



## **FORM ADV PART 2A**

### **June 30, 2020**

### **Item 1-Cover**

This brochure provides information about the qualifications and business practices of The Mather Group, LLC. If you have any questions about the contents of this brochure, please contact us by telephone at 312.535.4296 or by email at [m.kiefer-goldenberg@themathergroup.com](mailto:m.kiefer-goldenberg@themathergroup.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

The Mather Group, LLC is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

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

## Item 2-Material Changes

This Brochure dated June 30, 2020, was prepared in accordance with SEC requirements. This section of the Brochure will address only “material changes” that have occurred since our last update posted on the SEC’s public disclosure website ([www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)) on May 14, 2020, and our annual update dated March 30, 2020.

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

The following reflects our most recent material changes:

1. Effective May 29, 2020, The Mather Group, LLC acquired two advisory firms listed below:
  - Resource Advisory Services, a Knoxville, TN based fiduciary only firm with \$122 million in assets under management.
  - Barnett Financial, an Austin, TX based fiduciary only firm with \$193 million in assets under management.
2. Effective June 1, 2020, Maureen Kiefer-Goldenberg was named Chief Compliance Officer, replacing Stewart Mather, who was temporarily serving in this capacity.
3. The firm’s assets under management has been updated and reflects the most current value as of June 1, 2020.
4. As a result of the mergers, we now claim inadvertent custody over certain client assets, and will be subject to an annual surprise audit.

Our Brochure may be requested at any time by contacting Maureen Kiefer-Goldenberg, Chief Compliance Officer by phone at 312.535.4296 or by email at [m.kiefer-goldenberg@themathergroup.com](mailto:m.kiefer-goldenberg@themathergroup.com). Our Brochure is also available on our website at [www.themathergroup.com](http://www.themathergroup.com).

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Brochure Supplements will be delivered to all clients with this document.

## Item 4-Advisory Business

### CORPORATE OVERVIEW

The Mather Group, LLC, ("TMG" or "firm" or "we") is an investment firm that offers investment advisory services for a fee to clients. TMG was established in 2011 and is registered as an investment advisor with the U.S. Securities and Exchange Commission ("SEC"). We specialize in the following types of services: financial planning, portfolio management, and family office services. We are dedicated to providing individuals and other types of clients with a wide array of investment advisory services.

### OWNERSHIP

Our firm is a Limited Liability Company (LLC) formed in the State of Delaware and is owned by Mather Group Holdings, Inc. and Mather Holdings, LLC.

### ASSETS UNDER MANAGEMENT

As of June 1, 2020, our regulatory assets under management are \$3,913,313,727. Of this total amount, we manage \$3,660,737,077 on a discretionary basis and \$252,576,650 on a non-discretionary basis. The Mather Group LLC also had assets under advisement totaling approximately \$2,642,189,023. These are client assets with respect to which The Mather Group may provide consulting and/or financial planning services, but does not have any management, execution or trading authority. Some asset values may not be readily available at the most recent quarter end; therefore, the most recently obtained values were used for this calculation. The values may be higher or lower, depending on the current market conditions. The combined regulatory assets under management and assets under advisement are \$6,555,502,750.

### SERVICES WE OFFER

TMG provides investment advisory services for a fee to clients based on fee schedules as described in Item 5 in this Brochure. TMG provides combined financial planning, investment management, family office services to high net worth clients. The scope of financial planning services provided will depend upon the client's individual circumstances and needs.

### CUSTOMIZED INVESTMENT MANAGEMENT SERVICES

We offer individualized investment advice to clients utilizing the following services offered by our firm: financial planning, portfolio management, family office services and wrap program services.

We usually do not allow clients to impose restrictions on investing in certain securities or types of securities due to the level of difficulty this would entail in managing their account. We will accept investment restrictions from clients if the restrictions do not hinder our ability to execute our investment strategies. You may also add securities to your Account; however, note that we reserve the right to not accept particular securities into your Account.

### FINANCIAL PLANNING

TMG prepares and provides clients with written financial documents designed to help them achieve their financial goals and investment objectives in accordance with their financial and risk objectives. The preparation of such documents necessitate that the client provides personal data such as family records, budgeting, personal liability, estate information and additional financial goals. The overall financial planning process may include any or all of the following as appropriate or as requested and/or directed by the client: asset protection, tax planning, business succession, strategies for exercising employer issued stock options, cash flow, education planning, estate planning and wealth transfer, charitable gifting, long-term care and disability planning, retirement planning, insurance planning, asset allocation comparisons, tax preparation and risk management. The financial planning process may include, as applicable, development of income, cash flow and net worth statements, estate analysis, income tax planning and projections, asset allocation review, risk management analysis, and the preparation of a formal financial plan.

