



**M Financial Group**<sup>TM</sup>  
M WEALTH

Form ADV Part 2A: *Firm Brochure*

**M Financial Asset Management, Inc. (M Wealth)**

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March 31, 2022

This brochure provides information about the qualifications and business practices of M Financial Asset Management, Inc. (“we”, “us” or “M Wealth”). If you have any questions about the contents of this brochure, please contact us at 503.414.7513 or [MHSCompliance@mfin.com](mailto:MHSCompliance@mfin.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about M Wealth also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You obtain information by entering our unique identifying number, known as a CRD number. Our CRD number is 136694. Registration does not imply a certain level of skill or training.

As a client of M Wealth, you should be receiving statements and confirmations from the custodian where your account is held. If you are not receiving this documentation, please contact us at 1-800-508-1820.

## Item 2 — Material Changes

For this filing and all future filings, this Item 2 will be used to provide the client with a summary of material changes that are made to the brochure since the last annual update.

M Wealth updated this document on March 31, 2022 as part of the required annual update (“Annual Update”). Since the last Annual Update on March 31, 2021, M Wealth updated the brochure to include further description and details of our services, and simplified and reorganized parts of our brochure to make the information easier to read and understand. We do not believe this information is material to existing clients.

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## Item 4 — Advisory Business

M Wealth is an SEC Registered Investment Adviser (“RIA”) with its principal place of business located in Portland, Oregon. M Wealth began conducting business as an RIA in 2006. We are a wholly owned subsidiary of M Financial Holdings Incorporated, doing business as M Financial Group. We provide investment advisory services through a nationwide network of Investment Advisor Representatives (“Financial Professionals”) operating within independently operated businesses (“Member Firms”) associated with, and typically stockholders of, M Financial Group.

We are registered under the Investment Advisers Act of 1940, which places a fiduciary obligation on us in terms of the way that we provide services to you. As a fiduciary, we will work to ensure that your best interests come first. We endeavor to provide you full disclosure of all material facts relating to our advisory relationship with you. Our advisory programs are designed to avoid or mitigate conflicts of interest. In situations where the appearance of, or potential for, such a conflict is unavoidable, we will clearly disclose the details of this to you.

For most clients, we provide ongoing advice and monitor your investments to ensure that they remain consistent with your objectives and risk tolerance. We will not engage in principal trading without your informed consent. We will always attempt to obtain the most favorable terms for any transaction that we make in your accounts. This practice is often referred to as “best execution” in the industry. We will supervise our employees and other professionals to ensure that they are providing the services within appropriate guidelines and we will monitor our employees to ensure that they meet prevailing ethical standards.

As it relates to retirement plans under the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), unless otherwise provided in writing, M Wealth, its affiliates and their respective employees, agents, and representatives, including your Financial Professional: (a) do not have discretionary authority with respect to the assets in any retirement plan account, (b) will not be deemed an “investment manager” as defined under ERISA, or otherwise have the authority or responsibility to act as a “fiduciary” (as defined under ERISA) with respect to such assets, and (c) will not provide “investment advice,” as defined by ERISA and/or section 4975 of the Code, as amended, with respect to such assets.

Notwithstanding the above, when we provide investment advice to a retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of ERISA and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. For example, M Wealth will make more money when a client increases their assets with us, including through rollovers from retirement plans or IRAs at other financial services companies into IRAs that we provide services to. If a client decides to roll assets out of a retirement plan, and into an individual retirement account (“IRA”), we have a financial incentive to recommend that a client invest those assets with us, because we, and the Financial Professional, will be paid fees on those assets through charging advisory fees on the assets. Clients should be aware that such fees in most cases will be higher than those paid through the plan, and there can be custodial and other maintenance fees. Securities held in other IRA accounts or in a plan at different financial firms,

may not be transferable to an IRA. In this situation, commissions and sales charges may be charged when liquidating such securities prior to the transfer, in addition to commissions and sales charges that may have been previously paid. You should have a discussion with your Financial Professional and review the services to be provided within the Agreement to ensure you understand the services we are offering.

M Wealth offers advisory services to clients via three distinct methods:

#### M Wealth as a Sub-advisor

Pursuant to a sub-advisory agreement, M Wealth provides advisory services to clients of Member Firms which are themselves independent RIAs, and to clients of our affiliated RIA, M Holdings Securities, Inc. (each, an “Advisor”). As the sub-advisor, M Wealth provides discretionary or nondiscretionary investment management of all or a portion of a client’s assets within an account or a group of accounts (“Portfolio”); however, the Advisor, through the Financial Professional, will retain direct contact with, and provide investment advice to you. Your Financial Professional will review, and may provide you with, detailed performance reports for each Portfolio on a quarterly basis. Prior to engaging our services, you will sign an Advisory Agreement (“Agreement”) with your Advisor that will detail M Wealth’s services and fees. (Please see Item 5 for more details about fees.)

Prior to participating in our service, you will consult with your Financial Professional, who will assist you in documenting your financial goals and objectives, and determining your risk tolerance and time horizon. Your Financial Professional will then recommend the M Wealth service that is best suited to your needs based on those characteristics. M Wealth will select the specific securities or other investments to be purchased and sold in the Portfolio based upon these objectives and financial goals (*e.g.*, maximum capital appreciation, growth, income, security of principal, etc.).

M Wealth is a sub-advisor within certain retirement plans where M Wealth manages model portfolios as an investment manager, but is not the Advisor to the plan and does not interact with plan participants.

