



**Morris Financial Concepts, Inc.**

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**March 26, 2020**

This Brochure provides information about the qualifications and business practices of Morris Financial Concepts, Inc. (herein after "MFC").

If you have any questions about the contents of this Brochure, please contact Tucker Morris at 843-884-6192 or [info@mfcplanners.com](mailto:info@mfcplanners.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.

MFC is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. Additional information about MFC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view information on this website by searching MFC's name or its CRD number, 114862.

## Item 2 - Material Changes

This Brochure, dated March 26, 2020, replaces the version dated March 29, 2019. This item of the Brochure discusses only the material changes that have occurred since MFC's last annual update of this Brochure, dated March 29, 2019. Since the annual amendment, the following material changes were made:

- Item 4 Advisory Business. MFC updated the firm's assets under management as of December 31, 2019.
- Item 5 Fees and Compensation. MFC updated the Firm's Financial Planning Services fees under the one-year Financial Planning Agreement.

MFC may, at any time, update this brochure and either: (1) send you a copy without charge; or (2) provide a summary of the material changes and offer to send you a copy of the ADV Part 2 without charge, provided the offer is accompanied by certain contact information. Pursuant to SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

A copy of MFC's Brochure may be requested by contacting the Chief Compliance Officer, Tucker Morris, at 843-884-6291 or [info@mfcplanners.com](mailto:info@mfcplanners.com).

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## Item 4 – Advisory Business

### 4.A. Advisory Firm Description

Morris Financial Concepts, Inc. (“MFC”, or the “firm”) is organized as a Corporation in the State of South Carolina with three owners, Kyra Morris, Robert Morris, and Sherry Cook. Kyra Morris is the only entity with an ownership stake of greater than 25%. The organization first filed for incorporation as of 01/12/2001.

### 4.B. Types of Advisory Services

MFC typically engages clients in the following services:

- 1. Financial Planning:** The Financial Planning Agreement engagement provides a broad range of financial planning services which may include tax-related and other non-investment related matters. In general, planning services provided under the Financial Planning Agreement do not include investment supervisory or investment management services, nor the regular review or monitoring of the client’s investment portfolio. An additional addendum may allow for the discretionary management of assets under this contract. The Financial Planning Agreement is for a period of one year to implement and monitor the plan. MFC may provide continuing review and update services beyond the first year for a mutually agreed upon fee.

The services provided by MFC in a Financial Planning Agreement engagement generally encompass eight primary areas:

Personal Financial Statement  
Tax Planning  
Retirement Planning  
Estate Planning

Cash Flow Management  
Education Planning  
Investment Planning  
Insurance Planning

**Financial Planning Agreement Operation:** Generally, the first quarter of the plan year is used to develop the plan, while the remaining three quarters are used to assist in the implementation and monitoring of the plan. To perform its services, MFC is not required to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on information provided by the client. MFC may recommend the services of itself and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if MFC recommends its own services. The client is under no obligation to act upon any of the recommendations made by MFC under a financial planning engagement and/or engage the services of any such recommended professional, including MFC. The client retains discretion over all such implementation decisions and is free to accept or reject any of MFC's recommendations. It is a client's responsibility to promptly notify MFC if there is ever any change in the client's financial situation or investment objectives for the purpose of reviewing, evaluating, or revising MFC's previous recommendations and services.

2. **Total Service Agreement - Financial Planning and Portfolio Management Services for Individuals and/or Small Businesses:** The Total Service Agreement engagement provides all the comprehensive financial planning services included in the Financial Planning Agreement and adds investment management services. MFC uses a sophisticated series of proprietary systems and tools to manage a client's investment portfolio in accordance with the Financial Plan and agreed upon investment strategy. All client portfolios are managed independently and are customized to the client's situation, but are based on MFC's primary investment philosophy and "model" portfolios. Client models are generally limited to the use of mutual funds and ETFs. For some qualified clients, we may suggest certain limited partnerships. Clients may occasionally impose restrictions on investing in particular securities or accounts. These must be adequately disclosed to MFC.

Clients are advised to promptly notify the firm if there are ever any changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon MFC's management services.

3. **Hourly Services:** MFC will provide Financial Planning Services on an hourly basis, and the fees are described in Item 5. These services mimic the services on the full Financial Planning agreement, but are modular rather than comprehensive.
4. **Pension Consultant:** MFC provides consulting services to select company 401k plans. These services may include the following:
- monitoring the selection of investments for the plan

- providing investment education services to plan participants,
- providing some assistance with administrative services (helping to process RMD's, review filings of certain documents)

MFC will not act as a trustee on the plan or a TPA for the purposes of ensuring the plan is administered fairly to all plan participants.

### ADDITIONAL DISCLOSURES

**Retirement Plan Rollovers – No Obligation / Potential for Conflict of Interest:** A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If MFC recommends that a client roll over their retirement plan assets into an account to be managed by MFC, such a recommendation creates a conflict of interest if MFC will earn an advisory fee on the rolled over assets. **No client is under any obligation to roll over retirement plan assets to an account managed by MFC.**

**Use of Mutual Funds:** While MFC may recommend allocating investment assets to mutual funds that are not available directly to the public, MFC may also recommend that clients allocate investment assets to publicly-available mutual funds that the client could obtain without engaging MFC as an investment adviser. However, if a client or prospective client determines to allocate investment assets to publicly-available mutual funds without engaging MFC as an investment adviser, the client or prospective client would not receive the benefit of MFC's initial and ongoing investment advisory services.

Other mutual funds, such as those issued by Dimensional Fund Advisors ("DFA"), are generally only available through selected registered investment advisers. MFC may allocate client investment assets to DFA mutual funds. Therefore, upon the termination of MFC's services to a client, restrictions regarding transferability and/or additional purchases of, or reallocation among DFA funds will apply.

**Unaffiliated Private Investment Funds.** MFC may provide investment advice regarding unaffiliated private investment funds. MFC's role relative to the private investment funds shall be limited to its initial and ongoing due diligence and investment monitoring services. If a client determines to become a private fund investor, the amount of assets invested in the fund(s) shall be included as part of "assets under management" for purposes of MFC calculating its investment advisory fee. MFC's clients are under absolutely no obligation to consider or make an

investment in a private investment fund(s).

Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike liquid investments that a client may maintain, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that they are qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

In the event that MFC references private investment funds owned by the client on any supplemental account reports prepared by MFC, the value(s) for all such private investment funds shall reflect either the initial purchase and/or the most recent valuation provided by the fund sponsor. If the valuation reflects the initial purchase price (and/or a value as of a previous date), the current value(s) (to the extent ascertainable) could be significantly more or less than the original purchase price.

**Limitations of Financial Planning and Non-Investment Consulting Services:** To the extent requested by a client, MFC may provide financial planning and related consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. MFC does not serve as a law firm, accounting firm, or insurance agency, and no portion of MFC's services should be construed as legal, accounting, or insurance implementation services. Accordingly, MFC does not prepare estate planning documents, tax returns or sell insurance products. To the extent requested by a client, MFC may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance agents, etc.). Clients are reminded that they are under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation made by MFC or its representatives. However, if the client engages any unaffiliated recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional.