### PORFOLIO MANAGEMENT

Our portfolio management service encompasses asset management as well as providing financial planning/financial consulting to clients. It's designed to assist clients in meeting their financial goals through the use of financial investments. As a discretionary investment manager, we manage portfolios using an array of equity and fixed income, using an evidence-based approach and manage accounts in accordance with clients' investment guidelines. We will accept investment restrictions from clients if the restrictions do not hinder our ability to execute our investment strategies. We review accounts under our management on a regular basis, at least quarterly. We may periodically rebalance or adjust client accounts under our management. If the client experiences any significant changes to his/her financial or personal circumstances, the client must notify us so that we can consider such information in managing the client's investments.

### FAMILY OFFICE SERVICES

TMG provides its investment advisory, financial planning, and family office services to high-net worth families, which consist of individuals, corporations, trusts, not for profit organizations, and other entities. The financial planning and family office services are bundled into the investment management advisory services and are not broken out separately as a service or for billing. Family Office Services are provided through TMG Family Office.

### WRAP PROGRAM SERVICES

The Mather group acquired the investment management business of RPH Financial Services September 30, 2019. Through a legacy relationship with Envestnet Asset Management, Inc. ("Envestnet"), TMG sponsors a wrap fee program that are part of Envestnet's Private Wealth Management Program (the "Program"). In this relationship, TMG acts as the investment advisor recommending an appropriate asset allocation for the client and Envestnet acts as the "Platform Manager" for the Program. TMG and Envestnet are not affiliated other than through jointly providing services to the Program. Envestnet operates the technology platform on which the Program functions and renders investment advice to TMG and the client, including recommending specific investment managers or investment products. The Program is only applicable to former RPH Financial Services clients.

For a more detailed description of the Program, clients should refer to the separate wrap brochure (Form ADV Part 2A, Appendix 1) provided by TMG.

### MISCELLANEOUS DISCLOSURES

#### FINANCIAL PLANNING

The Mather Group does not serve as an attorney or insurance agent, and no portion of The Mather Group's services should be construed as same. To the extent requested by a client, we may recommend the services of other professionals for certain non-investment implementation purposes (i.e. accountants, attorneys, insurance agents, etc.) A client is under absolutely no obligation to accept any such recommendation.

#### RETIREMENT ROLLOVERS-NO OBLIGATION/CONFLICT OF INTEREST

A client leaving an employer typically has four options (and may engage in a combination of these options): i) leave the money in his former employer's plan, if permitted, ii) roll over the assets to his new employer's plan, if one is available and rollovers are permitted, iii) rollover to an IRA, or iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). We may recommend an investor roll over plan assets to an Individual Retirement Account (IRA) managed by us. As a result, The Mather Group and its representatives may earn an asset-based fee. In contrast, a recommendation that a client or prospective client leave his or her plan assets with his or her old employer or roll the assets to a plan sponsored by a new employer will generally result in no compensation to The Mather Group (unless you engage us to monitor and/or manage the account while maintained at your employer). We have an economic incentive to encourage an investor to roll plan assets into an IRA that we will manage or to engage The Mather Group to monitor and/or manage the account while maintained at your employer. There are various factors that we may consider before recommending a rollover, including but not limited to: i) the investment options available in the plan versus the investment options available in an IRA, ii) fees and expenses in the plan versus the fees and expenses in an IRA, iii) the services and responsiveness of the plan's investment professionals versus The Mather Group's, iv) protection of assets from creditors and legal judgments, v) required minimum distributions and age considerations, and vi) employer stock tax

consequences, if any. No client is under any obligation to rollover plan assets to an IRA managed by us or to engage us to monitor and/or manage the account while maintained at your employer. The Mather Group's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above and the corresponding conflict of interest presented by such engagement.

#### **CLIENT OBLIGATIONS**

In performing its services, The Mather Group 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 his/her/its responsibility to promptly notify us if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services.

#### **eMONEY PLATFORM**

The Mather Group may provide its clients with access to an online platform hosted by "eMoney Advisor" ("eMoney"). The eMoney platform allows a client to view his/her/its complete asset allocation, including those assets that The Mather Group does not manage (the "Excluded Assets"). The Mather Group does not provide investment management, monitoring, or implementation services for the Excluded Assets. Therefore, The Mather Group shall not be responsible for the investment performance of the Excluded Assets. Rather, the client and/or his/her/its advisor(s) that maintain management authority for the Excluded Assets, and not The Mather Group, shall be exclusively responsible for such investment performance. The eMoney platform also provides access to other types of information, including financial planning concepts, which should not, in any manner whatsoever, be construed as services, advice, or recommendations provided by The Mather Group. The client may engage The Mather Group to manage some or all of the Excluded Assets pursuant to the terms and conditions of a Comprehensive Portfolio Management Agreement between The Mather Group and the client.