#### M Wealth as a Direct Portfolio Manager

In some cases, M Wealth will offer investment advisory services through Financial Professionals who are also employees of M Wealth. For this service, we will work directly with you to document your financial goals and objectives and develop an investment strategy tailored to each client and will create and manage your Portfolio. Otherwise, the services are the same as those otherwise described within this brochure.

#### M Wealth as a Wrap Fee Program Sponsor

M Wealth sponsors and acts as portfolio manager for the Managed Portfolio Program (the “MPP”). In the MPP, clients can choose from one of eighteen risk-based model portfolios that are developed and managed on an ongoing basis by M Wealth. In this service, client assets are managed according to set model portfolio allocations. Please see M Wealth’s Form 2A Appendix 1 wrap brochure, available at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or at [www.mfinwealth.com](http://www.mfinwealth.com).

Depending on how you access our services, M Wealth may be providing you with Investment Management Services, or through our management of models, as described below.

### Investment Management Services

M Wealth provides ongoing investment monitoring and management services with respect to clients' accounts ("Investment Management Services"). M Wealth will allocate your assets among various investments and/or investment managers, taking into consideration the overall management style and financial goals chosen by you, in relation to your time horizon, risk tolerance, liquidity requirements, and other investment constraints. M Wealth determines customized Portfolio weightings in specific securities and market sectors based on individual needs and circumstances of each client. When providing Investment Management Services, M Wealth may also take into consideration other holdings you have disclosed to us that are held outside of the Portfolio being managed by M Wealth. We provide you with quarterly in-depth reporting on your Portfolio and make available an online portal, where you can view the performance of your Portfolio at any time. You will have the opportunity to place restrictions on the types of investments made; however, restrictions must be provided in writing, and agreed upon in advance by M Wealth. Such restrictions may also impact overall returns. We will inform you if we are unable to accommodate any requested restrictions.

### Model Management Services

In this role, M Wealth sponsors and acts as portfolio manager for multiple model portfolios ("Model Management"). M Wealth selects specific securities using eighteen risk-based model portfolios it has developed and manages on an ongoing basis. Clients choose between model portfolios that have different risk-based, tax-focused, or specified emphasis. Six model portfolios are managed for use in taxable accounts, six models are managed for use in tax-deferred accounts, four model portfolios are offered that seek to emphasize market returns with lower volatility, and two model portfolios are provided emphasize environmental, social and governance ("ESG") focused holdings. All model portfolios are available through the MPP, while six model portfolios (lower volatility and ESG) are also available outside of the MPP through a select custodian, because of favorable transaction pricing. M Wealth will monitor and change securities within the model portfolios on a discretionary basis. When a model portfolio allocation changes, all client portfolios will be adjusted to reflect the allocation change. Performance reports for Model Management Services are made available to clients and performance figures and percentages are calculated using a time-weighted return method, a measure of portfolio performance over a given time period calculated without regard to the effect of cash flows into or out of an account. Generally, you may not impose restrictions on the types of investments made on your behalf under our Model Management services.

As previously stated, M Wealth provides model portfolios within certain retirement plans. Models offered to retirement plan participants may differ or be similar to the model portfolios for retail clients. For example, retirement plan participants may be given the option of target date model portfolios in addition to risk based model portfolios. M Wealth manages and maintains the models.

Regardless of how you access our services, we use a variety of products, including mutual funds, closed end funds, and exchange-traded funds ("ETFs") to construct portfolios. M Wealth selects mutual funds, closed end funds and ETFs based on any or all of the following criteria: the fund's performance history; the industry sector in which the fund invests; the track record of the fund's manager, the fund's

investment objectives; the fund's management style and philosophy; and the fund's management fee structure. In addition to these types of securities, we also occasionally use stocks and bonds and, if warranted, limited partnership interests, and separate account managers (collectively "Investment Managers"). Because some types of investments involve certain additional degrees of risk, they will only be selected/recommended when consistent with the client's stated investment objectives, tolerance for risk, and liquidity needs. You will retain individual ownership of all securities in your Portfolio, including any securities managed by Investment Managers.

We also offer both wrap and non-wrap fee services, as described herein and in M Wealth's Form 2A Appendix 1 wrap brochure. A wrap fee program is a type of investment advisory program that provides clients with asset management and brokerage services for one inclusive fee. Wrap fee programs differ from traditional transaction-oriented brokerage accounts or investment advisory accounts in which clients are charged separate fees for investment advice and trade execution costs, including charges on a trade-by-trade basis. Clients that choose to participate in our wrap program, will pay a single wrap fee (the "Program Fee") that covers certain costs of the Program, including investment advice, platform fees, execution and clearing of transactions, and record-keeping services. The Program Fee will vary based on the amount of assets being managed and the agreed upon rate negotiated with the Financial Professional. Certain other costs are not covered by the Program Fee and are described in the wrap brochure.

### **Assets Under Management**

As of December 31, 2021, M Wealth manages \$1,216,062,980 of client assets, of which \$1,215,169,287 are on a discretionary basis and \$893,693 are on a non-discretionary basis.

