

Item 1: Cover Page



Form ADV, Part 2A  
Firm Brochure

Magnolia Private Wealth, LLC

March 24, 2025

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Philadelphia, PA 19103  
(571) 477-1375

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

This brochure provides information about the qualifications and business practices of Magnolia Private Wealth, LLC. If you have any questions about the contents of this brochure, please contact us at (571) 477-1375. 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. Investment adviser registration does not imply a certain level of skill or training.

Additional information about Magnolia Private Wealth, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)



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1845 Walnut Street, Suite 1601  
Philadelphia, PA 19103

## Item 2: Material Changes

Magnolia Private Wealth has added Fidelity Brokerage Services, LLC NYSE/SIPC member as an additional custodian for client accounts. Please review **Item 12: Brokerage Practices** and **Item 14: Client Referrals and Other Compensation** for more information.

Clients are also advised to review **Item 10: Other Financial Industry Activities and Affiliations** which discloses our affiliation with Chris J. Roe CPA.

Please contact Larry G. Peery, II at (571) 477-1375 if you have any questions or concerns.





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#### Item 4: Advisory Business

Magnolia Private Wealth, LLC (“Magnolia”) is an investment advisor registered with the Securities and Exchange Commission (“SEC”) pursuant to the Investment Advisers Act of 1940 (the “Advisers Act”). Magnolia is a limited liability company formed in November 2022 under the laws of the state of Wyoming. Larry G. Peery, II and Noah D. Schwartz are the principal owners of Magnolia. Currently, we provide the following investment advisory services, which are customized to each individual Client:

- Financial Planning Services
- Portfolio Management Services
- Employee Benefit Plan Services

#### Financial Planning Services

Financial planning services will typically involve providing a variety of services, principally advisory in nature, to you regarding the management of your financial resources and based on an analysis of your individual needs. An Associated Person of our firm will first conduct a complimentary initial consultation. After the initial consultation, if you decide to engage us for financial planning services, an Associated Person will conduct follow up meetings as necessary, during which pertinent information about your financial circumstances and objectives is collected. Once such information has been reviewed and analyzed, a written (may be delivered digitally or via an online portal) financial plan—designed to achieve your stated financial goals and objectives—will be produced and presented to you. The primary objective of this process is to allow us to assist you in developing a strategy for the successful management of income, assets, and liabilities in meeting your financial goals and objectives. Financial plans are based on your financial situation at the time the plan is presented and are based on financial information disclosed by you to us. You are



advised that certain assumptions may be made with respect to interest and inflation rates and use of past trends and performance of the market and economy. Past performance is in no way an indication of future results. We cannot offer any guarantees or promises that your financial goals and objectives will be met. As your financial situation, goals, objectives, or needs change, you must notify us promptly in writing.

### Portfolio Management Services

We are also engaged in the business of providing discretionary portfolio management and investment advisory services on a continuous basis. If you participate in our discretionary portfolio management services, we require you to grant us discretionary authority to manage your account. Discretionary authority will allow us to determine the specific securities, and the amount of securities, to be purchased or sold for your account without your approval prior to each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm, a power of attorney, or trading authorization forms. You may limit our discretionary authority (for example, limiting the types of securities that can be purchased for your account) by providing our firm with your restrictions and guidelines in writing.

### Employee Benefit Plan Services

Our firm provides employee benefit plan services to employer plan sponsors on an ongoing basis. Generally, such services consist of assisting employer plan sponsors in establishing, monitoring, and reviewing their company's participant-directed retirement plan. As the needs of the plan sponsor dictate, areas of advice may include investment options, plan structure, and participant education.

In providing employee benefit plan services, our firm does not provide any advisory services with respect to the following types of assets: employer securities, real estate (excluding real estate funds and publicly traded REITS), participant loans, non-publicly traded securities or assets, other illiquid investments, or brokerage window programs (collectively, "Excluded Assets").