## **Item 5-Fees and Compensation**

#### **FINANCIAL PLANNING AND PORTFOLIO MANAGEMENT FEES**

TMG provides investment advisory services to clients and charges annual fees, payable quarterly either in advance or in arrears depending on the terms of a client's investment advisory agreement. When charged in advance, fees are calculated based on the total market value of each account (including cash, accrued interest, and dividends) on the last day of the prior quarter except as otherwise described in this section and/or agreed to in an investment advisory agreement. When charged in arrears, fees are calculated based on the total market value of each account (including cash, accrued interest and dividends) on the last day of the current quarter, except as otherwise described in this section.

TMG charges clients for investment advisory fees as is generally defined in the investment advisory agreement. We prorate fees based on the length of time we

managed an account in the event a client opened or terminated an account during the quarter. We refund any fees prepaid but not yet earned or request prompt payment for any fees earned but not yet paid. Deposits made intra-quarter will be billed on the 1st of the subsequent month, on a pro-rated basis from Transfer Date through end of current quarter. Distributions from accounts in amounts exceeding \$25,000 will be reimbursed pro rata for the period remaining in the billing quarter. Fee reimbursements will be used to offset the fees charged in the following billing quarter.

The fee for any asset under management will range from 0.25% to 2.00% per the fee schedule set forth in the Comprehensive Portfolio Management Agreement between the firm and the client.

TMG shall price its services based upon various objective and subjective factors. As a result, our clients could pay diverse fees based upon the market value of their assets, the complexity of the engagement, and the level and scope of the overall financial planning and/or consulting services to be rendered. TMG employees and their family members are eligible for discounted fee arrangements. The services to be provided by The Mather Group to any particular client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly.

#### FINANCIAL PLANNING FEES

TMG calculates a financial planning retainer fee based on the nature of the services and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a written agreement. The financial planning retainer fee generally ranges from \$3,500 to \$75,000 annually. The retainer fee may be waived by when clients are charged for portfolio management services and will then pay one fee.

The fees listed are the maximum fees charged for services. Each client's fees are determined on a case by case basis. Average client fees are typically lower than the maximum fee quoted above. The client will be invoiced directly for the fees.

#### TMG FAMILY OFFICE SERVICES

Families with \$50 million in assets under management are charged based on the scope and complexity of our engagement with you. We may also charge on a fixed fee basis or percentage of assets under management.

Each client's fees are determined on a case by case basis. The fee-paying arrangements for family office services are detailed in the Family Office Services agreement. The client may be invoiced directly for the fees, or fees may be debited from the client account.

#### WRAP FEE PROGRAM FEES

For legacy clients participating in the asset allocation programs offered through Investnet (the "Program(s)"), TMG charges wrap fees as a percentage of assets

under management. Clients in the Programs pay a program fee (each, a "Program Fee") from which Envestnet pays the sub-managers and the account administration fee (which generally includes charges for custody, brokerage and account reporting). The Program Fee also includes TMG's advisory fee, asset management services comprised of client profiling, Strategic asset allocation, style allocation, research and evaluation of investment managers, ongoing monitoring of manager and account performance, asset manager hiring and termination, account rebalancing, account reporting, and other operational and administrative services. For a more detailed description of the Program fees, clients should refer to the separate wrap brochure (Form ADV Part 2A, Appendix 1) provided by TMG.

#### DIRECT DEBITING OF CLIENT ACCOUNTS

Fees will generally be automatically deducted from your managed account. As part of this process, you understand and acknowledge your independent custodian sends statements at least quarterly to you showing all disbursements for your account, including the amount of the advisory fees paid to us; You provide authorization permitting us to be directly paid by these terms.

#### MUTUAL FUND FEES

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

#### COMMISSIONABLE SECURITIES SALES

We do not sell securities for a commission. In order to sell securities for a commission, we would need to have our associated persons registered with a broker-dealer. We have chosen not to do so. Clients invested in ETFs, mutual funds, and separately managed accounts, pay a management fee, administration fee and other expenses, in addition to The Mather Group advisory fees. Our model portfolios on average have an internal expense less than 0.10%.

## **Item 6-Performance and Side by Side Management**

TMG does not charge any performance-based fees or engage in the practice known as side-by-side management.