### **Item 5 — Fees and Compensation**

Clients will pay an advisory fee ("Advisory Fee") for advisory services performed by M Wealth, your Advisor (if different), and your Financial Professional. The Advisory Fee will be detailed in your Agreement prior to engagement of advisory services. Advisory Fees are based on the amount of your assets under our management, computed as noted below, and are payable quarterly, in arrears, and assessed after the first and before the 15th business day of each quarter. Advisory Fees are debited directly from the accounts that make up your Portfolio. Should there be insufficient cash available to pay your quarterly Advisory Fee, M Wealth may liquidate enough securities in your Portfolio to cover the Advisory Fee. Liquidation of securities may result in additional taxes to you, for which you are solely responsible. Should you have multiple accounts owned by a single household (for example, two spouses with minor children), you may request us to aggregate these assets for purposes of calculating the market value at the end of the quarter, as it may reduce your overall Advisory Fee. All assets are included in this calculation unless specified by you and agreed upon by your Financial Professional and M Wealth. The Advisory Fee is negotiable with your Financial Professional and should be discussed prior to entering into an Agreement.

#### Investment Management Services:

For Investment Management Services clients, the Advisory Fee will be assessed and based on the market value of the Portfolio after the end of each calendar quarter, and adjusted for large inflows or

outflows of assets during the quarter.<sup>1</sup> In very rare cases, upon your request and with our approval, we may send you an invoice for the Advisory Fee for Investment Management Services as opposed to a direct debit from the Portfolio. The Advisory Fee listed in the table below represents the maximum charges; yours may be lower and will be detailed in your Agreement.

<b>Assets Under Management*</b>	<b>Advisory Fee</b>
On first \$1,000,000	1.30%
On next \$2,000,000	1.25%
On next \$2,000,000	1.20%
On next \$5,000,000	1.10%
Over \$10,000,000	1.05%

\* The minimum size for establishing a Portfolio that utilized our Investment Management Services is generally \$1,000,000 per household.

#### Model Management Services (Not Included in the MPP):

For the six model portfolios that are also available outside of the MPP, your Advisory Fee will be computed and based on the average daily market value of the account during the preceding quarter. The Advisory Fee listed in the table below represents the maximum charges, and yours may differ and will be detailed in your Agreement:

<b>Assets Under Management*</b>	<b>Advisory Fee</b>
On first \$1,000,000	1.22%
On next \$2,000,000	1.20%
On next \$3,000,000	1.17%

\* The minimum size for establishing an account that utilizes our Model Management Services is generally \$10,000. Note that at any balance under \$35,715, the maximum Advisory Fee becomes \$25 plus 1.15%.

#### Model Management Services in Retirement Plans

M Wealth offers discretionary management of managed model portfolios within retirement plans as an “investment manager” for the plan, within the meaning of Section 3(38) of ERISA, and as a “fiduciary” of the plan with the meaning of ERISA Section 3(21). In providing this service, M Wealth establishes and maintains a range of strategic asset allocation model portfolios that are offered independently to the plan’s participants as an investment alternative. Each model portfolio is invested in a diversified mix of investments which may include mutual funds, ETFs, and short-term investment vehicles as determined by M Wealth in its discretion as the investment manager. M Wealth establishes the initial allocation strategy, reallocation of asset classes, and re-balance of each portfolio in its sole discretion. M Wealth

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<sup>1</sup> The value of the Portfolio is adjusted, on a pro-rata basis, for any cash flows greater than \$100,000 during the quarter.



offers this service in conjunction with Financial Professionals of Advisors who are also fiduciaries to the Retirement Plan. The Advisory Fee for these services is 0.20% of assets under management, and will be reduced at higher assets levels.

#### MPP Wrap Fee Program:

MPP Wrap Program clients may select either Pershing, LLC (“Pershing”) or Charles Schwab, Inc. (“Schwab”) as custodian. MPP Wrap Program fees vary depending upon the custodian, but will not exceed 1.36% for accounts with at least \$500,000 in assets. The minimum required account size is \$10,000 or \$25,000 depending upon the model selected. Under the MPP, clients receive both investment advisory services and the execution of transactions for a single, combined annualized fee. Participation in the MPP may cost the client more or less than purchasing such services separately, if available, depending on, among other things, the size of the account, and changes in its value over time, the number of transactions and the ability to negotiate fees, commissions, and investment advice separately. For further information regarding the MPP Wrap Program, see M Wealth’s Form 2A Appendix 1 wrap brochure.

#### **Fee Components**

##### M Wealth Services

The total Advisory Fee includes compensation to M Wealth for our services. The amount of compensation to M Wealth is based on a percentage of the assets under management of the account and varies based on services as follows: for Model Management Services the range is .15% to .10%; for Investment Management Services the range is .30% and .05%; and for Retirement Plan Model Management Services the fee is .20%.

M Wealth has a conflict of interest in providing services as it receives compensation as a result of your participation. We address this conflict by ensuring that when we recommend the services, that they are in your best interest, through the enforcement of our Code of Ethics, described further within this brochure, and through this disclosure.

##### Platform Provider Services

M Wealth has contracted with Envestnet Portfolio Solitons, Inc. (“Envestnet” or “Platform Provider”), an RIA and provider of wealth management software and services, to provide operational and system support. Envestnet provides certain services to M Wealth in connection with Model Management and the MPP, however not for Investment Management Services. M Wealth and Envestnet are not affiliated. M Wealth monitors Envestnet’s provision of services to ensure that the services contracted for are being provided.

In conjunction with their services, Envestnet is also authorized by M Wealth to place trades at the direction of M Wealth. Envestnet will determine on a discretionary basis the time and amount of the trade to be executed on behalf of the client in accordance with instructions received from M Wealth. Envestnet’s portion of the total Advisory Fee for Model Management Services and the MPP Program Fee is between .07% and .11% of the assets under management, depending upon the account value and model.