### Retirement Rollovers-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 the assets into 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 we recommend that a client roll over their retirement plan assets into an account to be managed by our firm, such a recommendation creates a conflict of interest if we will earn a new (or increased) advisory fee as a result of the rollover. No Client is under any obligation to roll over retirement plan assets to an account managed by Magnolia. Our Chief Compliance Officer, Larry G. Peery, II, remains available to address any questions that a client or prospective Client may have regarding the potential for conflict of interest presented by such a rollover recommendation.

### Referrals to Outside Professionals

If requested by a client, we may recommend the services of other professionals for certain non-investment implementation purposes (e.g., 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 Magnolia or its representatives. 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.

### Assets Under Management

As of December 31, 2024, Magnolia managed \$218,438,521 of Client assets on a discretionary basis and approximately \$7,302,106 of Client assets on a non-discretionary basis.

## Item 5: Fees and Compensation

### Financial Planning Services

We utilize the following financial planning fee schedule for all Clients:

Fixed Fees: Financial planning fees range from \$1,000 to \$45,000 depending on the amount of assets and complexity of the work to be performed. Hourly Fees: An hourly fee that can range up to \$500 per hour. The fee will be agreed upon prior to commencement of services and the fee will be due after services are rendered. At our sole discretion, you may be required to pay in advance a specified portion of the fixed fee at the time you execute an agreement with us; however, at no time will we require payment of more than \$1,200 in fees more than six months in advance. Upon completion and delivery of the financial plan, the fixed fee is considered earned and any unpaid amount is immediately due.



## Portfolio Management Services

Percentage of Assets Under Management: You are generally assessed an advisory fee for portfolio management services which is calculated as a percentage of qualified assets under management in the account, up to 1.5% per year. You may incur additional expenses outside of the advisory fee charged to you, more information about these expenses is provided in the Additional Expenses section below and in Item 12 - Brokerage Practices. You should be aware similar advisory services may be available from other investments advisers for lower fees.

The annual asset-based fee is paid quarterly in advance. When an account is opened, the asset-based fee is billed for the remainder of the current billing period and is based on the initial contribution. Thereafter, the quarterly asset-based fee is paid in advance, is based on the account asset value as of the last business day of the previous calendar quarter and becomes due the following business day. If cash or billable securities, or a combination thereof, amounting to at least \$100,000 are deposited to or withdrawn from your account on an individual business day in the first two months of the quarter, we will: (i) assess asset-based fees based on the value of the assets on the date of deposit for the pro rata number of days remaining in the quarter, or (ii) refund prepaid asset-based fees based on the value of the assets on the date of withdrawal for the pro rata number of days remaining in the quarter. No additional asset-based fees or adjustments to previously assessed asset-based fees will be made in connection with deposits or withdrawals that occur during the last month of the quarter unless requested by you in writing. Upon termination of this agreement by either party we will refund prepaid asset-based fees based on the value of the assets on the date of the termination for the pro rata number of days remaining in the quarter; however no additional asset-based fees or adjustments to previously assessed asset-based fees will be made for account terminations that occur during the last month of the quarter unless requested by you in writing.

The Fee charged to the account is negotiable and is set forth in the portfolio management services agreement ("Agreement"). Upon entering into the Agreement, you will need to open a brokerage account with an independent and unaffiliated broker/dealer, Charles Schwab & Co., Inc. (Schwab) FINRA/SIPC member or Fidelity Brokerage Services, LLC (Fidelity) NYSE/SIPC member. Schwab or Fidelity will provide you with securities custodial and execution services. In limited circumstances, Client assets may be held at other qualified custodians including unaffiliated banks, trust companies, or insurance companies. Our firm shall never have custody of your funds or securities. We do not impose a minimum to open and maintain an advisory account. Payment for management fees will be made by the qualified custodian holding your funds and securities, provided that you grant written authorization permitting the fees to be paid directly from your account. Our firm will not have access to your funds for payment of fees without your granting such consent in



writing. Further, the qualified custodian agrees to deliver a monthly account statement directly to you showing all disbursements from the account. You are encouraged to review your account statements for accuracy. Either our firm or you may terminate the management agreement upon 30 days' written notice to the other.