## **Item 7-Types of Clients**

#### PERSONALIZED WEALTH AND INVESTMENT MANAGEMENT

TMG offers personalized wealth management and investment management services to:

- Individuals;

- Trusts, Estates and Charitable Organizations;
- Pension, Profit Sharing Plans, Defined Contribution, Defined Benefit and Non-Qualified Deferred Compensation Plans; and
- Corporations, limited liability companies and/or other business types.

We require a minimum account balance of \$1,000,000 for our Financial Planning and Portfolio Management service. Generally, this minimum account balance requirement is negotiable and would be required throughout the course of the client's relationship with our firm.

TMG, in its sole discretion, may waive its aggregate account minimum 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**

### **METHODS OF ANALYSIS**

When formulating investment advice or managing assets, we use charting, fundamental, technical and cyclical analysis methods. We also employ the following investment strategies:

- Long term purchases (securities held at least a year)
- Short term purchases (securities sold within a year)
- Trading (securities sold within 30 days)
- Option writing, including covered options, uncovered options or spreading strategies.

### **INVESTMENT STRATEGIES**

TMG manages portfolios using an array of equity and fixed income investments which follow an evidence-based approach. For example, TMG has designed a suite of five risk-optimized model portfolios calibrated to extract efficient results from global capital markets.

### **INVESTMENT COMMITTEE**

Major strategic investment decisions are supported by the firm's Investment Committee (the Committee). The Committee meets as a group on a monthly basis and specific members may be consulted throughout the year based on their area of expertise. The strategic recommendations made by The Committee are not client specific but relate broadly to the firm's overall investment strategy. This enables the Committee to focus on generalized and impersonal investment decisions.

Committee members not affiliated with The Mather Group do not receive specific

client information unless the client has authorized The Mather Group to share the client's information with the Committee. Committee members not affiliated with The Mather Group may or may not be affiliated with other investment advisory firms, but they are not investment advisory representatives of The Mather Group. Committee members are compensated by The Mather Group and therefore indirectly compensated by client fees paid to The Mather Group. However, The Mather Group use of an investment committee does not increase the overall fees charged to clients.

## MANAGING RETURN, RISK & COST

### RISK

All investments in securities involve a risk of loss of principal (invested amount) and any profits that have not been realized (i.e., the securities have not been sold to "lock in" the profit). The value of securities in a portfolio may go up or down, sometimes rapidly or unpredictably. Securities may decline in value due to factors affecting securities markets generally or particular industries represented in the securities markets. The value of a security may decline due to general market conditions that are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. The value of a security may also decline due to factors that affect a particular industry or industries, such as labor shortages or increased production costs and competitive conditions within an industry. During a general downturn in the securities markets, multiple asset classes may decline in value simultaneously. There is no guarantee that any investment strategy will achieve its stated investment objectives. TMG cannot guarantee any level of performance or that clients will not experience a loss of account assets. Risk is managed through extensive diversification of securities classes, markets, capitalization groups, economic sectors, industries, and individual securities as well as being sensitive to both market and individual security price levels.

### RETURN

Although an investment portfolio's return reflects some factors that are beyond the investor's control, The Mather Group seeks return by understanding the factors that drive market cycles and participating in the favorable multi-year portions of the cycles by tactically investing in undervalued companies, sectors, and classes.

### COST

Costs have a direct correlation to how advisers serve clients. The Mather Group is a fiduciary adviser and as such, we are transparent on all costs and only make recommendations that are absolutely in the best interest of our clients, minimizing cost whenever possible.

### INVESTMENT RISK OVERVIEW

Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy

(including the investments and/or investment strategies recommended or undertaken by The Mather Group) will be profitable or equal any specific performance level(s). Additionally, investments that are not guaranteed are subject to other risks such as: Purchasing Power Risk, Reinvestment Rate Risk, Interest Rate Risk, Market Risk Exchange Rate Risk, Business Risk, Liquidity Risk, Cybersecurity Risk and Technology Risk. Those risks are better defined below:

- **Market Risk:** The price of a security, bond, ETF or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances.
- **Interest Rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate.
- **Purchasing Power Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Exchange Rate Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country.
- **Reinvestment Rate Risk:** This is the risk that future proceeds from investments – primarily fixed income securities – may have to be reinvested at a potentially lower rate of return (i.e. interest rate).
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product.
- **Cybersecurity risk:** Intentional cybersecurity breaches include unauthorized access to systems, networks, or devices (such as through "hacking" activity); infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow, or otherwise disrupt operations, business processes, or website access or functionality.
- **Technology Risk:** Technology systems may fail to operate properly or become disabled as a result of events or circumstances wholly or partly beyond the firm's or its service providers' control.