#### **4.C. Client Investment Objectives/Restrictions**

Prior to providing investment advisory services, and/or consulting services, MFC requires each client to enter into a written agreement that sets forth the terms and conditions under which MFC will render its services (the "Investor Advisory Agreement"). The firm works closely with its clients to identify their goals, objectives, risk tolerance and liquidity needs and then constructs a portfolio tailored to the individual client.

Each client is advised that it remains their responsibility to promptly notify MFC if there is ever any change in their financial situation, investment objectives, or if they wish to impose reasonable restrictions for the purpose of reviewing, evaluating or revising MFC's previous recommendations and/or services. In performing its services, MFC shall not be required to verify any information received from the client or from the client's other professionals and is expressly authorized to rely thereon.

#### 4.D. Wrap Fee Program

MFC provides discretionary investment management services on a wrap fee basis in accordance with our investment management wrap fee program (the "Program"). The services offered under, and the corresponding terms and conditions pertaining to, the Program are discussed in the Wrap Fee Program Brochure, a copy of which is presented to all prospective Program participants. Under the Program, MFC is able to offer participants discretionary investment management services, for a single **specified annual Program fee**, inclusive of trade execution, custody, reporting, account maintenance, investment management fees. However, clients may be responsible for, but not limited to, trustee fees, mutual fund expenses, ETF expenses, mark-ups, mark-downs, transfer taxes, fees charged by independent managers and/or separately managed accounts, odd lot differentials, exchange fees, interest charges, American Depository Receipt agency processing fees, and any charges, taxes or other fees mandated by any federal, state or other applicable law or otherwise agreed to with regard to client accounts (Such fees are in addition to any fees paid by the client to MFC and are between the client and the account custodian).

The terms and conditions for client participation in the Program are set forth in detail in the Wrap Fee Program Brochure, which is presented to all prospective Program participants in accordance with disclosure requirements. All prospective Program participants should read both our Brochure and the Wrap Fee Program Brochure, and ask any corresponding questions that they may have, prior to participation in the Program.

As indicated in the Wrap Fee Program Brochure, participation in the Program may cost more or less than purchasing such services separately. When managing a client's account on a wrap fee basis, MFC shall receive as payment for its asset management services, the balance of the wrap fee after all other costs (including account transaction fees) incorporated into the wrap fee have been deducted. As also indicated in the Wrap Fee Program Brochure, the Program fee charged by MFC for participation in the Program may be higher or lower than those charged by other sponsors of comparable wrap fee programs.

Because Program transaction fees and/or commissions are being paid by MFC to the account custodian/broker-dealer, MFC could have an economic incentive to maximize its compensation by seeking to minimize the number of trades in the client's account.



There is no significant difference between how MFC manages wrap fee accounts and non-wrap fee accounts. However, as stated above, if a client determines to engage MFC on a wrap fee basis the client will pay a single fee for bundled services (i.e. investment advisory, brokerage, custody). The services included in a wrap fee agreement will depend upon each client's particular need. If the client determines to engage MFC on a non-wrap fee basis the client will select individual services on an unbundled basis, paying for each service separately (i.e. investment advisory, brokerage, custody).

#### **4.E. Assets Under Management**

As of dates listed below, MFC managed \$267,913,001 in total Regulatory Assets Under Management (as defined on Part 1 of Form ADV), which includes:

- \$255,049,557 in assets managed on a discretionary basis; and
- \$12,863,444 in assets managed on a non-discretionary basis.

The above figures reflect calculations as of December 31, 2019.

A copy of MFC's written Brochure as set forth on Part 2 of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of *any* MFC Investment Advisory Agreement.

## Item 5 – Fees and Compensation

### 5.A. Advisory Compensation

MFC's fees are described below and in greater detail in the relevant client agreement. MFC reserves the discretion to negotiate and/or waive client fees. Either MFC or client may terminate the signed agreement for advisory services upon written notice at any time. All advisory and management services will cease 30 days after written notice has been received by either party. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. In general, Clients should note that similar advisory services may (or may not) be available from other registered investment advisers for similar or lower fees.

**Financial Planning Agreement Fees:** Fees are assessed according to the breadth and complexity of the client's situation and stated objectives. The minimum fee under MFC's one-year financial planning services agreement is \$8,500. One-quarter of the fee is due at the time a Financial Plan Agreement is signed and the remaining fee will be prorated and charged on a quarterly basis, in advance. MFC may, in its sole discretion, negotiate a fee less than the stated minimum based upon certain criteria (i.e., anticipated future earning capacity, related existing client relationships, pre-existing client, *pro bono* activities, etc.). Fees are billed directly to the client. No plans will be charged more than \$2,125 in advance for six months of service. The client may make additions to and withdrawals from the account at any time, subject to MFC's right to terminate an account.

**Total Service Agreement Fees:** As references in the Adviser's Total Service Agreement, MFC's annual management Fee for investment advisory services shall be prorated and billed on a quarterly basis, in advance, based upon a percentage (%) of the market value of the Assets under management on the last business day of the previous quarter as valued by the Custodian, in accordance with the fee schedule below.

Assets	Annual Fee
Up to \$749,999	1.00%
Assets from \$750,000 to \$2,999,999	0.75%
Assets from \$3,000,000 to \$9,999,999	0.50%
Assets above \$10,000,000	0.30%

The Fee schedule above is tiered so that Assets at each level are charged the corresponding fee. Adviser's Fee for the initial quarter will be calculated on a pro rata basis as of the initial date Assets become available for management. Accounts managed under this agreement are subject to a minimum annual fee of \$8,500. No increase in the annual fee percentage shall be effective without prior written notification to the Client. MFC may, in its sole discretion, negotiate a fee less than the stated minimum based upon

certain criteria (i.e., anticipated future earning capacity, related existing client relationships, pre-existing client, *pro bono* activities, etc.).

Fees are billed directly to the client. Client authorizes the Custodian of the Assets to charge the Account for the amount of Adviser's fee and to remit such fee to Adviser in compliance with regulatory procedures. In the event that there is not sufficient cash in the Account to pay Adviser's fee, the Adviser shall sell Assets to pay the fee. The client may make additions to and withdrawals from the account at any time, subject to MFC's right to terminate an account.

**Termination of the Financial Planning Agreement:** The client has five (5) business days from the date of the contract execution to terminate MFC's Planning Services without penalty. The Financial Planning Agreement may be terminated at any time upon receipt of written notice to terminate by either party to the other. Termination of the Agreement will not affect (a) the validity of any action previously taken by MFC or the clients obligation to pay MFC fees that have already been earned.

However, MFC designs its portfolios as long-term investments and asset withdrawals may impair the achievement of a client's investment objectives.