Unless you receive the firm's disclosure brochure at least 48 hours prior to signing the advisory or planning agreement, the agreement may be terminated within five (5) business days without incurring advisory fees or penalties.

### Employee Benefit Plan Services

Fees are determined by the size and demographics of the plan, number of participants, types of investments requested by the plan trustee or plan administrator, and design of the plan. We will render services for plan analysis, design, comparison, recommendations, and ongoing service. Fixed Fees: fees will range from \$1,500 - \$45,000 annually, paid quarterly in advance. Percentage of Assets Under Management: fees will be paid as a percentage of plan assets, not to exceed 0.50% per year. Upon termination of the agreement, any unearned fee will be refunded to the Client.

### Additional Fees and Expenses

Magnolia's fees do not include brokerage commissions, transaction fees, and other related costs and expenses which may be separately charged to a client. These charges are imposed by custodians, brokers, and other third parties—such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual Funds, Exchange-Traded Funds (ETFs), and other Pooled Investment Vehicles also charge internal management fees, which are disclosed in a fund's prospectus or private placement memorandum (PPM). Magnolia may recommend an unaffiliated third-party manager to manage Client assets; the Client would be responsible for our advisory fees and the advisory fees of the third-party manager. Such charges, fees, and commissions are in addition to our fee, and we do not receive any portion of these third-party commissions, fees, and costs. Magnolia does not accept any fees from the sale of securities. Item 12: Brokerage Practices further describes the factors we consider in selecting or recommending broker-dealers for Client transactions and determining the reasonableness of their compensation (e.g., commissions).

We may trade Client accounts on margin. Fees for advice and execution on these securities are based on the total asset value of the account, which includes the value of the securities purchased on margin. While a negative amount may show on a





client's statement for the margined security as the result of a lower net market value, the amount of the fee is based on the absolute market value. This could create a conflict of interest where we may have an incentive to encourage the use of margin to create a higher market value and therefore receive a higher fee. The use of margin may also result in interest charges in addition to all other fees and expenses associated with the security involved.

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

We do not accept performance-based fees or participate in side-by-side management. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. 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. Our fees are calculated as described in the Advisory Business section above and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

## Item 7: Types of Clients

We offer investment advisory services to individuals, banks and thrift institutions, pension and profit-sharing plans, trusts, estates, charitable organizations, corporations, and other business entities. We generally do not impose a minimum to open and maintain an advisory account.

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

We may employ one or more of the following methods of investment analysis:

**Fundamental Analysis:** involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company's industry. The resulting data is used to measure the true value of the company's stock compared to the current market value. The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for an investment's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

**Charting Analysis:** involves the gathering and processing of price and volume information for a particular security. This price and volume information is analyzed using mathematical equations. The resulting data is then applied to graphing charts,



which is used to predict future price movements based on price patterns and trends. Charts may not accurately predict future price movements. Current prices of securities may reflect all information known about the security and day to day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

Technical Analysis: involves studying past price patterns and trends in the financial markets to predict the direction of both the overall market and specific stocks.

Cyclical Analysis: a type of technical analysis that involves evaluating recurring price patterns and trends. The risk of market timing based on technical analysis is that charts may not accurately predict future price movements.

Sources of information may include financial publications, research materials prepared by others, corporate rating services, annual reports, prospectuses and filings with the Securities and Exchange Commission.

Our investment strategies and advice may vary depending upon each Client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

### Risk of Loss

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate Clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

### Material Risks

Material risks associated with our investment strategies include:

Market Risk: Market risk involves the possibility that an investment's current market value will fall because of a general market decline, reducing the value of the investment regardless of the operational success of the issuer's operations or its financial condition.

Strategy Risk: The Adviser's investment strategies and/or investment techniques may not work as intended.



**Small and Medium Cap Company Risk:** Securities of companies with small and medium market capitalizations are often more volatile and less liquid than investments in larger companies. Small and medium cap companies may face a greater risk of business failure, which could increase the volatility of the Client's portfolio.