#### CASH BALANCE BEST PRACTICES

We generally invest client's cash balances in money market funds, FDIC Insured Certificates of Deposit, high-grade commercial paper and/or government backed debt instruments. Ultimately, we try to achieve the highest return on our client's cash balances through relatively low-risk conservative investments.

### **Item 9-Disciplinary Information**

There are no 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.

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

We have no other financial industry activities and affiliations to disclose.

## **Item 11-Code of Ethics**

TMG has adopted a Code of Ethics pursuant to Rule 204A-1 under the Investment Advisers Act of 1940 and 17j-1 under the Investment Company Act of 1940 that governs a number of conflicts of interest we have when providing our advisory services to clients. We have designed our Code of Ethics to help ensure we meet our fiduciary obligation to our clients as well as to emphasize a culture of compliance within our firm. Our Code of Ethics which applies to all of our associated persons.

An investment adviser is considered a fiduciary. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. We have a fiduciary duty to all clients. Our fiduciary duty is considered the core underlying principle for our Code of Ethics which also includes Insider Trading and Personal Securities Transactions Policies and Procedures. We require all of our supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics. Our firm and supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. However, if a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request. We recognize that the personal investment transactions of members and employees of our firm demand the application of a high Code of Ethics and require that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, we believe that if investment goals are similar for clients and for members and employees of our firm, it is logical and even desirable that there be common ownership of some securities.

Therefore, in order to prevent conflicts of interest, we have in place a set of procedures with respect to transactions effected by our members, officers and employees for their personal accounts. In order to monitor compliance with our personal trading policy, we have a quarterly securities transaction reporting system for all of our associates.

If our firm or a related person recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that you or a related person buys or sells the same securities for our firm's (or the related person's own) account, we are required to describe our practice and discuss the conflicts of

interest it presents. We are also required to describe generally how we address conflicts that arise.

Related persons of our firm may buy or sell securities for themselves at or about the same time they buy or sell the same securities for client accounts. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request. If related persons' accounts are included in a block trade, our related persons will always trade personal accounts last.

## **Item 12-Brokerage Practices**

Our firm recommends a broker-dealer (referred to in this Brochure generally as a "custodian") for execution and/or custodial services. The firm has an existing relationship with Fidelity, Charles Schwab and TD Ameritrade. Our firm has chosen to establish relationships with these custodians based upon their financial strength, reputation, execution capabilities, pricing, research and service and recommends their use to clients based upon these factors, consistent with the firm's fiduciary obligations, including the duty to seek best execution. Although our firm has found the use of these custodians to be consistent with its obligation to seek best execution and that the fees (including but not limited to commissions and/or transaction fees) charged by each is reasonable in relation to the value of the brokerage and research services provided, a client may nonetheless pay a fee for services that is higher than another qualified broker/dealer might charge to effect the same transaction. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker/dealer's services, including the value of research provided, execution capability, commission rates, and the benefit to all clients. Additional information is set out below regarding each of these recommended custodians and the considerations that may be important to a client when selecting a custodian from among the recommended custodians. That discussion includes other services that each recommended custodian provides to the firm and for which it does not charge, or for which it charges a reduced rate, as a result of having established a relationship as a recommended custodian of the firm. These services may include research in addition to the other services set out with more specificity below.

It is important to note that some products, securities and/or money managers may not transition from the client's previous advisory firm to The Mather Group. Such positions would subsequently be required to be liquidated, resulting in potential transaction fees, as well as other changes to the account(s).

### **SOFT-DOLLAR ARRANGEMENTS**

The Mather Group does not participate in soft dollar arrangements. The Mather Group receives services from broker dealers that are available to all registered investment advisors. The Mather Group did not request these services which are

provided regardless of the commission rate or volume of business we direct to the broker dealer. Therefore, it is our opinion that these services are not considered “soft dollars” based on the conditions.

#### CLIENT BROKERAGE COMMISSIONS (MARKUPS OR MARKDOWNS)

As part of the arrangement described above, custodians also make certain research and brokerage services available at no additional cost to our firm. These services include certain research and brokerage services, including research services obtained by the custodians directly from independent research companies, as selected by our firm (within specific parameters). Research products and services provided by custodians to our firm may include research reports on recommendations or other information about, particular companies or industries; economic surveys, data and analyses; financial publications; portfolio evaluation services; financial database software and services; computerized news and pricing services; quotation equipment for use in running software used in investment decision-making; and other products or services that provide lawful and appropriate assistance by custodians to our firm in the performance of our investment decision-making responsibilities.