Ensuring that all entities in the billing family are billed the same way, any arrangement made in this fashion will be denoted on the client's Total Service Agreement contract. Please note there is no minimum required to participate in the program.

**Hourly Financial Planning Agreement:** Occasionally, but very seldom, services may be engaged at an hourly fee. MFC typically charges a rate \$100 - \$500 per hour depending on the experience level of the professional doing the work and the extent of services involved such as financial planning, investment analysis, and administrative work. MFC employs direct billing to collect client fees and has obtained the clients written consent for such purposes. There is no minimum number of hours to purchase when signing the hourly financial planning agreement. The typical scenarios where these engagements are entered into are after the one-year expiration of the typical Financial Planning agreement, and the client does not wish to sign a Total Service Agreement.

In circumstances where the scope of a client's needs are simplistic in nature, requiring only minimal hours MFC's services on an annual basis, MFC may recommend the client convert their existing, low-hourly agreement to a limited-in-scope financial planning agreement. Under this limited financial planning agreement, the client's needs would not merit a full financial planning agreement; therefore, MFC reserves the right to waive the account minimum of \$8,500 generally required under MFC's Financial Planning Agreement, as noted above.

**Pension Consultant Services Fees:** MFC charges .75% on 401k plans. This fee will be deducted from each plan participant account. The qualified TPA will be the party that calculates, deducts, and distributes this fee to MFC. The TPA also ensures proper disclosure to plan participants in terms of the fee they are paying. None of the funds selected will have any 12b1 fees or unreasonable minimums for investing, and the only fee MFC will receive will be for assets under management.

## 5.B. Direct Billing of Advisory Fees

The specific manner in which MFC charges fees are established in a client's written agreement with MFC. Generally, the client's advisory agreement and the separate agreement with the custodian authorizes MFC to debit the client's account for the amount of the firm's fee and to directly remit that fee to MFC in accordance with applicable custody rules. The Financial Institution(s) recommended by MFC have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to MFC.

## 5.C. Other Non-Advisory Fees

In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

**Mutual Fund Fees:** All fees paid to MFC for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

**ERISA Accounts:** MFC is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal

Revenue Code of 1986 (the "Code"), respectively. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, MFC may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees.

#### **5.D. Advance Payment of Fees**

Prepayment of fees are limited and under no circumstances do we require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.

#### **5.E. Compensation for Sale of Securities**

MFC's supervised persons do not accept compensation for the sale of securities or other investment products, including asset-based sales charges or services fees from the sale of mutual funds.

## **Item 6 – Performance-Based Fees and Side-By-Side Management**

Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Performance-based fees are fees that are based on a share of capital gains or capital appreciation in client accounts. Our fees are calculated as described in Item 4, and are not charged on the basis of a share of capital gains or capital appreciation of funds in client advisory accounts.

MFC does not charge any performance-based fees or participate in side-by-side management.

## Item 7 – Types of Clients

MFC offers comprehensive Financial Planning and Investment Management services to individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, corporations and business entities.

MFC does not have minimum account size requirements, but may charge minimum fees as described below:

- Financial Planning Services - The minimum fee for financial planning services is \$8,500.
- Total Services Management - MFC shall charge either an annual fee based upon a percentage of the market value of the assets being managed by MFC, or a negotiated fee starting at a minimum \$8,500.
- Hourly Financial Planning Services - MFC typically charges a rate \$100 – \$500 per hour.
- Wrap Fee Program - Participation in MFC's wrap fee program is subject to certain minimum requirements. To participate in this program an individual client or household must have a "Total Service Agreement" ("TSA") with MFC and pay a minimum of \$10,000 per year in fees. For more information please see Item 5 of MFC Wrap Fee Program Brochure.
- Pension Consulting Services - MFC charges .75% on 401k plans. The only fee MFC will receive will be for assets under management.

MFC, in its sole discretion, may waive or reduce its minimum requirements or charge a lesser investment management fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

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

### 8.A. Methods of Analysis and Investment Strategies

MFC primarily uses Mutual Funds and Exchange Traded Funds that invest in traditional asset classes (stocks, bonds, and money markets) to build diversified client portfolios. Historical long-term returns of these asset classes are used as approximations for future long-term expected returns. Investing in securities involves risk of loss that clients should be prepared to bear.

### 8.B. Material Risks of Investment Strategies

There can be no guarantee of success of the strategies offered by MFC. The primary material risk in MFC's strategy is that historical relationships do not hold in future periods. Past performance does not guarantee future results, but it provides a guide to develop a strategy that is in the client's best interest. The primary material risk in MFC's analysis is in choosing investment companies (mutual funds or ETFs) to represent diverse asset class exposure. In an attempt to mitigate this risk, MFC considers only reputable investment firms and conducts internal due diligence using third party analysts. MFC does not only recommend one type of security or asset class.

**Market Risk.** The profitability of a significant portion of MFC's recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that MFC will be able to predict those price movements accurately. There is the possibility that the value of securities may decline due to daily fluctuations in the securities markets. Security prices vary daily as a result of many factors, including developments that affect the condition of an individual company and the market in general. In addition, investment portfolios may be affected by other economic conditions such as changes in interest rates, foreign currency fluctuations, availability of credit, inflation rates, changes in laws, and national and international political circumstances. In particular, the price of many securities assumes favorable tax treatment (e.g. taxes on dividends and capital gains or certain tax-exempt municipal bond interest payments). The continued tax-favored treatment of certain securities cannot be guaranteed, and the suspension or limitation of tax advantages could have a material, negative impact on the market price of a security.

**Management Risk.** Assessments about the value and potential appreciation of a particular security may not be correct and there is no guarantee that securities or investments will perform as anticipated. The value of an individual security or investment can be more volatile than the market as a whole.

**Accuracy of Public Information.** MFC may rely, in part, on the basis of information and



data filed by issuers with various government regulators, information made directly available to the Advisor by the issuers, or information accessed through available sources other than the issuers. Although MFC evaluates all such information and data and typically seeks independent corroboration when MFC considers information to be appropriate and reasonably available, MFC is not in a position to guarantee the completeness, genuineness or accuracy of such information and data.

## **8.C. Material Risks of Securities Used in Investment Strategies**

### **Risks related to Investments in Mutual Funds and Exchange Traded Funds (ETFs)**

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders' fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

### **Risks related to Investments made in Private Funds**

Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will

be provided to each client for review and consideration. Unlike liquid investments that a client may maintain, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

### **Risks related to Investments made in Fixed Income Instruments**

MFC may invest portions of client assets directly into fixed income instruments. While investing in fixed income instruments, either directly or through pooled investment funds, is generally less volatile than investing in stock (equity) markets, fixed income investments nevertheless are subject to risks. These risks include, without limitation, interest rate risks (risks that changes in interest rates will devalue the investments), credit risks (risks of default by borrowers), or maturity risk (risks that bonds or notes will change value from the time of issuance to maturity).

## **Item 9 - Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of MFC or the integrity of MFC's management.

MFC has no information applicable to this Item.