**Turnover Risk:** At times, the strategy may have a portfolio turnover rate that is higher than other strategies. A high portfolio turnover would result in correspondingly greater brokerage commission expenses and may result in the distribution of additional capital gains for tax purposes. These factors may negatively affect the account's performance.

**Limited markets:** Certain securities may be less liquid (harder to sell or buy) and their prices may at times be more volatile than at other times. Under certain market conditions, we may be unable to sell or liquidate investments at prices we consider reasonable or favorable or find buyers at any price.

**Concentration Risk:** Certain investment strategies focus on particular asset classes, industries, sectors, or types of investment. From time to time these strategies may be subject to greater risks of adverse developments in such areas of focus than a strategy that is more broadly diversified across a wider variety of investments.

**Interest Rate Risk:** Bond (fixed income) prices generally fall when interest rates rise, and the value may fall below par value of the principal investment. The opposite is also generally true: bond prices generally rise when interest rates fall. In general, fixed income securities with longer maturities are more sensitive to these price changes. Most other investments are also sensitive to the level and direction of interest rates.

**Currency Risk:** When investing in another country using another currency, the changes in the value of the currency can change the value of the securities in your portfolio.

**Legal or Legislative Risk:** Legislative changes or Court rulings may impact the value of investments, or the securities' claim on the issuer's assets and finances.

**Inflation:** Inflation may erode the buying power of your investment portfolio, even if the dollar value of your investments remains the same or grows.

**Geopolitical risk:** Geopolitical developments may impact the value of international investments, or the securities' claim on the issuer's assets and finances, or your ability to maintain ownership of assets.



## Risks Associated with Securities

Apart from the general risks outlined above which apply to all types of investments, specific securities may have other risks.

Commercial Paper is, in most cases, an unsecured promissory note that is issued with a maturity of 270 days or less. Being unsecured, the risk to the investor is that the issuer may default.

Common stocks may go up and down in price quite dramatically and, in the event of an issuer's bankruptcy or restructuring, could lose all value. A slower-growth or recessionary economic environment could have an adverse effect on the price of all stocks.

Corporate Bonds are debt securities issued to borrow money. Generally, issuers pay investors periodic interest and repay the amount borrowed either periodically during the life of the security and/or at maturity. Alternatively, investors can purchase other debt securities, such as zero-coupon bonds which do not pay current interest, but rather are priced at a discount from their face values; their values accrete over time to face value at maturity. The market prices of debt securities fluctuate depending on factors such as interest rates, credit quality, and maturity. In general, market prices of debt securities decline when interest rates rise and increase when interest rates fall. The longer the time to a bond's maturity, the greater its interest rate risk.

Bank Obligations including bonds and certificates of deposit may be vulnerable to setbacks or panics in the banking industry. Banks and other financial institutions are greatly affected by interest rates and may be adversely affected by downturns in the U.S. and foreign economies or changes in banking regulations.

Municipal Bonds are debt obligations generally issued to obtain funds for various public purposes, including the construction of public facilities. Municipal bonds pay a lower rate of return than most other types of bonds. However, because of a municipal bond's tax-favored status, investors should compare the relative after-tax return to the after-tax return of other bonds, depending on the investor's tax bracket. Investing in municipal bonds carries the same general risks as investing in bonds in general. Those risks include interest rate risk, reinvestment risk, inflation risk, market risk, call or redemption risk, credit risk, and liquidity and valuation risk.

Options and other derivatives carry many unique risks, including time-sensitivity, and can result in the complete loss of principal. While covered call writing does provide a partial hedge to the stock against which the call is written, the hedge is limited to the amount of cash flow received when writing the option. When selling covered calls,



there is a risk the underlying position may be called away at a price lower than the current market price.