The aforementioned research and brokerage services are used by our firm to manage accounts for which we have investment discretion. In addition, we may also receive from custodians without cost (and/or at a discount) compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by The Mather Group in furtherance of its investment advisory business operations. Without this arrangement, our firm might be compelled to purchase the same or similar services at our own expense.

As a result of receiving the services discussed above for no additional cost, we may have an incentive to continue to use or expand the use of the custodians’ services. Our firm examined this potential conflict of interest when we chose to enter into the relationship with the custodians and we have determined that the relationship is in the best interest of our firm’s clients and satisfies our client obligations, including our duty to seek best execution.

Custodians charge brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). The custodians enable us to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. The custodians’ commission rates are generally discounted from customary retail commission rates. However, the commission and transaction fees charged by custodians may be higher or lower than those charged by other custodians and broker-dealers.

Our clients may pay a commission to the custodian that is higher than another

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

Although the investment research products and services that may be obtained by our firm will generally be used to service all of our clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account.

Our firm does not receive brokerage commissions for client referrals.

#### DIRECTED BROKERAGE

If we routinely recommend, request or require that a client directs us to execute transactions through a specified broker-dealer, we are required to describe our practice or policy. Further, we must explain that not all advisers require their clients to direct brokerage. If our firm and the broker-dealer are affiliates or have another economic relationship that creates a material conflict of interest, we are further required to describe the relationship and discuss the conflicts of interest it presents by explaining that through the direction of brokerage we may be unable to achieve best execution of client transactions, and that this practice may cost our clients more money.

We or any of our firm's related person do not have discretionary authority in making the determination of the brokers with whom orders for the purchase or sale of securities are placed for execution, and the commission rates at which such securities transactions are affected.

Legacy clients that participate in the Envestnet Programs are required to grant full discretionary Investment authority to Envestnet and to TMG. A more complete discussion of Envestnet's discretionary authority is included in the Wrap Brochure.

If we permit a client to direct brokerage, we are required to describe our practice. If applicable, we must also explain that we may be unable to achieve best execution of your transactions. Directed brokerage may cost clients more money. For example, in a directed brokerage account, you may pay higher brokerage commissions because we may not be able to aggregate orders to reduce transaction costs, or you may receive less favorable prices on transactions.

#### AGGREGATION OF ORDERS

We perform investment management services for various clients. There are

occasions in which portfolio transactions may be executed as part of concurrent authorizations to purchase or sell the same security for numerous accounts served by our firm, which involve accounts with similar investment objectives. Although such concurrent authorizations potentially could be either advantageous or disadvantageous to any one or more particular accounts, they are affected only when we believe that to do so will be in the best interest of the affected accounts. When such concurrent authorizations occur, the objective is to allocate the executions in a manner which is deemed equitable to the accounts involved. In any given situation, we attempt to allocate trade executions in the most equitable manner possible, taking into consideration client objectives, current asset allocation and availability of funds using price averaging, proration and consistently non-arbitrary methods of allocation.

#### **SPECIAL CONSIDERATIONS FOR ERISA CLIENTS**

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

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

#### **FINANCIAL PLANNING AND PORTFOLIO MANAGEMENT CLIENTS**

We review accounts on at least a daily basis for our clients subscribing to our firm's Financial Planning and Portfolio Management service. The review consists of a computer-based reporting system supervised by the Trading Department that identifies target weightings as well as drift analysis. The nature of these reviews is to learn whether clients' accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. The reviews also enable us to monitor the client's financial plan and its progress towards stated financial goals. Wealth Advisors also review client investment selection and tolerance annually.

We may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc.

Written reports take place quarterly with performance reports and a market commentary letter when asked to do so. Verbal reports to clients take place on at least an annual basis when we meet with clients who subscribe to the Financial Planning and Portfolio Management service.

## Item 14-Client Referrals and Compensation

### CASH REFERRAL RULE

Pursuant to Rule 206(4)-3 under the Investment Advisers Act of 1940, the “cash referral rule,” TMG compensates third-parties (solicitors or independent contractors) when the referral results in a client relationship. TMG pays solicitors or independent contractors a portion of the advisory fee collected.

TMG typically treats independent contractors as supervised persons of the firm. As such, they will be required to report under the firm’s Code of Ethics and give the required disclosure brochures to clients. Third-party solicitors are generally not treated as supervised persons.