## Item 10 – Other Financial Industry Activities and Affiliations

### 10.A. Registered Representatives

MFC's management persons are not registered, nor do any management persons have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

### 10.B. Other Registrations

MFC's management persons are not registered, nor do any management persons have an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.

### 10.C. Material Relationships or Arrangements

MFC is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons.

**National Advisors Holdings, Inc. & National Advisors Trust Company:** MFC has a minority ownership interest (less than 2%) in a savings and loan holding company, National Advisors Holdings, Inc. (NAH). NAH formed a federally chartered trust company, National Advisors Trust Company (NATC). NAH and NATC are regulated by the Office of the Comptroller of the Currency ("OCC") and are FDIC insured. The trust company offers a low-cost alternative to traditional custodians and trust service providers.

MFC refers clients to NATC. Referrals to NATC are based expressly upon the clients' needs and objectives. Unlike banks which generally do not allow trust accounts to retain outside investment advisors, NATC permits MFC to provide ongoing investment advisory services to accounts on which NATC is named as trustee. The client, MFC, and/or Kyra Morris may benefit from this continuation of services. However, the client always maintains the right to remove MFC as the investment advisor, as well as replace NATC as trustee. Neither MFC nor Kyra Morris receives income or compensation from NATC or directly share in any service fees charged to client accounts by National Advisors Trust.

**Morris Tax Planning, LLC:** Kyra Morris, a principal executive officer of MFC is also the sole owner and controller of a tax preparation, accounting, and estate planning firm, Morris Tax Planning, LLC, (MTP) where she is an Enrolled Agent of the IRS providing tax planning and accounting services.

Morris Tax Planning, LLC works closely with MFC. The separate business entity was added to accommodate MFC's clients with tax preparation, tax planning, and estate

planning services. Tax preparation, accounting services, and estate planning provided by MTP are, however, separate and distinct from MFC's advisory services. The compensation is separate also. There are no referral fee arrangements between the two firms for these recommendations. No MFC client is obligated to use MTP for any tax, accounting, or estate services and conversely, no tax, accounting, or estate client is obligated to use the advisory services provided by MFC.

MTP's services do not include the authority to sign checks or otherwise disburse funds on any of our advisory client's behalf. Clients should be aware of the close relationship of these two firms and its management persons.

**Gurney Brothers, LP:** Kyra Morris is a partner in Gurney Brothers, LP, a family-owned residential and commercial real estate partnership. Some of her duties include property management and bookkeeping for this business.

#### **10.D. Recommendations of Other Investment Advisors**

MFC may provide its clients with a broad range of comprehensive financial planning services. These services may include business systems consulting services, and other non-investment related matters. MFC may charge a separate fee for these services which shall be agreed upon prior to rendering the services. In addition, MFC may contract with third parties for these services.

MFC endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser; we take the following steps to address this conflict:

- we disclose to clients the existence of all material conflicts of interest, including the potential for our firm and our employees to earn compensation from advisory clients in addition to our firm's advisory fees;
- we disclose to clients that they are not obligated to purchase recommended investment products from our employees or affiliated companies;
- we periodically monitor employee outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

## **Item 11 – Code of Ethics**

### **11.A. Code of Ethics Document**

MFC has adopted a Code of Ethics in compliance with Adviser’s Act Rule 204A-1 for all supervised persons of the firm describing MFC’s high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at MFC must acknowledge the terms of the Code of Ethics annually, or as amended.

### **11.B. Recommendations of Securities and Material Financial Interests**

MFC and individuals associated with our firm are prohibited from engaging in principal transactions or in agency cross transactions. Principal transactions are generally defined as transactions where an advisor, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment advisor in relation to a transaction in which the investment advisor, or any person controlled by or under common control with the investment advisor, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an advisor is dually registered as a broker-dealer or has an affiliated broker-dealer.

All of our employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.

### **11.C. Personal Trading**

The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of MFC 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 employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of MFC’s clients. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between MFC and its clients.

MFC's employees and persons associated with MFC are required to follow the Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of MFC and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for MFC's clients.

#### **11.D. Timing of Personal Trading**

Under the Code of Ethics, MFC employees are generally expected to purchase or sell a security for their personal accounts only after trading of that same security has been completed in client accounts.

MFC's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting [info@mfcplanners.com](mailto:info@mfcplanners.com) or calling 843-884-6192.

## Item 12 – Brokerage Practices

### 12.A. Selection of Broker-Dealers

MFC does not conduct its own brokerage activities, so therefore must utilize the brokerage and clearing services of Fidelity Investments and its affiliates (collectively referred to as “*Fidelity*”), Charles Schwab & Co., Inc. (“*Schwab*”), and/or National Advisors Trust Company, FSB (“*National Advisors Trust*”) for investment management accounts. MFC may only implement its investment management recommendations after the client has arranged for and furnished MFC with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions shall include, but are not limited to, Fidelity, Schwab, National Advisors Trust, any other broker-dealer, trust company, bank etc. recommended by MFC or directed by the client, hereafter referred to as “Financial Institution(s).”

Additions to client accounts may be in cash or securities provided that MFC reserves the right to liquidate any transferred securities, or decline to accept particular securities into a client’s account. MFC may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

Factors which MFC considers in recommending Financial Institution(s) or any other broker-dealer, to clients include their respective financial strength, reputation, execution, pricing, research, and service. Financial Institution(s) enables MFC to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by Financial Institution(s) may be higher or lower than those charged by other broker-dealers.

The commissions paid by MFC’s clients shall comply with MFC’s duty to obtain “best execution.” However, a client may pay a commission that is higher than another qualified broker-dealer might charge to affect the same transaction where MFC determines, in good faith, that the commission is reasonable. 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 among others, the value of research provided, execution capability, commission rates, and responsiveness. While MFC will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client transactions. Transactions may be cleared through other broker-dealers with



whom MFC and the Financial Institution(s) have entered into agreements for prime brokerage clearing services. MFC shall periodically and systematically review its policies and procedures regarding recommending broker-dealers to its client in light of its duty to obtain best execution.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist MFC in its investment decision-making process. Such research generally will be used to service all of MFC's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio.

The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest.

MFC may receive from Financial Institution(s), without cost to MFC, computer software and related systems support, which allow MFC to better monitor client accounts maintained at Financial Institution(s). MFC may receive the software and related support without cost because MFC renders investment management services to clients that maintain assets at Financial Institution(s). The software and related systems support may benefit MFC and not its clients directly. To fulfill its duties to its clients, MFC endeavors at all times to put the interests of their clients first. Clients should be aware, however, that MFC's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence MFC's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

Additionally, MFC may receive the following benefits from Financial Institution(s):

- receipt of duplicate client confirmations and bundled duplicate statements;
- access to a trading desk that exclusively services the Financial Institution(s) investment advisor participants;
- access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts;
- access to an electronic communication network for client order entry and account information.