Exchange Traded Funds (ETFs) and Closed End Funds (CEFs) prices may vary significantly from the Net Asset Value due to market conditions. Certain Exchange Traded Funds may not track underlying benchmarks as expected. ETFs and CEFs are also subject to the following risks: (i) an ETFs and CEFs shares may trade at a market price that is above or below their net asset value; (ii) the ETF and CEF may employ an investment strategy that utilizes high leverage ratios; or (iii) trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are de-listed from the exchange, or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) halts stock trading generally. The Adviser has no control over the risks taken by the underlying funds in which the Clients invest.

**Investment Companies Risk** When a client invests in open-end mutual funds or ETFs, the Client indirectly bears its proportionate share of any fees and expenses payable directly by those funds. Therefore, the Client will incur higher expenses, some of which may be duplicative. In addition, the Client's overall portfolio may be affected by losses of an underlying fund and the level of risk arising from the investment practices of an underlying fund (such as the use of derivatives). Further, the Client's tax liability may be affected by the tax liability of an underlying fund which may not reflect the Client's gain or loss on the underlying investment.

### Registered Funds with Limited Liquidity

Interval Funds, Tender-Offer Funds, Non-Traded Real Estate Investment Trusts (NTRs), and Business Development Companies (BDCs) generally permit daily and/or monthly investment subscriptions but only permit withdrawals on a quarterly basis. Quarterly withdrawals are generally limited to 5% of the Net Asset Value of the fund. If the fund receives redemption requests greater than the stated quarterly amount the fund may not be able to redeem all shareholder requests. Clients must understand that these securities should be considered illiquid and they may not be able to redeem funds for an extended period of time. Additionally, some funds, at the discretion of their board of directors, may temporarily restrict or limit redemptions from the fund to better protect the interests of all shareholders. Our Chief Compliance Officer, Larry G. Peery, II, remains available to address any questions Clients may have regarding these funds.

### Private Fund Risk

Magnolia may offer Private Funds (Private Equity, Real Estate, Credit, Venture Capital, Hedge Funds, etc.) to Clients that are Accredited Investors, Qualified Clients, or Qualified Purchasers as defined by the SEC. Clients should be aware that an



investment in a Private Fund involves a high degree of risk and illiquidity. There can be no assurance that a Private Fund's investment objective will be achieved or that a Limited Partner will receive a return of its capital invested. Investing in private securities involves risk of loss that Clients should be prepared to bear as well as limited access to their capital in the Private Fund due to certain lock-up periods and other applicable withdrawal restrictions. For further information, please refer to the Private Fund's respective Offering Documents. Our Chief Compliance Officer, Larry G. Peery, II, remains available to address any questions Clients may have regarding these funds.

## Item 9: Disciplinary Information

There are no legal or disciplinary events that are material to a client's or prospective Client's evaluation of Magnolia's business or the integrity of our management.

## Item 10: Other Financial Industry Activities and Affiliations

### Affiliation with Yankee Advisor Network

Magnolia Private Wealth is affiliated with Yankee Advisor Network an insurance brokerage general agency. Certain representatives of Magnolia are also licensed insurance agents. The recommendation that a client purchase an insurance commission product from the Yankee Advisor Network, or one of Magnolia's representatives in their separate capacities as insurance agents, presents a material conflict of interest, as the receipt of commissions provides an incentive to recommend insurance products based on commissions received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from Yankee Advisor Network or any of Magnolia's licensed insurance agents. Clients are reminded that they may purchase insurance products recommended by Magnolia through other, non-affiliated insurance agents and agencies.

### Affiliation with Chris J. Roe CPA

Magnolia Private Wealth is affiliated with Chris J. Roe CPA. Clients needing assistance with tax preparation and/or accounting services may be referred to Chris J. Roe CPA. Our affiliation with Chris J. Roe CPA presents a conflict of interest as each of the firms has an economic incentive to refer clients to each other instead of referring clients to other like firms. Clients are not obligated to use the services of Chris J. Roe CPA for their tax or accounting needs. However, if a client chooses to engage Chris J. Roe CPA, they may pay fees and expenses for their services, separate from and in addition to the fees charged by Magnolia.