### FIDELITY WEALTH ADVISOR SOLUTIONS PROGRAM

TMG participates in the Fidelity Wealth Advisor Solutions® Program (the “WAS Program”), through which The Mather Group receives referrals from Fidelity Personal and Workplace Advisors LLC (FPWA), a registered investment adviser and Fidelity Investments company. The Mather Group is independent and not affiliated with FPWA or any Fidelity Investments company. FPWA does not supervise or control The Mather Group, and FPWA has no responsibility or oversight for The Mather Group’s provision of investment management or other advisory services.

Under the WAS Program, FPWA acts as a solicitor for The Mather Group, and The Mather Group pays referral fees to FPWA for each referral received based on The Mather Group’s assets under management attributable to each client referred by FPWA or members of each client’s household. The WAS Program is designed to help investors find an independent investment advisor, and any referral from FPWA to The Mather Group does not constitute a recommendation or endorsement by FPWA of The Mather Group’s particular investment management services or strategies.

More specifically, The Mather Group pays the following amounts to FPWA for referrals: the sum of (i) an annual percentage of 0.10% of any and all assets in client accounts where such assets are identified as “fixed income” assets by FPWA and (ii) an annual percentage of 0.25% of all other assets held in client accounts. In addition, The Mather Group has agreed to pay FPWA a minimum annual fee amount in connection with its participation in the WAS Program. These referral fees are paid by The Mather Group and not the client.

To receive referrals from the WAS Program, The Mather Group must meet certain minimum participation criteria, but it may have been selected for participation in the WAS Program as a result of its other business relationships with FPWA and its affiliates, including Fidelity Brokerage Services, LLC (“FBS”). As a result of its participation in the WAS Program, The Mather Group may have a potential conflict of interest with respect to its decision to use certain affiliates of FPWA, including FBS, for execution, custody and clearing for certain client accounts, and Advisor may have a potential incentive to suggest the use of FBS and its affiliates to its advisory clients, whether or not those clients were referred to The Mather Group as

part of the WAS Program. Under an agreement with FPWA, The Mather Group has agreed that it will not charge clients more than the standard range of advisory fees disclosed in its Form ADV 2A Brochure to cover solicitation fees paid to FPWA as part of the WAS Program. Pursuant to these arrangements, The Mather Group has agreed not to solicit clients to transfer their brokerage accounts from affiliates of FPWA or establish brokerage accounts at other custodians for referred clients other than when The Mather Group's fiduciary duties would so require, and it has agreed to pay FPWA a one-time fee equal to 0.75% of the assets in a client account that is transferred from FPWA's affiliates to another custodian; therefore, The Mather Group may have an incentive to suggest that referred clients and their household members maintain custody of their accounts with affiliates of FPWA. However, participation in the WAS Program does not limit The Mather Group's duty to select brokers on the basis of best execution.

#### TD AMERITRADE ADVISORDIRECT

The Mather Group participates in TD Ameritrade's institutional customer program and the firm may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between The Mather Group's participation in the program and the investment advice it gives to its Clients, although The Mather Group receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving The Mather Group participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to The Mather Group by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by The Mather Group's related persons. These products or services may assist The Mather Group in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help The Mather Group manage and further develop its business enterprise. The benefits received by The Mather Group or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, The Mather Group endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by The Mather Group or its related persons in and of itself creates a potential conflict of interest and may indirectly influence on The Mather Group's choice of TD Ameritrade for custody and brokerage services.

TMG may receive client referrals from TD Ameritrade through its participation in TD Ameritrade AdvisorDirect. In addition to meeting the minimum eligibility criteria for

participation in AdvisorDirect, The Mather Group may have been selected to participate in AdvisorDirect based on the amount and profitability to TD Ameritrade of the assets in, and trades placed for, client accounts maintained with TD Ameritrade. TD Ameritrade is a discount broker-dealer independent of and unaffiliated with The Mather Group and there is no employee or agency relationship between them. TD Ameritrade has established AdvisorDirect as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisors. TD Ameritrade does not supervise The Mather Group and has no responsibility for The Mather Group's management of client portfolios or The Mather Group's other advice or services. The Mather Group pays TD Ameritrade an ongoing fee for each successful client referral. For referrals that occurred through AdvisorDirect before April 10, 2017, this fee is a percentage (not to exceed 25%) of the advisory fee that the client pays to The Mather Group ("Solicitation Fee").

