed on a continual basis, and the IAR will review the accounts with the client on a schedule agreed upon in the Investment Policy Statement and services agreement, but no less than annually. If the client has entered into an institutional consultation agreement, the frequency and scope of the IAR's review will be stipulated in the Investment Policy Statement and in the services agreement.

## **ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION**

### **Brokerage Support Products and Services**

We receive an economic benefit from the brokers used for transactions in client accounts in the form of the support products and services they make available to us and other independent firms whose clients maintain their accounts at the broker. These products and services, how they benefit us, and the related conflicts of interest are described above (see **Item 12 – Brokerage Practices**). We do not base particular investment advice, such as buying particular securities for our clients, on the availability of the brokers' products and services to us.



## Outside Compensation

Mutual Advisors' IARs may refer clients to unaffiliated professionals for specific needs, such as mortgage brokerage, real estate sales, estate planning, legal, and/or tax/accounting. In turn, these professionals may refer clients to our IARs for investment management needs. We do not have any arrangements with individuals or companies that we refer clients to, and we do not receive any compensation for these referrals.

However, it could be concluded that our IARs are receiving an indirect economic benefit from this practice, as the relationships are mutually beneficial. For example, there could be an incentive for us to recommend services of firms who refer clients to Mutual Advisors.

Our IARs only refer clients to professionals we believe are competent and qualified in their field, but it is ultimately the client's responsibility to evaluate the provider, and it is solely the client's decision whether to engage a recommended firm. Clients are under no obligation to purchase any products or services through these professionals, and our IARs have no control over the services provided by another firm. Clients who chose to engage these professionals will sign a separate agreement with the other firm. Fees charged by the other firm are separate from and in addition to fees charged by Mutual Advisors.

If the client desires, our IARs will work with these professionals or the client's other advisers (such as an accountant, attorney, or other investment adviser) to help ensure that the provider understands the client's investments and to coordinate services for the client. We do not share information with an unaffiliated professional unless first authorized by the client.

### Third-party Money Manager

Our IARs may work with third-party money managers or advisors to service client accounts. They may receive ongoing compensation in relation to these arrangements, of which details are fully disclosed to the clients at the time of account opening. See also **Item 5 - Third-party Accounts** and **Item 10 – Third-party Managers**.

### Other Financial Institutions

Mutual Advisors has established agreements to provide consulting services to other financial institutions regarding business development or investment advisory services provided to clients. If the consultation being provided is specific to services provided to the client account, the specifics of this arrangement, including the compensation paid to Mutual Advisors, will be fully disclosed to clients in their signed agreements.

### Legacy Sub-advisory Accounts

MSI, our affiliated broker-dealer, will receive up to 0.25% commission trails on any mutual funds holdings that pay a trail. Mutual Advisors, nor our IARs, receive any portion of this compensation. Since MSI is an affiliate of ours, this presents a potential conflict of interest. Mutual Advisors has taken steps to mitigate this conflict of interest in these legacy sub-advisory accounts by having all investment related

decisions directed by the assigned sub-advisor to the account. This potential fee received by MSI is fully disclosed in the agreement signed by the client.

## **Client Solicitations & Referrals**

Mutual pays referral fees to independent solicitors for the referral of their clients to Mutual in accordance with Rule 206 (4)-3 of the Investment Advisers Act of 1940. Such referral fee represents a share of our investment advisory fee charged to our clients or represents a set dollar fee for a referral. This arrangement will not result in higher costs to clients. In this regard, we maintain Solicitors Agreements in compliance with Rule 206 (4)-3 of the Investment Advisers Act of 1940 and applicable state and federal laws. All clients referred by Solicitors to Mutual will be given full written disclosure describing the terms and fee arrangements between Mutual and Solicitor(s). In cases where state law requires licensure of solicitors, we ensure that no solicitation fees are paid unless the solicitor is registered as an investment adviser representative of Mutual. The solicitor will not provide clients any investment advice on behalf of Mutual.