### Financial Professional Fee

In nearly all cases, your Financial Professional recommending M Wealth services receives compensation as a result of your participation in our Services. The amount of their compensation may be more or less than what such Financial Professional would receive if you were to participate in other advisory services and programs or paid separately for investment advice, brokerage, and other services. If their compensation is greater than other options you might have chosen, the Financial Professional has a financial incentive to recommend M Wealth over other programs or services. Also, your Financial Professional or his or her firm may be a shareholder of M Financial Group and therefore would have an additional incentive to recommend M Wealth over other similar programs. For more information regarding these affiliations, see Item 10 (Other Financial Industry Activities and Affiliations). M Wealth addresses this conflict by limiting the Financial Professional's amount of compensation to 1% of total assets under management and through this disclosure to you.

### **Additional Fees**

#### Custodian and Brokerage Fees and Expenses

Unless you are in a wrap fee program, your Advisory Fee does not include any fees and expenses charged by custodians and/or broker dealers. These additional fees will include, but are not limited to, transaction charges and fees for trading securities. Other fees charged by custodians may include account maintenance fees; account transfer and closing fees; inactivity fees; wire fees; and other charges from or by your custodian. For more information about such fees, you should consult with your Financial Professional or request such information directly from your custodian.

You will select a custodian to maintain custody of Portfolio assets. The custodian will execute transactions and perform the clearance for such transaction. The custodian will perform custodial functions, among other things, including: (i) crediting of interest and dividends on account assets; (ii) crediting of principal on called or matured securities in the account; (iii) debiting the Advisory Fee or the MPP Program Fee from the accounts; (iv) processing, pursuant to M Wealth's or Advisor's instructions, of deposits to and withdrawals from accounts; and (v) other custodial functions customarily performed with respect to securities brokerage accounts. You will authorize the custodian to execute orders from M Wealth or Platform Provider on a discretionary basis, with the exception of Portfolio assets held outside of our contracted custodians, where neither M Wealth nor the Financial Professional will have discretion to place transactions or debit Advisory Fees.

The custodian will forward confirmation of each purchase and sale to you in accordance with applicable law. For each month in which activity occurs in your account(s) (but no less frequently than quarterly), statements will be forwarded by the custodian. Please refer to the "Brokerage Practices" section (Item 12) of this brochure for additional information.

#### Separate Account Investment Manager Fees

If appropriate for your Portfolio, third party investment managers may be chosen to manage a portion of your Portfolio. The fees for third party investment managers will be in addition to the Advisory Fee you pay to M Wealth. If third party investment managers are chosen for your Portfolio, their fees will be disclosed to you by providing you with the investment manager's Form ADV Part 2A.

### Mutual Fund/ETF Fees

All Advisory Fees for advisory services paid to M Wealth are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. All mutual funds incur certain expenses that are borne by their shareholders and these fees and expenses are described in each fund's prospectus. If a client transfers previously purchased mutual funds to an M Wealth Portfolio and there is an applicable contingent deferred sales charge or redemption fee on those shares, the client will pay that charge when the mutual fund is sold. Once transferred, in no case will the Financial Professional receive any prospective compensation from these products beyond the Advisory Fees you contract to pay.

You could invest in similar securities directly without our services. In that case, you would not receive our full advisory services, which are designed, among other things, to assist you in determining which mutual funds, ETFs, or other securities are appropriate given your financial goals and investment objectives, combined with ongoing Portfolio monitoring. Accordingly, you should review both the fees charged by the funds and fees charged by M Wealth to fully understand the total amount of fees and to thereby evaluate the services being provided.

### **Item 6 — Performance-Based Fees**

M Wealth does not charge fees based on appreciation of client assets.

### **Item 7 — Types of Clients**

M Wealth provides advisory services to a wide variety of clients including but not limited to: individuals, charitable organizations, corporations, retirement plans (including 401(k) plan fiduciaries and pension plans) and trusts. Prior to engaging M Wealth services, you will sign an Agreement that will detail M Wealth services and fees.

The minimum amount to establish and maintain Investment Management Services is generally \$1,000,000, and this amount can be reached by aggregating all accounts owned by a single household (for example, two spouses with minor children). 401(k) plan clients may have lower account minimums. The minimum amount to establish and maintain Model Management Services will range between \$10,000 for ESG and lower volatility portfolios to \$25,000 for MPP traditional model portfolios. Model Management Services and MPP minimums are based on each account value and cannot be aggregated in order to meet the minimum. For further information regarding the MPP Wrap Program, see M Wealth's Form 2A Appendix 1 wrap brochure.

M Wealth may not agree to manage a Portfolio if the assets invested are insufficient to implement the desired services.

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

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

In general, we seek to build diversified investment portfolios in consideration of our clients' time horizon, risk tolerance, liquidity requirements, and other investment constraints. Our investment process uses

broad diversification, systematic portfolio risk management, and regular rebalancing to maintain the portfolio consistent with each client's investment objectives.

The main sources of information for our investment decisions are databases with historical securities price information; research materials prepared by others; corporate rating services; annual reports; mutual fund prospectuses and data; financial newspapers and magazines; filings with the Securities and Exchange Commission; and corporate press releases.