For referrals that occurred through AdvisorDirect on or after June 9, 2017 the Solicitation Fee is an annualized fee based on the amount of referred client assets that does not exceed 25% of 1%, unless such client assets are subject to a Special Services Addendum. In the case of a Special Services Addendum, the Solicitation Fee is an annualized fee based on the amount of referred client assets that does not exceed 10% of 1%. The Mather Group will also pay TD Ameritrade the Solicitation Fee on any assets received by The Mather Group from any of a referred client's family members, including a spouse, child or any other immediate family member who resides with the referred client and hired The Mather Group on the recommendation of such referred client. The Mather Group will not charge clients referred through AdvisorDirect any fees or costs higher than its standard fee schedule offered to its clients or otherwise pass Solicitation Fees paid to TD Ameritrade to its clients. For information regarding additional or other fees paid directly or indirectly to TD Ameritrade, please refer to the TD Ameritrade AdvisorDirect Disclosure and Acknowledgement Form.

The Mather Group's participation in AdvisorDirect raises potential conflicts of interest. TD Ameritrade will most likely refer clients through AdvisorDirect to investment advisors that encourage their clients to custody their assets at TD Ameritrade and whose client accounts are profitable to TD Ameritrade. Consequently, in order to obtain client referrals from TD Ameritrade, The Mather Group may have an incentive to recommend to clients that the assets under management by The Mather Group be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. In addition, The Mather Group has agreed not to solicit clients referred to it through AdvisorDirect to transfer their accounts from TD Ameritrade or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. The Mather Group's participation in AdvisorDirect does not diminish its duty to seek best execution of trades for client accounts.

## **Item 15-Custody**

All of our clients receive at least quarterly account statements directly from their custodians. Upon opening an account with a qualified custodian on a client's behalf, we promptly notify the client in writing of the qualified custodian's contact information. If we decide to also send account statements to clients, such as notice and account statements, we include a legend that recommends that the client compare the account statements received from the qualified custodian with those received from our firm.

TMG does not have customary custody of client assets under management, however, it may be determined we have inadvertent custody as a result of language permitting us, as investment adviser, to withdraw client assets upon instruction to the custodian to pay for advisory fees. Our agreements with our clients, however, are not intended to give us broad authority to withdraw client assets, and we disclaim such authority to the extent applicable.

TMG may also be deemed to have custody as a result of clients providing their custodian a standing authorization to deduct advisory fees or disburse funds to one or more third parties, as specifically designated by the client, from their account upon receipt of a bill from TMG or other third party designated by the client. After granting TMG with this limited authorization, the client then instructs the qualified custodian for the client's account to accept TMG's direction on the client's behalf to move money to the third party designated by the client on the Standing Letter of Authorization. The qualified custodian takes that instruction in writing directly from the account holder, and TMG's authority is limited by the terms of that instruction. We are authorized to act merely as an agent for the client. The client retains full power to change or revoke the arrangement.

In instances where TMG has inadvertent custody, we will be subject to a surprise audit by a third-party independent auditor.

We encourage our clients to raise any questions with us about the custody, safety or security of their assets. The custodians we do business with will send you independent account statements listing your account balance(s), transaction history and any fee debits or other fees taken out of your account. We strongly encourage you to review these statements.

## **Item 16-Investment Discretion**

TMG maintains discretionary investment authority for the assets that we manage. We also may provide investment advice to clients on a non- discretionary basis. We typically receive an executed investment advisory agreement from the client providing the authority to manage their account assets, subject to certain limitations that are set forth in the agreement's investment guidelines. The investment guidelines may restrict our discretion, for example, with respect to the

securities of a particular industry. We typically request clients provide changes to their investment guidelines to us in writing and confirm in writing any verbal changes provided by the client. We also may request certain documentation in addition to an executed investment advisory agreement as may be needed (for example, to verify a client's authority over the assets).

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

We do not and will not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our firm, we will forward them on to you and ask the party who sent them to mail them directly to you in the future. Clients may call, write or email us to discuss questions they may have about particular proxy vote or other solicitation.

Clients maintain exclusive responsibility for:

1. Directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and
2. Making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.

Therefore (except for proxies that may be voted by a third-party money manager), our firm and/or you shall instruct your qualified custodian to forward to you copies of all proxies and shareholder communications relating to your investment assets.

For legacy clients that participate in the Envestnet Programs, clients appoint Envestnet to vote proxies on their behalf. Envestnet generally delegates proxy voting to the asset managers to whom it allocates client assets. Envestnet maintains copies of the asset managers' proxy voting procedures on file for as long as Envestnet has clients whose assets are being managed by such asset managers.

For a more detailed description of the Program voting practices, clients should refer to the separate wrap brochure (Form ADV Part 2A, Appendix 1) provided by TMG.

## **Item 18-Financial Information**

TMG does not have any adverse financial conditions to disclose and we have never been the subject of a bankruptcy petition.