MFC may receive meals provided at seminar or workshops hosted by a mutual fund company to discuss practice management issues and investment updates. There is a potential conflict of interest since these benefits may influence MFC's choice of a Mutual Fund Company over another Mutual Fund Company that does not furnish similar support or services.

Although this is not encouraged, the client may direct MFC in writing to use a particular custodian to execute some or all transactions for the client (“Directed Brokerage”). In that case, the client will negotiate terms and arrangements for the account with that custodian, and MFC shall disclose to the client that MFC shall not seek best execution from other custodians. MFC shall also disclose to the client that as a result of the Directed Brokerage, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Where the client has Directed Brokerage that would result in additional operational difficulties, MFC may choose to terminate the investment advisory relationship.

MFC may render non-discretionary investment management services to clients relative to: (1) variable life/annuity products that they may own, and/or (2) their individual employer-sponsored retirement plans.

## **12.B. Aggregation of Orders**

MFC may, but is not required to, aggregate trades when the firm reasonably believes that the combination of the transactions will provide the same or better prices for clients than had individual transactions been placed for clients.

Transactions for non-discretionary client accounts are generally not aggregated with transactions for discretionary client accounts. Additionally, MFC generally does not aggregate trades when executing a trade pursuant to a client request. MFC also reserves the discretion to conduct two block trades in the same security where necessary to ensure the firm is able to fulfill the entire order. In such cases, the firm may implement a trade rotation if necessary.

Transactions for the accounts of MFC advisory representatives and employees may be included in aggregated trades. They will receive the same average price and pay the same commissions and other transaction costs as clients. Transactions for the accounts of our advisory representatives or employees will not be favored over transactions for client accounts.

MFC is not obligated to include any client transaction in an aggregated trade. Aggregated trades will not be affected by any client’s account if doing so is prohibited or otherwise inconsistent with that client’s investment advisory agreement. No client will be favored over any other client.

### **Item 13 - Review of Accounts**

MFC reviews all managed and financial planning accounts as described below and as indicated in their client agreement. Factors that trigger review include the calendar and the type of services provided as indicated in the client agreement. The Chief Investment Officer is responsible for reviewing managed accounts and implementing any necessary changes.

**Total Service Agreement - Account Reviews:** Clients that have engaged the Total Service Agreement contract are reviewed regularly depending upon the level of maintenance suitable for the portfolio and the level of complexity of the client's financial plan and risk level. Reviews are supervised by the President and Chief Investment Officer, Kyra H. Morris, CFP®, EA and may be delegated to other qualified personnel. Client reports are distributed quarterly. Customized reports are available on request.

**Financial Planning Agreement - Account Reviews:** Clients that have engaged MFC to perform separate and distinct financial planning will have a one-time review and a report will be issued subject to that review, as contracted by the client.

**Pension Consulting Agreement - Account Reviews:** MFC will annually review the fund selection in the 401k plans it administers to ensure it keeps the plans under the safe harbor restrictions under ERISA. Also, it will conduct due diligence on each of the investment products within the plan making sure that all of them are still suitable investments. Finally, each plan participant is allowed one meeting per year to discuss their and review own account and circumstances. MFC will only review plan participant accounts upon request.

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

MFC is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. In addition, MFC is required to disclose any direct or indirect compensation that it provides for client referrals.

MFC does not directly or indirectly compensate any person who is not a supervised person for client referrals.

## Item 15 - Custody

Pursuant to SEC rule 206(4)-2, MFC has constructive custody of client assets because of its authority to deduct advisory fees from client accounts. For accounts in which MFC is deemed to have custody, the Firm has established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name.

Clients or an independent representative of the client is required to direct the establishment of all accounts in writing and is therefore aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Clients should receive at least quarterly statements from the broker-dealer, bank or other qualified custodian that holds and maintains client's investment assets. MFC urges clients to carefully review such statements and compare such official custodial records to any account statements that MFC may provide. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

If clients have questions about their account statements, they should contact MFC or the qualified custodian preparing the statement.

In addition, the Firm possesses the ability to withdraw funds from a client's account for the purposes of paying bills derived from the Morris Tax Planning, LLC's tax preparation services. Further, one or more of the Firm's investment advisor representatives are individually listed as an executor in various client wills which results in the Firm having custody.

Moreover, in the future the Firm anticipates accepting standing letters of authorization to transmit funds directly to third parties. Based on the foregoing, the Firm has engaged an accounting firm to perform a surprise examination for the clients' accounts over which the Firm has custody.

## **Item 16 - Investment Discretion**

MFC may be given the authority to exercise discretion on behalf of clients. MFC is considered to exercise investment discretion over a client's account if it can affect transactions for the client without first having to seek the client's consent. MFC usually receives discretionary authority in writing via the Total Service Agreement from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. Client accounts are managed in accordance with the investment management agreement entered into between MFC and the client, subject to any restrictions stated therein. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). MFC takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold; and
- When transactions are made.

### **Item 17 - Voting Client Securities**

As a matter of firm policy and practice, MFC does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios and all information with regard to proxies will be mailed directly to the client from the custodian.

## **Item 18 – Financial Information**

### **18.A. Advance Payment of Fees**

MFC does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance of services rendered. Therefore, MFC is not required to include a balance sheet with this Brochure.

### **18.B. Financial Condition**

MFC has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients.

### **18.C. Bankruptcy Proceedings**

MFC has not been the subject of a bankruptcy proceeding.



**Part 2A Appendix 1 of Form ADV: *Wrap Fee Program*  
*Brochure***

**Morris Financial Concepts, Inc.**

**409 Coleman Blvd STE 100,  
Mt. Pleasant, SC  
29464**

**843-884-6192**

[www.mfcplanners.com](http://www.mfcplanners.com)

March 26, 2019

This wrap fee program brochure provides information about the qualifications and business practices of Morris Financial Concepts, Inc. If you have any questions about the contents of this brochure, please contact us at 843-884-6192 or [tucker@mfcplanners.com](mailto:tucker@mfcplanners.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.

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

Additional information about Morris Financial Concepts, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 114862.

## **Item 2 Material Changes**

This Wrap Fee Program Brochure, dated March 26, 2019, updates our previous Firm Disclosure Brochure, dated March 29, 2018.

There have been no materials changes to our Wrap Fee Program Brochure since our previous filing on March 29, 2019.

Pursuant to SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting our office at 843-884-6291 or [info@mfcplanners.com](mailto:info@mfcplanners.com).

Additional information about MORRIS FINANCIAL CONCEPTS, INC. is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with Morris Financial Concepts, Inc. who are registered, or are required to be registered, as investment adviser representatives of Morris Financial Concepts, Inc.

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## **Item 4 Services Fees and Compensation**

### **SERVICES**

Morris Financial Concepts, Inc. ("MFC") is a SEC-registered investment adviser with our principal place of business located in South Carolina. MFC began conducting business in 2016.