While M Wealth provides your Advisor with recommendations on allocations and investment strategies, your Advisor is responsible for determining whether any particular investment strategy is suitable for you. M Wealth is responsible for determining the suitable investment strategy for directly-managed accounts.

Rather than focusing primarily on individual securities selection, we attempt to identify an appropriate ratio of equity securities, fixed income securities, and cash suitable to a specific client's investment goals and risk tolerance. We will allocate a client's assets among various investments (mutual funds, ETFs, individual positions and/or Investment Managers), taking into consideration the overall management style decided upon by the client, the Advisor, and M Wealth. We will also take into consideration the different account types within each client's Portfolio to efficiently allocate assets for tax considerations.

A risk of broad asset allocation is that the client may not participate in sharp increases in a particular security, industry, or market sector. Another risk is that the ratio of equity, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals. We mitigate this risk by regularly rebalancing client accounts.

#### Mutual Fund and/or ETF Analysis

We consider the experience, management philosophy and performance record of the manager of the mutual fund or ETF to determine if that manager has demonstrated an ability to perform in line with our expectations over a period of time. We examine the underlying assets in a mutual fund or ETF to determine if there is significant overlap in the underlying investments held in other fund(s) in the client's Portfolio. We also monitor the mutual funds and ETFs to determine if the manager is continuing to follow its stated investment strategy. Additionally, we analyze the fund's management fee structure.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful in the past may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk if a security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's Portfolio.

#### Investment Managers Analysis

If appropriate, as part of your Investment Management Services, we may utilize independent third-party investment managers that purchase and sell individual security positions for you within a designated account. We examine the experience, expertise, investment philosophies, and past performance of each Investment Manager to determine if that manager has demonstrated an ability to invest over a period

of time and in different economic conditions. We review the manager's underlying holdings, strategies, and concentrations as part of our initial risk assessment. Additionally, as part of our due-diligence process, we survey the manager's compliance and business enterprise risks and continually monitor performance.

A risk of investing with investment managers who have been successful in the past is that they may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a third-party manager's portfolio, there is a risk that the manager may deviate from the stated investment mandate or strategy, making it a less suitable investment for our clients. In addition, different investment managers may purchase the same security, increasing the risk if a security were to fall in value. Moreover, as we do not control third-party investment managers' daily business and compliance operations, and we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies, despite our initial and ongoing diligence efforts.

#### Risk of Loss — General

All investing involves a risk of loss and the accounts managed by M Wealth could lose money. Clients should be prepared to bear this risk of loss. There is no guarantee that the investment objectives of the client will be achieved. Performance could be negatively affected by several different market risks including, but not limited to, general market fluctuations and the risk that the investment techniques used by M Wealth or other investment managers may not produce the desired results. This could cause accounts to decline in value. In addition, M Wealth may rely on information that turns out to be inaccurate. M Wealth selects investments based, in part, on information provided by various research providers and other sources. M Wealth is not always able to confirm the completeness or accuracy of such information, and in some cases, complete and accurate information is not available. Incorrect or incomplete information increases risk and can result in losses. Additionally, some strategies used by M Wealth are high risk and are not intended for all types of clients. Clients who choose to have their assets managed in accordance with high-risk strategies should be aware that there is the possibility of significant losses, including the possibility of loss of value in all assets managed via such strategies. Clients seeking to reduce risk in their Portfolio should not place all of their investments in high-risk investment strategies, and are encouraged to discuss diversification in their Portfolio and the use of other lower risk strategies with their Financial Professional.

Finally, tactical and dynamic investment strategies involve more frequent trading than traditional "buy-and-hold" investment strategies. Although not used regularly by M Wealth, such trading can increase transaction costs and create more short-term tax gains than clients may be used to seeing in other types of strategies.

#### Potential Risks of Investing Using Mutual Funds and ETFs

Mutual funds and ETFs are subject to the risks of the securities in which they invest.

#### Other Risks

The following types of risks may also significantly affect the performance of your Portfolio:

- *Equity Risk:* Strategies that invest in equities involve the risk that the value of equity securities, such as common stocks and preferred stocks, may decline due to general market conditions, which are not specifically related to a particular company or to factors affecting a particular

industry or industries. Equity securities generally have greater price volatility than fixed income securities.

- *Foreign Securities Risk:* Strategies that invest in international securities involve special additional risks, including: currency risk; political risk; risks associated with varying accounting standards; and the risk that adverse legal, political, or economic developments, as well as international trade, trade barriers, and exchange controls may adversely affect the securities of companies located in such countries. Investing in emerging markets may accentuate these risks.
- *Small Cap Risk:* Strategies that invest in small capitalization companies involve risks, including relatively low trading volumes, a greater degree of change in earnings, and greater short-term volatility. Smaller companies typically have a higher risk of failure and are not as well established as larger blue-chip companies.
- *Value or Growth Stock Risk:* Strategies that invest in value or growth stocks can perform differently from the market as a whole and from other types of stocks and can be more volatile than other types of stocks.
- *High Yield Risk:* Strategies that invest in high-yield bonds invest in lower-rated debt securities (commonly referred to as junk bonds) involve additional risks because of the lower credit quality of the securities in the portfolio. Clients should be aware of the possible higher level of volatility and increased risk of default.
- *TIPS Risk:* Strategies that invest in Treasury Inflation Protected Securities (“TIPS”) involve risks, including risk of loss in periods when “real” interest rates (current interest rate minus inflation rate) change substantially.<sup>2</sup>
- *Municipal Risk:* Municipal investment strategies can be affected by adverse tax, legislative or political changes and the financial condition of issuers of municipal securities.
- *Real Estate Risk:* Strategies that invest in Real Estate Investment Trusts (“REITs”) or real estate-linked derivative instruments may subject a client to risks similar to those associated with direct ownership of real estate, including losses from casualty or condemnation, and changes in local and general economic conditions, supply and demand, interest rates, zoning laws, regulatory limitations on rents, property taxes and operating expenses.
- *Fixed Income Risk:* Strategies that invest in fixed income securities are subject to the risk that clients may lose all or some of their principal investment if the issuer or guarantor of a fixed income security, or the counterparty to a derivative contract, is unable or unwilling to meet its financial obligations. Additionally, clients are subject to the risk if they seek to sell the security prior to maturity that the market value will decline because of an increase in interest rates; a