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

### Description of Our Code of Ethics

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for our Associated Persons. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All of our Associated Persons are expected to adhere strictly to these guidelines. Our Code of Ethics also requires that certain persons associated with our firm submit reports of their personal account holdings and transactions to a qualified representative of our firm who will review these reports on a periodic basis. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Our Code of Ethics is available to you upon request. You may obtain a copy of our Code of Ethics by contacting Larry G. Peery, II at (571) 477-1375.

### Participation or Interest in Client Transactions - Personal Trading Practices

Our firm or Associated Persons of our firm may buy or sell the same securities that we recommend to you or securities in which you are already invested. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, it is our policy that neither our Associated Persons nor we shall have priority over your account in the purchase or sale of securities.

Our firm or persons associated with our firm may buy or sell securities for you at the same time we or persons associated with our firm buy or sell such securities for our own account. We may also combine our orders to purchase securities with your orders to purchase securities ("block trading"). Please refer to the Brokerage Practices section in this Brochure for information on our block trading practices.

A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, it is our policy that neither our Associated Persons nor we shall have priority over your account in the purchase or sale of securities.





## Item 12: Brokerage Practices

Our firm requires that you establish a brokerage account with Charles Schwab & Co., Inc. (Schwab) FINRA/SIPC member or Fidelity Brokerage Services, LLC (Fidelity) NYSE/SIPC member. We are independently owned and operated and are not affiliated with Schwab or Fidelity. Schwab or Fidelity will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we require that you use Schwab or Fidelity as custodian/broker, you will decide whether to do so and will open your account with Schwab or Fidelity by entering into an account agreement directly with them. Conflicts of interest associated with this arrangement are described below as well as in Item 14 - Client Referrals and Other Compensation. Even though your account is maintained at Schwab or Fidelity, and we anticipate that most trades will be executed through Schwab or Fidelity, we may still use other brokers to execute trades for your account.

### Your Brokerage and Custody Costs

For our clients' accounts that Schwab or Fidelity maintains, Schwab and Fidelity generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab or Fidelity account. Certain trades (for example, some mutual funds and ETFs) do not incur Schwab or Fidelity commissions or transaction fees. Schwab or Fidelity is also compensated by earning interest on the uninvested cash in your account in their respective Cash Features Program(s). In addition to commissions, Schwab or Fidelity may charges you a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab or Fidelity account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, to minimize your trading costs, we have Schwab or Fidelity execute most trades for your account. We are not required to select the broker or dealer that charges the lowest transaction cost, even if that broker provides execution quality comparable to other brokers or dealers. Although we are not required to execute all trades through Schwab or Fidelity, we have determined that having Schwab or Fidelity execute most trades is consistent with our duty to seek "best execution" of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors.

### Products and Services Available to Us from Schwab and Fidelity

Schwab Advisor Services is Schwab's business serving independent investment advisory firms like us. Fidelity Institutional Wealth Services is Fidelity's business serving independent investment advisory firms like Magnolia. They (Schwab and





Fidelity) provide our clients and us with access to their institutional brokerage services (trading, custody, reporting and related services), many of which are not typically available to Schwab or Fidelity retail customers. However, certain retail investors may be able to receive institutional brokerage services from Schwab or Fidelity without going through us. They also make available various support services. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. The support services are generally available on an unsolicited basis (we don't have to request them) and at no charge to us. Following is a more detailed description of these support services:

Services that benefit you. Schwab and Fidelity's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of Client assets. The investment products available through Schwab and Fidelity include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab and Fidelity's services described in this paragraph generally benefit you and your account.

Services that do not directly benefit you. Schwab and Fidelity also make available to us other products and services that benefit us but do not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts and operating our firm. They include investment research, both Schwab and Fidelity's own and that of third parties. In addition to investment research, they also make available software and other technology that:

- Provide access to Client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple Client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, recordkeeping, and Client reporting

Services that generally benefit only us. Schwab and Fidelity also offer other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology and business needs
- Consulting on legal and compliance related needs
- Publications and conferences on practice management and business succession



- Access to employee benefits providers, human capital consultants, and insurance providers
- Marketing consulting and support

Schwab and Fidelity provide some of these services directly. In other cases, they arrange for third-party vendors to provide the services to us. Schwab and Fidelity also offer discounts or waives its fees for some of these services or pays all or a part of a third party's fees. If you did not maintain your account with Schwab or Fidelity, we would be required to pay for those services from our own resources.