We sponsor the Morris Financial Concept Wrap Fee Program (the "Program"), a wrap fee program. A wrap fee program is an advisory program under which a specified fee or fees not based directly on transactions in the client's account is charged for advisory services, which may include portfolio management or advice concerning the selection of other investment advisers, and the execution of client transactions.

This Wrap Fee Program Brochure describes the services, fees, and other necessary information clients should consider prior to becoming a client within the Program. Item 6 of this Wrap Fee Program Brochure generally discusses other services provided by MFC, for more information about those services, please refer to our Form ADV Part 2: Firm Brochure.

You may obtain a copy of our Firm Brochure by contacting us using any of the following methods:

Telephone: 843-884-6192

Email: [info@mfcplanners.com](mailto:info@mfcplanners.com)

Website: [www.mfcplanners.com](http://www.mfcplanners.com)

### **MODEL PORTFOLIO MANAGEMENT PROGRAM**

Through the Morris Financial Concept Wrap Fee Program, clients are provided with portfolio management services using model asset allocation portfolios. Each model portfolio is designed to meet a particular investment goal.

Through personal discussions with the client in which the client's goals and objectives are established, we determine if the model portfolio is suitable to the client's circumstances. Once we determine the suitability of the portfolio, the portfolio is managed based on the portfolio's goal, rather than on each client's individual needs. Clients, nevertheless, have the opportunity to place reasonable restrictions on the types of investments to be held in their account. Clients retain individual ownership of all securities.

Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

We manage these advisory accounts on a discretionary basis. Therefore, under the Program, MFC shall have written authority to determine the type and amount of securities that are bought or sold.

**Types of Securities:** As appropriate to the needs of the client, the following types of securities may be utilized in the client's portfolio:

<u>Equities</u>	<u>Fixed-Income</u>	<u>Mutual Funds</u>	<u>Other</u>
Listed/OTC	Corporate Bonds	No-load	
Preferred	U.S. Treasuries	Load-Waived	
ADRs	Mortgage-backed	Front-load	
Closed-end funds	Unit Trusts	Money Market	
REITs	Municipal Bonds		
ETFs	Certificates of Deposit		

Because some types of investments involve certain additional degrees of risk, they will only be implemented when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

To ensure that our initial determination of an appropriate portfolio remains suitable and that the account continues to be managed in a manner consistent with the client's financial circumstances, we will:

1. send quarterly reports to each participating client that state the clients investment model and performance year to date;
2. at least annually, contact each participating client to determine whether there have been any changes in the client's financial situation or investment objectives, and whether the client wishes to impose investment restrictions or modify existing restrictions;
3. be reasonably available to consult with the client; and
4. Maintain client suitability information in each client's file.

#### **FEES**

**Clients must pay a minimum annual fee of \$10,000.00 to participate in the Morris Financial Concepts Wrap Fee Program. The range of Investment Advisory Fees clients pay for our services are shown in the annual fee schedules below. The services we provide in exchange for our investment Advisory Fee are also described below.**

**How are Fees Charged?** Program fees are charged quarterly in advance. If management begins after the start of a month, Program fees will be prorated accordingly. When authorized by the client, fees will be debited from the account in accordance with the terms set forth in the Total Service Agreement ("TSA").

### Total Service Agreement Table of Fees:

Brackets	(Minimum Annual Fee of \$10,000)	Annual Fee
	Initial \$749,999	= 1.00%
\$750,000	through \$2,999,999	= 0.75%
\$3,000,000	through \$9,999,999	= 0.50%
\$10,000,000	and above	= 0.30%

**What services are covered by the Program fees?** The Program fees pay for our firm's advisory services to clients, brokerage and custodial fees including trade ticket charges as well as administrative expenses of the Program.

Upon entering into a wrap fee account arrangement with MFC, Clients can only choose to designate Charles Schwab & Co. Inc. ("Schwab") or Fidelity Investments ("Fidelity") as their executing broker-dealer. Payments to the broker-dealer for its execution services will be accomplished via the wrap fee charges to the account.

We do not charge clients higher advisory fees based on trading activity, but you should be aware that we may have an incentive to limit our trading activities in your account(s) because we are charged for executed trades.

**What services are not covered by the Program fees?** The Program fees do not include expenses of mutual funds and electronically traded funds such as fund management fees charged to each fund's investors.

**Other Fees and Expenses.** Clients may be responsible for, but not limited to, trustee fees, mutual fund expenses, ETF expenses, mark-ups, mark-downs, transfer taxes, fees charged by independent managers and/or separately managed accounts, odd lot differentials, exchange fees, interest charges, American Depository Receipt agency processing fees, and any charges, taxes or other fees mandated by any federal, state or other applicable law or otherwise agreed to with regard to client accounts (Such fees are in addition to any fees paid by the client to MFC and are between the client and the account custodian).

**Additional Information about Program fees.** Under the Program, the participant receives investment advisory services, the execution of securities brokerage transactions, custody and reporting services for a single specified Program Fee. Clients are cautioned that depending on the level of fees charged by the executing broker-dealer, and the amount of portfolio activity in the clients' account, the value of the services provided under this Program may exceed the total cost of such services had they been provided separately. In addition, the Program Fee may be higher or lower than that charged by other sponsors of comparable wrap fee programs. In addition, a disparity in wrap fees may exist between the wrap fees charged to other clients.

## GENERAL INFORMATION

***Termination of the Advisory Relationship:*** A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. As disclosed above, certain fees are paid in advance of services provided. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. In calculating a client's reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period.

***Mutual Fund Fees:*** All fees paid to MFC for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

***Exchange-Traded Funds.*** Shares of ETFs held in client accounts are bought and sold on an exchange and not, like mutual funds, directly from the fund itself. The price of ETF shares fluctuates in accordance with changes in the net asset value (NAV) per share, as well as in response to market supply and demand. Accordingly, ETF shares may trade at a price which differs from NAV per share of the ETF.

***Grandfathering of Minimum Account Requirements:*** Pre-existing advisory clients are subject to MFC's minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements will differ among clients.

**ERISA Accounts:** MFC is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, MFC may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our firm and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset MFC's advisory fees.

**Advisory Fees in General:** Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

**Limited Prepayment of Fees:** Under no circumstances do we require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.

## **Item 5 Account Requirements and Types of Clients**

### **MINIMUM PROGRAM REQUIREMENTS**

Participation in this program is subject to certain minimum requirements.

To participate in this program an individual client or household must have a "Total Service Agreement" ("TSA") with MFC **and** pay a minimum of \$10,000 per year in fees.

MFC, in its sole discretion, may waive or reduce its minimum requirements or charge a lesser investment management fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

### **TYPES OF CLIENTS**

MFC provides advisory services in the Morris Financial Concept Wrap Fee Program, where appropriate, to:

- Individuals
- High net worth individuals
- Pension and profit sharing plans (but not the plan participants)
- Trusts
- Estates
- Corporations
- Partnerships



## Item 6 Portfolio Manager Selection and Evaluation

### PORTFOLIO MANAGER SELECTION

As previously disclosed, all participating clients' assets are managed by advisory personnel of our firm. These individuals must possess, minimally, a college degree and/or appropriate business experience and all required licenses. Please refer to Item 4 for detailed disclosures regarding the portfolio management services we provide to program clients. Portfolio performance is reviewed on a quarterly basis by all portfolio managers and compared against a model benchmark. Any outliers are identified and investigated.