## **ITEM 15 - CUSTODY**

Mutual Advisors has limited custody of some of our clients' funds or securities when the clients authorize us to deduct our management fees directly from the client's account. A qualified custodian (generally a broker-dealer, bank, trust company, or other financial institution) holds clients' funds and securities. Clients will receive statements directly from their qualified custodian at least quarterly. The statements will reflect the client's funds and securities held with the qualified custodian as well as any transactions that occurred in the account, including the deduction of our fee.

Clients should carefully review the account statements they receive from the qualified custodian. When clients receive statements from Mutual Advisors as well as from the qualified custodian, they should compare these two reports carefully. Clients with any questions about their statements should contact us at the address or phone number on the cover of this brochure. Clients who do not receive a statement from their qualified custodian at least quarterly should also notify us.

## **Third-Party Standing Letters of Authorization ("SLOA")**

Our firm is deemed to have custody of clients' funds or securities when clients have standing authorizations with their custodian to move money from a client's account to a third-party ("SLOA") and, under that SLOA, it authorizes us to designate the amount or timing of transfers with the custodian. The SEC has set forth a set of standards intended to protect client assets in such situations, which we follow. We do not have a beneficial interest on any of the accounts we are deemed to have Custody where SLOAs are on file. In addition, account statements reflecting all activity on the account(s), are delivered directly from the qualified custodian to each client or the client's independent representative, at least quarterly. You should carefully review those statements and are urged to compare the

statements against reports received from us. When you have questions about your account statements, you should contact us, your Advisor or the qualified custodian preparing the statement.

## ITEM 16 - INVESTMENT DISCRETION

Mutual Advisors accepts discretionary as well as non-discretionary authority over client accounts. If a Mutual Advisors' IAR is acting in a discretionary capacity, the IAR may place trades within a client account without pre-approval from the client. If the IAR is working in a non-discretionary capacity, then the IAR will make recommendations to clients on investment selections and the client must approve the transactions prior to the trade being placed.

When working with third-party managers, we may recommend certain third-party money managers to clients and then it is up to the client to approve our recommendations. The third-party investment adviser chosen by the client is responsible for all investment decisions made in the client's account(s). Generally, clients who utilize a third-party money manager will sign agreements directly with the third-party manager. It is important to note that we do not offer advice on any specific securities or other investments in connection with this service. Clients can find more information about the discretionary authority granted to third-party managers in **Item 16 – Investment Discretion** of each manager's Form ADV disclosure brochure.

## ITEM 17 - VOTING CLIENT SECURITIES

### Proxy Voting

We do not accept or have the authority to vote client securities. However, clients may call us if they have questions about a particular solicitation. We will not be deemed to have proxy voting authority solely as a result of providing advice or information about a particular proxy vote to a client. Clients will receive their proxies or other solicitations directly from their custodian or a transfer agent.

However, third-party money managers recommended by our firm may vote proxies for clients. Therefore, except in the event a third-party money manager votes proxies, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Therefore (except for proxies that may be voted by a third-party money manager), our firm and/or you shall instruct your qualified custodian to forward to you copies of all proxies and shareholder communications relating to your investment assets.

### Mutual Funds

The investment adviser that manages the assets of a registered investment company (i.e., mutual fund) generally votes proxies issued on securities held by the mutual fund.

### *Class Actions*

Mutual Advisors does not instruct or give advice to clients on whether or not to participate as a member of class action lawsuits and will not automatically file claims on the client's behalf. However, if a client notifies us that they wish to participate in a class action, we will provide the client with any transaction information pertaining to the client's account needed for the client to file a proof of claim in a class action.

## **ITEM 18 - FINANCIAL INFORMATION**

Registered investment advisers are required in this item to provide clients with certain financial information or disclosures about the firm's financial condition. Mutual Advisors does not require the prepayment of more than \$1,200 in fees per client, six months or more in advance, does not have or foresee any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients, and has not been the subject of a bankruptcy proceeding.