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<sup>2</sup> TIPS are bonds issued by the U.S. Treasury that have a fixed rate of interest and principal that adjusts according to changes in the Consumer Price Index (“CPI”).

mutual fund holding bonds with longer than average maturity dates will be more sensitive to changes in interest rates than a fund with holding bonds with shorter maturity dates.

- *Liquidity Risk:* Strategies that involve investing in securities with limited trading volumes or no ability to trade may prevent the client from being able to liquidate the security if they have a change in circumstances, goals, or upon the advice of their Financial Professional. We encourage clients to discuss liquidity needs with their Financial Professional before investing in securities with limited liquidity.
- *Cybersecurity Risk:* Intentional cybersecurity breaches include: unauthorized access to systems, networks or devices (such as through “hacking” activity), infection from computer viruses or other malicious software code and attacks that shut down, disable, slow, or otherwise disrupt operations, business processes, or website access or functionality. Unintentional incidents such as the inadvertent release of confidential information (possibly resulting in the violation of applicable privacy laws) can occur. Cyber incidents can cause disruptions and impact business, potentially resulting in the inability to transact business, financial losses, violations of applicable privacy and other laws, regulatory fines, penalties or reputational damage. Such incidents could cause M Wealth or other service providers to incur regulatory penalties, reputational damage, additional compliance costs, or significant financial loss. In addition, such incidents could affect the securities in which M Wealth invests on your behalf, and thereby cause your Portfolio to lose value.
- *Alternative / Complex Product Risk:* Alternative Investments are Complex Products. A Complex Product is one with multiple, novel, complicated, intricate, derivative or similar features that affect its investment return under different market and economic scenarios. Alternative Investments are not suitable for all investors as they are subject to various risks such as limitation on liquidity, pricing mechanism and specific risk factors associated with the particular product. A prospectus or offering document that discloses all risks, fees and expenses and risk factors associated with a particular Alternative Investment will be provided by your Financial Professional when recommending the use of an Alternative Investment. Read the applicable prospectus or offering documents carefully before investing. Clients considering an investment strategy utilizing alternative investments should understand that they are generally considered speculative in nature and involve a high degree of risk, particularly if concentrating investment in one or few Alternative Investments or within a particular industry. The risks associated with Alternative Investments are potentially greater and substantially different than those associated with traditional equity or fixed income investments. Alternative Investments are unsuitable for many investors. If you do not completely understand the product, you should not purchase it.

## Item 9 — Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client’s or prospective client’s evaluation of our advisory business or the integrity of our management. Neither M Wealth, nor our management personnel have any reportable disciplinary events to disclose.

## **Item 10 — Other Financial Industry Activities and Affiliations**

Member Firms of M Financial Group and many of their affiliated producers (who are, in many cases, also Financial Professionals) are stockholders of M Financial Group, and as stockholders, they share in profits of M Financial Group. Financial Professionals of Member Firms recommend M Wealth as a sub-advisor when appropriate for their clients. An incentive, and therefore a potential conflict of interest, exists when Financial Professionals offer M Wealth services as opposed to other service providers.

M Wealth's affiliated RIAs are M Holdings Securities, Inc. ("M Securities") and M Financial Investment Advisers, Inc., which is the advisor to M Funds, Inc. Our affiliated broker-dealers are M Holdings Securities, Inc. and M Financial Securities Marketing, Inc. Certain personnel of M Wealth are separately licensed with M Securities. Our affiliated insurance agencies are Management Compensation Group, Northwest, LLC, doing business as M Benefit Solutions. Our affiliated insurance companies are M Insurance Solutions, Inc. and M Life Insurance Company. All entities, along with M Wealth, are subsidiaries of M Financial Group. All clients of Financial Professionals of Member Firms should be aware that economic incentives exist which could influence recommendations for particular financial products or services. Any fees or commissions created by those recommendations would be in addition to Advisory Fees collected. We address these conflicts of interest by striving to only recommend products and services that are in the best interest of our clients when acting on behalf of a broker-dealer, by disclosing to our clients all material conflicts that exist, and through the enforcement of our Code of Ethics.

Our affiliated RIAs, broker-dealers, and insurance companies are also disclosed in Section 7.A. on Schedule D of Form ADV, Part 1, which can be accessed by following the directions provided on the cover page of this brochure using Broker Check.

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

M Wealth has adopted a Code of Ethics (the "Code") that sets forth high ethical standards of business conduct that we require of our access persons, including compliance with applicable federal securities laws. M Wealth and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code, but to the general principles that guide the Code.