### Other Advisory Business Services

**Financial Planning:** The Financial Planning Agreement engagement provides a broad range of financial planning services which may include tax-related and other non-investment related matters. In general, planning services provided under the Financial Planning Agreement do not include investment supervisory or investment management services, nor the regular review or monitoring of the client's investment portfolio. An additional addendum may allow for the discretionary management of assets under this contract. The Financial Planning Agreement is for a period of one year to implement and monitor the plan. MFC may provide continuing review and update services beyond the first year for a mutually agreed upon fee.

The services provided by MFC in a Financial Planning Agreement engagement generally encompass eight primary areas:

Personal Financial Statement, Tax Planning, Retirement Planning, Estate Planning, Cash Flow Management, Education Planning, Investment Planning and Insurance Planning.

**Financial Planning Agreement Operation:** Generally, the first quarter of the plan year is used to develop the plan, while the remaining three quarters are used to assist in the implementation and monitoring of the plan. To perform its services, MFC is not required to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on information provided by the client. MFC may recommend the services of itself and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if MFC recommends its own services. The client is under no obligation to act upon any of the recommendations made by MFC under a financial planning engagement and/or engage the services of any such recommended professional, including MFC. The client retains discretion over all such implementation

decisions and is free to accept or reject any of MFC's recommendations. It is a client's responsibility to promptly notify MFC if there is ever any change in the client's financial situation or investment objectives for the purpose of reviewing, evaluating, or revising MFC's previous recommendations and services.

**Total Service Agreement - Financial Planning and Portfolio Management Services for Individuals and/or Small Businesses:** The Total Service Agreement engagement provides all the comprehensive financial planning services included in the Financial Planning Agreement and adds investment management services. MFC uses a sophisticated series of proprietary systems and tools to manage a client's investment portfolio in accordance with the Financial Plan and agreed upon investment strategy. All client portfolios are managed independently and are customized to the client's situation, but are based on MFC's primary investment philosophy and "model" portfolios. Client models are limited to the use of mutual funds and ETFs. For some qualified clients, we may suggest certain limited partnerships. Clients may occasionally impose restrictions on investing in particular securities or accounts. These must be adequately disclosed to MFC.

Clients are advised to promptly notify the firm if there are ever any changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon MFC's management services.

**Pension Consultant:** MFC provides consulting services to select company 401k plans. These services may include the following:

- monitoring the selection of investments for the plan
- providing investment education services to plan participants,
- providing some assistance with administrative services (helping to process RMD's, review filings of certain documents)

MFC will not act as a trustee on the plan or a TPA for the purposes of ensuring the plan is administered fairly to all plan participants.

#### ADDITIONAL DISCLOSURES

**Limitations of Financial Planning and Non-Investment Consulting Services:**

To the extent requested by a client, MFC may provide financial planning and related consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. MFC does not serve as a law firm, accounting firm, or insurance agency, and no portion of MFC's services should be construed as legal, accounting, or insurance implementation services. Accordingly, MFC does not prepare estate planning documents, tax returns or sell insurance products. To the extent requested by a client, MFC may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance

agents, etc.). Clients are reminded that they are under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation made by MFC or its representatives. However, if the client engages any unaffiliated recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional.

**Retirement Plan Rollovers – No Obligation / Potential for Conflict of Interest:**

A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer’s plan, if permitted, (ii) roll over the assets to the new employer’s plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account (“IRA”), or (iv) cash out the account value (which could, depending upon the client’s age, result in adverse tax consequences). If MFC recommends that a client roll over their retirement plan assets into an account to be managed by MFC, such a recommendation creates a conflict of interest if MFC will earn an advisory fee on the rolled over assets. **No client is under any obligation to roll over retirement plan assets to an account managed by Registrant.**

**Use of Mutual Funds:**

While MFC may recommend allocating investment assets to mutual funds that are not available directly to the public, MFC may also recommend that clients allocate investment assets to publicly-available mutual funds that the client could obtain without engaging MFC as an investment adviser. However, if a client or prospective client determines to allocate investment assets to publicly-available mutual funds without engaging MFC as an investment adviser, the client or prospective client would not receive the benefit of MFC’s initial and ongoing investment advisory services.

Other mutual funds, such as those issued by Dimensional Fund Advisors (“DFA”), are generally only available through selected registered investment advisers. MFC may allocate client investment assets to DFA mutual funds. Therefore, upon the termination of MFC’s services to a client, restrictions regarding transferability and/or additional purchases of, or reallocation among DFA funds will apply.

**Unaffiliated Private Investment Funds.** MFC may provide investment advice regarding unaffiliated private investment funds. MFC’s role relative to the private investment funds shall be limited to its initial and ongoing due diligence and investment monitoring services. If a client determines to become a private fund investor, the amount of assets invested in the fund(s) shall be included as part of “assets under management” for purposes of MFC calculating its investment advisory fee. MFC’s clients are under absolutely no obligation to consider or make an investment in a private investment fund(s).

Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike liquid investments that a client may maintain, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that they are qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

Valuation. In the event that MFC references private investment funds owned by the client on any supplemental account reports prepared by MFC, the value(s) for all such private investment funds shall reflect either the initial purchase and/or the most recent valuation provided by the fund sponsor. If the valuation reflects the initial purchase price (and/or a value as of a previous date), the current value(s) (to the extent ascertainable) could be significantly more or less than the original purchase price.

**Client Obligations:** In performing its services, MFC shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains their responsibility to promptly notify MFC if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Registrant's previous recommendations and/or services.

**Disclosure Statement:** A copy of MFC's written Brochure as set forth on Part 2 of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the *Investment Advisory Agreement*.

MFC shall provide investment advisory services specific to needs of each client. Prior to providing investment advisory services, an investment adviser representative will discuss with each client, their particular investment objective(s). MFC shall allocate each client's investment assets consistent with their designated investment objective(s). Clients may, at any time, impose reasonable restrictions, in writing, on MFC's services.

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

Neither MFC nor any supervised person of MFC accepts performance-based fees.

## METHODS OF ANALYSIS AND INVESTMENT STRATEGY

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

MFC primarily uses mutual funds and Exchange Traded Funds that invest in traditional asset classes (stocks, bonds, and money markets) to build diversified client portfolios. Historical long-term returns of these asset classes are used as approximations for future long-term expected returns.

The primary material risk in MFC's strategy is that historical relationships do not hold in future periods. Past performance does not guarantee future results, but it provides a guide to develop a strategy that is in the client's best interest. The primary material risk in MFC's analysis is in choosing investment companies (mutual funds or ETFs) to represent diverse asset class exposure. In an attempt to mitigate this risk, MFC considers only reputable investment firms and conducts internal due diligence using third party analysts. MFC does not only recommend one type of security or asset class.