### Block Trades

We may combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as "block trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the account, but it is not based on account performance or the amount or structure of management fees. Subject to our discretion regarding factual and market conditions, when we combine orders, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts; however, they will not be given preferential treatment.

### Item 13: Review of Accounts

Client accounts are monitored on a continuous basis, with a formal review conducted at least annually. Larry G. Peery, II, Chief Compliance Officer or the investment advisory representative assigned to the account will conduct the review. The calendar is the triggering factor for reviews.

The custodian holding your funds and securities will send you a confirmation of every securities transaction in your account(s), and a brokerage statement at least quarterly. Our firm will provide reports to you on an as needed basis. Such reports may include information about accounts that are not directly managed by our firm.

### Item 14: Client Referrals and Other Compensation

#### Client Referrals

We do not compensate referring parties for referrals to our firm.



## Additional Compensation

We receive an economic benefit from Schwab and Fidelity in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab or Fidelity. In addition, Schwab and Fidelity has also agreed to pay for certain products and services for which we would otherwise have to pay once the value of our clients' assets in accounts at Schwab and Fidelity reaches a certain size. You do not pay more for assets maintained at Schwab or Fidelity as a result of these arrangements. However, we benefit from the arrangement because the cost of these services would otherwise be borne directly by us. You should consider these conflicts of interest when selecting a custodian. The products and services provided by Schwab or Fidelity, how they benefit us, and the related conflicts of interest are described above in Item 12 - Brokerage Practices.

Investment advisory representatives of the firm frequently attend and present at industry conferences and due diligence forums. While representatives are not paid for attending these events, travel expenses including airfare, hotel, meals, parking, taxis, and entertainment are frequently paid by non-affiliated investment advisers and broker/dealers.

Non-affiliated investment advisers or their related broker/dealer may pay for educational and marketing events or services for current Clients or prospective Clients of the firm.

As part of our fiduciary duties to our clients, we endeavor at all times to put the interests of our advisory Clients first. However, you should be aware that the receipt of economic benefits by our firm or its related persons in and of itself creates a potential conflict of interest.

## Item 15: Custody

Magnolia is not a custodian but does engage in certain activities that result in being deemed to have custody or possession of Client funds or securities under Advisers Act Rule 206(4)-2. In circumstances where we may be deemed to have custody, we will comply with the requirements of Rule 206(4)-2.

Clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer/custodian or program sponsor for the Client accounts on a no less than quarterly basis. Clients are advised to review these statements carefully. The account custodian does not verify the accuracy of our advisory fee calculation.



Custody is also disclosed in Form ADV because Magnolia has the authority to transfer money from Client account(s), which constitutes a standing letter of authorization (SLOA). Accordingly, we follow the safeguards specified by the SEC rather than undergo an annual audit.

#### **Item 16: Investment Discretion**

Before we can buy or sell securities on your behalf, you must first sign our discretionary management agreement, a power of attorney, and/or trading authorization forms.

You may grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security. Please refer to the Advisory Business section in this Brochure for more information on our discretionary management services.

#### **Item 17: Voting Client Securities**

We will not vote proxies on behalf of your advisory accounts. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of common stock or mutual funds, you are responsible for exercising your right to vote as a shareholder.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitation to vote proxies.

#### **Item 18: Financial Information**

Magnolia does not require or solicit prepayment of more than \$1200 in fees per Client, six months or more in advance. Therefore, we are not required to include a balance sheet for the most recent fiscal year. Magnolia is not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to Clients. Lastly, Magnolia has not been the subject of a bankruptcy petition at any time.