Our Code includes policies and procedures for the regular review of securities transactions reports as well as initial and annual securities holdings reports that must be submitted by M Wealth's access persons. Our Code provides for oversight, enforcement and recordkeeping provisions. The Code further includes a policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all access persons are reminded that such information may not be used in a personal or professional capacity.

Our Code is designed to assure that the personal securities transactions, activities and interests of our access persons will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing access persons to invest for their own accounts.



Our internal supervisory procedures are designed to detect potential breaches of conduct by our access persons. Access person trading is monitored under the Code to reasonably prevent conflicts of interest between us and our clients. Access persons may never enter orders ahead of client orders. Additionally, access persons are not allowed to trade IPOs for their own accounts.

Access persons may not purchase or sell any security in which they have beneficial ownership unless they have complied with the Code's Personal Security Transaction Policy. Access persons may buy and sell for their own account mutual funds and ETFs (and other securities) that are purchased for clients. However, such conflicts are mitigated because access persons are prohibited from entering a personal order to buy or sell a security if they have knowledge of a client's un-executed market order to buy or sell the same security. Finally, M Wealth strictly forbids front-running client accounts, which generally involves placing personal trades ahead of imminent client trades. As noted, compliance with these prohibitions is monitored and access persons' personal securities transactions are reviewed.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to [mhscompliance@mfin.com](mailto:mhscompliance@mfin.com), or by calling us at 503.414.7513.

## **Item 12 — Brokerage Practices**

### **Selection of Brokers**

Your Financial Professional will assist you with selecting and establishing a brokerage account with a designated custodian we have contracted with to provide services. Clients generally are directed to select between Schwab or Pershing, LLC and/or Pershing Advisory Services (together "Pershing") as the custodian for their accounts. Certain entity clients can select Matrix/Broadridge Financial Solutions, Inc. as custodian. Non-discretionary accounts held at other custodians can be accommodated if M Wealth is provided regular account statements. Each custodian is a broker-dealer registered with the SEC, is a member of FINRA and SIPC, and will maintain custody of clients' assets and affect trades for client Accounts. We have contracted with custodians that we believe offer clients financial strength and stability, economies of scale, and reliable technology. We comply with our duty of best execution by reviewing custodians' services. Schwab and Pershing have differential pricing for transactions and offer clients different technology or reporting that may be relevant, depending on the anticipated use of securities or trading, or client preferences, and clients should discuss these differences with their Financial Professional prior to selecting a custodian.

Once a client's Account is established with a custodian, M Wealth does not generally allow clients to direct securities brokerage transactions to other broker-dealers or other custodians. Clients should understand that directing execution of their securities transactions to other broker-dealers or custodians may result in higher transaction costs for clients, reduce or eliminate M Wealth's ability to secure the most favorable execution for clients, and cause clients to forego benefits from savings on execution costs that M Wealth might be able to obtain by negotiating volume discounts on certain transactions with other broker-dealers. As a result, M Wealth may be unable to achieve the most favorable execution of client transactions and execution may cost clients more money.

Financial Professionals of M Securities' RIA will typically use M Securities as broker-dealer and Pershing as custodian for their client accounts. Pershing negotiates favorable transaction fees with M Securities

and provides access to M Wealth as the sub-advisor without charge. Pershing facilitates access to client records and the execution and review of client transactions.

Schwab provides M Wealth with access to its institutional trading and custody services, which are typically not available to retail investors. Schwab's services include the execution of securities transactions, custody, and research.

M Wealth does not receive commissions or marketing fees from Schwab or Pershing. Each custodian provides access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

#### Soft Dollar Benefits

Some of Schwab and Pershing's products and services assist us in managing and administering our clients' accounts, such as software and other technology that provide access to client account data (such as trade confirmations and account statements) and facilitate trade execution.

Schwab and Pershing may provide M Wealth with unsolicited, limited research free of charge, such as email newsletters, access to webinars, educational events and meetings, and access to information on their company websites. Schwab and Pershing may also provide occasional business entertainment of our personnel. None of the information provided by either custodian, or the business entertainment, is used by M Wealth in determining which custodian will be used to hold or open accounts.

Our clients do not directly pay for the soft dollar benefits and we use them with all client accounts when and as appropriate. M Wealth's receipt of the foregoing products and services causes M Wealth to be deemed to be receiving "soft dollars;" however, we have not entered into any formal soft dollar arrangements with any broker-dealer and the products and services received from Pershing and Schwab are limited in scope. We do not receive client referrals from any broker-dealer.

#### Trade Corrections

On occasion, trading errors may occur in a Portfolio. When this happens, we will work to process the correction so that the client is not negatively affected by the error and have the results of the transaction originally intended. Generally, this involves moving the erroneous transaction out of client's Portfolio and into an error correcting account registered to M Wealth or the qualified custodian. For accounts held with Pershing, M Securities will absorb any gain that may result from this corrective action. M Wealth will cover for any loss as result of our error. For accounts held with Schwab, Schwab will absorb the gain that may result from the corrective action and charge M Wealth for losses over \$100. Retaining gains which otherwise could be given to a client is a conflict of interest which we address through this disclosure to you.

#### **Aggregation of Trades**

As client orders are effected through various channels and are dependent upon the service or program selected, the aggregation of orders is not always possible.

When offering Investment Management Services, M Wealth does not generally aggregate trades because (i) trading for each client's Portfolio is customized; (ii) Financial Professionals work independent

of each other; and (iii) trades are approved by the client's Financial Professional, who may also instruct the timing of a trade for the client. This can create a conflict of interest for the Financial Professional, who must decide which Client order to place first. Depending upon the security and market movement, among other things, this can result in one client receiving better price execution over another client.