For further information on MFC's Methods of Analysis, Investment Strategies and Risk of Loss, please see Item 8 in MFC's ADV Part 2A Brochure.

## VOTING CLIENT SECURITIES

MFC does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities 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.

Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact MFC to discuss any questions they may have with a particular solicitation.

## Item 7 Client Information Provided to Portfolio Managers

Individuals affiliated with our firm are responsible for developing an initial financial profile of the prospective client. Prior to opening an account, we assist in determining a participant's profile for the Program by obtaining from the participant appropriate information (i.e., investment objectives, risk tolerance, time horizon, and any reasonable restrictions the client wishes to impose upon the management of the account). Initial investment strategy is jointly determined based on an assessment of the information provided by the client.

While we provide the client with periodic reminders, it remains the client's responsibility to advise us of any changes to the information previously provided that might impact the ongoing suitability of any prior determined investment strategies

and/or objectives. We will promptly communicate any reported changes to the client's portfolio manager.

MFC's client relationship manager will directly contact each wrap fee program client **at least annually** to setup a meeting with the firm's investment advisor representatives. During this meeting, the investment advisors will verify that there has been no change in the client's financial circumstances and/or investment objectives, and determine whether the client wishes to impose any reasonable restrictions on the management of the account(s). Any such changes or requests are communicated in writing to the client's portfolio manager, who is responsible for implementing appropriate adjustments to the client's portfolio.

### **Item 8 Client Contact with Portfolio Managers**

The client's account representative is available to discuss the management and performance of the client's account and changes in the client's situation which may have an impact on the management of the client's account.

### **Item 9 Additional Information**

#### **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.

Our firm and our management personnel have no reportable disciplinary events to disclose.

#### **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Clients should be aware that the receipt of additional compensation by MFC and its management persons or employees creates a conflict of interest that may impair the objectivity of our firm and these individuals when making advisory recommendations.

**National Advisors Holdings, Inc. & National Advisors Trust Company:** MFC has a minority ownership interest (less than 2%) in a savings and loan holding company, National Advisors Holdings, Inc. (NAH). NAH formed a federally chartered trust company, National Advisors Trust Company (NATC). NAH and NATC are regulated by the Office of the Comptroller of the Currency ("OCC") and are FDIC insured. The trust company offers a low cost alternative to traditional custodians and trust service providers.

MFC refers clients to NATC. Referrals to NATC are based expressly upon the clients' needs and objectives. Unlike banks which generally do not allow trust accounts to retain outside investment advisors, NATC permits MFC to provide ongoing investment advisory services to accounts on which NATC is named as trustee. The client, MFC, and/or Kyra Morris may benefit from this continuation of services. However, the client always maintains the right to remove MFC as the investment advisor, as well as replace NATC as trustee. Neither MFC nor Kyra Morris receives income or compensation from NATC or directly share in any service fees charged to client accounts by National Advisors Trust.

**Morris Tax Planning, LLC:** Kyra Morris, a principal executive officer of MFC is also the sole owner and controller of a tax preparation, accounting, and estate planning firm, Morris Tax Planning, LLC, (MTP) where she is an Enrolled Agent of the IRS providing tax planning and accounting services.

Morris Tax Planning, LLC works closely with MFC. The separate business entity was added to accommodate MFC's clients with tax preparation, tax planning, and estate planning services. Tax preparation, accounting services, and estate planning provided by MTP are, however, separate and distinct from MFC's advisory services. The compensation is separate also. There are no referral fee arrangements between the two firms for these recommendations. No MFC client is obligated to use MTP for any tax, accounting, or estate services and conversely, no tax, accounting, or estate client is obligated to use the advisory services provided by MFC.

MTP's services do not include the authority to sign checks or otherwise disburse funds on any of our advisory client's behalf. Clients should be aware of the close relationship of these two firms and its management persons.

**Gurney Brothers, LP:** Kyra Morris is a partner in Gurney Brothers, LP, a family-owned residential and commercial real estate partnership. Some of her duties include property management and bookkeeping for this business.

MFC endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser; we take the following steps to address this conflict:

- we disclose to clients the existence of all material conflicts of interest, including the potential for our firm and our employees to earn compensation from advisory clients in addition to our firm's advisory fees;
- we disclose to clients that they are not obligated to purchase recommended investment products from our employees or affiliated companies;
- we collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- our firm's management conducts regular reviews of each client account to verify that

all recommendations made to a client are suitable to the client's needs and circumstances;

- we require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- we periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

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

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

MFC 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 of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

MFC's Code of Ethics further includes the firm's 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 employees are reminded that such information may not be used in a personal or professional capacity.

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 [tucker@mfcplanners.com](mailto:tucker@mfcplanners.com), or by calling us at 843-884-6192.

MFC and individuals associated with our firm are prohibited from engaging in principal transactions.

MFC and individuals associated with our firm are prohibited from engaging in agency cross transactions.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees 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 employees to invest for their own accounts.



Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain securities which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

#### **REVIEW OF ACCOUNTS**

MFC reviews client accounts no less often than quarterly. More frequent reviews may be triggered in the event of changes in management style or fund closures. Account reviews are conducted by the Chief Investment Officer, and other supervised persons on our Investment Operations team.

At least annually, we meet with the client (either in person or over the phone) to review and update, as necessary, the client's investment profile. However, should there be any material change in the client's personal and/or financial situation, we should be notified immediately to determine whether any review and/or revision of the client's investment profile is warranted.

All clients receive account statements from their custodian on at least a quarterly basis. Additionally, we provide clients with periodic performance measurement summary reports, usually on a quarterly basis.

#### **CLIENT REFERRALS AND OTHER COMPENSATION - FINANCIAL INFORMATION**

MFC may receive from Financial Institution(s), without cost to MFC, computer software and related systems support, which allow MFC to better monitor client accounts maintained at Financial Institution(s). MFC may receive the software and related support without cost because MFC renders investment management services to clients that maintain assets at Financial Institution(s). The software and related systems support may benefit MFC and not its clients directly. To fulfill its duties to its clients, MFC endeavors at all times to put the interests of their clients first. Clients should be aware, however, that MFC's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence MFC's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

Additionally, MFC may receive the following benefits from Financial Institution(s):

- receipt of duplicate client confirmations and bundled duplicate statements;
- access to a trading desk that exclusively services the Financial Institution(s) investment advisor participants;
- access to block trading which provides the ability to aggregate securities transactions

- and then allocate the appropriate shares to client accounts;
- access to an electronic communication network for client order entry and account information.

As an advisory firm that maintains discretionary authority for client accounts, we are also required to disclose any financial condition that is reasonable likely to impair our ability to meet our contractual obligations. MFC has no additional financial circumstances to report.

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

MFC has not been the subject of a bankruptcy petition at any time during the past ten years.