For Model Management Services, the Platform Provider will aggregate trades when there is a large enough order to justify waiting to execute the trade. The Platform Provider has discretion to aggregate purchases and sales of securities for participating Portfolios with purchases and sales of securities of the same issuer for other clients of M Wealth occurring on the same day. When transactions are aggregated, the actual prices applicable to the aggregated transaction will be averaged, and the Portfolio and the accounts of other participating clients of M Wealth will be deemed to have purchased or sold their proportionate shares of the securities involved at the average price so obtained.

### **Item 13 — Review of Accounts**

Portfolios are reviewed quarterly by our staff and are analyzed for any necessary trading at least twice a year. Should M Wealth receive notification that your financial situation, risk tolerance, or objectives have changed, we will review your Portfolio to determine if changes are necessary. General reviews of Portfolios involve evaluation of asset allocation, weightings of investments, security selection and the quality and performance of individual investments held in the Portfolio. Should you require a withdrawal from your Portfolio, or should you make an additional large deposit, we will review your Portfolio to determine how to best execute transactions to maintain your stated allocation. We may take into consideration capital gains and losses; however, trading may result in a taxable event for which you will be responsible. We may also take into consideration assets, which you disclose to us, that are held outside of the Portfolios under our services. We are not under any obligation to validate holdings you disclose to us.

In addition to the periodic statements, you receive directly from your custodian, M Wealth will provide your Financial Professional with access to quarterly performance reports (in cases where we act as a sub-advisor) or directly to you (in cases where we have a direct portfolio management relationship). In addition to information regarding account performance, the reports contain information regarding holdings, and benchmark performance, and show accounting detail, such as contributions, withdrawals, and income.

You may receive performance statements, prepared by either our Platform Provider or by M Wealth, from either your Financial Professional or from M Wealth directly. These statements are not intended to serve as a replacement for the custodian's statement. M Wealth prepares the reports with information received from your custodian into software designed to calculate returns and provide special graphics of your Portfolio. We urge you to carefully compare the information provided on these reports to the account statements from your custodian to ensure that all account transactions, holdings, and values are correct and current.

### **Item 14 — Client Referrals and Other Compensation**

M Wealth may receive client referrals from independent third parties or affiliated parties ("Solicitors"), and pay referral fees to Solicitors for introducing clients to us. The Solicitor will assist the client with

completing documentation to assist us in determining appropriate investment advisory services. Factors considered in making this determination include account size, risk tolerance and investment experience.

Clients who are referred to us by Solicitors do not pay additional Advisory Fees because of any referral. The Solicitor does not provide advice on securities to you when participating in this arrangement.

Solicitors referring clients to M Wealth are normally associated with M Financial Group, our parent company in some capacity (*e.g.*, M Securities serves as a Solicitor). Consequently, they have a conflict of interest in recommending M Wealth over other similar services.

We invite you to view the disclosure document of our parent company, M Financial Group. This document details the various ways that M Financial and its affiliated companies may receive compensation. It may be viewed at [www.mfin.com/disclosure](http://www.mfin.com/disclosure)

### **Item 15 — Custody**

M Wealth is deemed to have custody of client funds because certain clients have provided us with limited written authorization to disburse funds from their accounts to a third party (*i.e.*, standing letters of authorization). Additionally, as M Wealth has the ability to debit Advisory Fees, we are deemed to have limited custody of client funds. Please note that M Wealth does not have the ability to withdraw funds from your account for any reason other than the collection of the Advisory Fee unless you provide written limited authorization for us to do so.

On at least a quarterly basis, the custodian of assets included in your Portfolio is required to send you a statement showing all transactions within the account during the reporting period. We advise your custodian of the amount of the Advisory Fee to be deducted from your Portfolio. Because the custodian does not calculate the amount of the fee to be deducted, it is important for you to carefully review your custodial statements to verify the accuracy of the calculation, among other things. We urge you to carefully compare the information provided on these statements to any statements provided indirectly or directly from us. You should contact your Advisor directly if you believe there is an error on your statement or if you are not receiving this documentation.

### **Item 16 — Investment Discretion**

Clients generally hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission. Our discretionary authority includes the ability to determine which security to buy or sell, and the amount of the security to buy or sell.

You give us discretionary authority when you sign our client agreement that provides M Wealth with specific authorization to trade accounts on your behalf without obtaining approval for each transaction. Additionally, you will complete custodial paperwork that provides us with specific authorization to direct trades in your account. You may limit or change this authority by providing us with written instruction. Typical limits include protection of legacy holdings or maintenance of a cash level that varies from our

normal target amounts. As previously disclosed, neither M Wealth nor your Financial Professional will have discretion to place transactions in accounts held outside of our contracted custodians.

#### **Item 17 — Voting Client Securities**

As a matter of policy, M Wealth does not vote proxies on your behalf. Proxy information should be forwarded to you by your custodian, and you retain the responsibility for voting the proxies. Clients should contact their custodian with questions about any particular solicitations.

#### **Item 18 — Financial Information**

As we do not require payment for services in advance, we are not required to include a financial statement.

We are required to disclose any financial condition that is reasonably likely to impair our ability to meet our contractual obligations. M Wealth has no additional financial circumstances to report and has not been the subject of a bankruptcy petition.