



**Part 2A of Form ADV: Firm Brochure**

**McDonnell Capital Management**

19550 S. Harlem Avenue, Suite 3, Frankfort, IL 60423

Telephone: 708-925-9507

Fax: 708-687-1199

Email: [chris@mcdonnell-capital.com](mailto:chris@mcdonnell-capital.com)

Website: [www.mcdonnell-capital.com](http://www.mcdonnell-capital.com)

**February 2026**

**Item 1 – Cover Page**

This brochure provides information about the qualifications and business practices of McDonnell Wealth Management, LLC *doing business as* McDonnell Capital Management. If you have any questions about the contents of this brochure, please contact us at 708-925-9507 or [chris@mcdonnell-capital.com](mailto:chris@mcdonnell-capital.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about McDonnell Capital Management also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 164252.

\*Registration as an investment adviser does not imply a certain level of skill or training.

## Item 2 - Material Changes

Since filing the annual amendment to this brochure in February 2025, McDonnell Capital Management transitioned from being a state-registered adviser firm to federal registration with the U.S. Securities and Exchange Commission. Item 19 has been removed from this brochure because that section is only for state-registered firms. We also updated Item 4 to better describe the services provided through our *Employee Retirement and Benefit Plan Consulting* services.

Item 5 was updated to include our current standard fee schedule for *Investment Management Services*.

The previous fee schedule was:

Range	Percentage
First \$500,000	1.25%
Next portion up to \$2,000,000	1.00%
Next portion up to \$5,000,000	0.75%
Above \$5,000,000	0.50%

The new fee schedule is:

Range	Percentage
First \$500,000	1.25%
Next portion up to \$2,000,000	1.00%
Next portion up to \$5,000,000	0.85%
Above \$5,000,000	0.75%

We also updated the *Limited Negotiability of Advisory Fees & Account Minimums* to include the following language (noted in bold):

Although McDonnell Capital Management has established the aforementioned fee schedule(s), we retain the discretion to negotiate account minimums and alternative fees, including fixed or hourly fees, on a client-by-client basis but within the general fee ranges described above. In certain situations that require more complexity from an administrative standpoint (e.g. multiple trusts, varying monthly distributions, etc.) and/or investment management standpoint (e.g. alternative investments) we charge a different fee, that in some situations is higher, than what is described in the standard ranges above. Some clients are charged a fee that is lower than the standard ranges above. The specific annual fee schedule is agreed upon between the adviser and the client and stated in the written contract. All clients, both individual and institutional, have the option of choosing hourly or fixed fees for engagements limited to financial planning. The hourly or fixed fee agreement may differ from individuals and corporations, depending on the size, scope and nature of the project. For example, institutions with a multi-year contract may receive different hourly or fixed pricing than a one-time client. Client advisory contracts and fee agreements are mutually agreed upon between the

client and the Investment Adviser, and the Investment Adviser Representatives individually do not charge different hourly or fixed fees. McDonnell Capital may group certain related client accounts for the purposes of achieving the minimum account size requirements, and offer discounts to family members and friends of employees not generally available to our advisory clients.

Within 120 days of the close of our business' fiscal year, we will provide an updated Brochure that includes any material changes, or a summary of any material changes and an offer to provide a copy of the updated brochure. A current copy of our brochure is always available on our website at [www.mcdonnell-capital.com](http://www.mcdonnell-capital.com).

The Firm may update this Brochure at any time.

In future filings, this section of the Brochure will address only those material changes that have been incorporated since our last delivery or posting of this document on the SEC's public disclosure website (IARD) [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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#### **Item 4 - Advisory Business**

McDonnell Capital Management is an independent registered investment adviser offering investment management services to institutions, associations, business owners, trusts and select individuals. Joseph J. McDonnell and Christopher J. McDonnell are the owners of McDonnell Capital Management, incorporated in June 2012.

McDonnell Capital provides discretionary investment management services, non-discretionary assets under advisement services, ERISA co-fiduciary 3(21) investment advisor services and financial planning.

Prior to engaging McDonnell Capital to provide any of the foregoing investment advisory services, the client will be required to enter into one or more written agreements with McDonnell Capital for the terms and conditions under which it shall render its services (collectively the "Agreement"). Likewise, McDonnell Capital will use certain investment tools to determine the clients' risk parameters, time horizon and investment objectives. These include in person meetings, a risk profile, client questionnaire and other documentation.

McDonnell Capital's clients are advised to properly notify the firm if there are ever any changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon the Adviser's management services.

The client may make additions to and withdrawals from the account at any time, subject to McDonnell Capital's right to terminate an account. Clients may withdraw account assets on notice to McDonnell Capital, subject to the usual and customary securities settlement procedures. However, McDonnell Capital generally designs its portfolios as long-term investments and assets withdrawals may impair the achievement of a client's investment objectives.

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

Neither McDonnell Capital nor the client may assign the Agreement without the consent of the other party. Transactions that do not result in a change of actual control or management of the Adviser shall not be considered an assignment. McDonnell Capital or client may terminate the advisory agreement upon 30 days' written notice to the other party.

Services may include any, or all, of the following depending on the client's specific needs:

### **Integrated Wealth Management**

- Comprehensive Financial Planning & Modeling
- Customized Asset Allocations
- Investment Management, Analysis, Selection & Review
- Investment Policy Statement Administration
- Tax Advisory & Planning
- Retirement & Education Planning
- Risk Mitigation & Insurance Planning
- Estate & Succession Planning

### **Institutional Asset Management**

- Investment Policy Statement Administration
- Financial Modeling & Planning
- Customized Asset Allocations
- Investment Management, Analysis, Selection & Review

### **Employer Retirement Plan Consulting**

- Retirement Plan Selection & Design
- Plan Investment Line-Up Selection & Due Diligence
- Participant Education & Seminars

### *Financial Modeling & Planning*

McDonnell Capital believes it is important to address financial planning on an ongoing basis. It employs industry leading technology tools to incorporate financial modeling, probability analysis and statistics into client engagements. It is common for the client analysis to include liquidity/liability analysis, hypothetical market simulations, comparative risk scenarios, bear market tests, and *monte carlo* simulations. Data from these financial models serve as the foundation for prudent investment management. Clients who employ financial planning services receive a personalized financial plan designed to help them achieve their objectives.

### *Goals Driven Wealth Management*

*Goals Driven Wealth Management* incorporates the clients' unique needs, concerns and goals into the investment management process. This disciplined process, illustrated below, allows clients to connect to a prudent investment strategy, driven by financial planning, and update that plan as the client evolves and changes.

- Step 1: Discover who you are as an individual/organization and what matters most to you
- Step 2: Assess needs and audit the current financial outlook
- Step 3: Set, prioritize and categorize goals and objectives
- Step 4: Conduct financial modeling to assess risk
- Step 5: Develop a financial game plan and strategy
- Step 6: Implement solutions
- Step 7: Monitor and review progress toward goal achievement

### *Customized Investment Policy Statements*

Clients receive a personalized investment policy statement that is intended to guide investment selection and portfolio management, should the client choose to implement the recommendations. Investment Policy Statements generally include, but are not limited to, the following guidelines:

- Current financial status, client background and mission, current and future goals, liquidity requirements, return objectives, attitudes towards risk, associated time horizons, recommended asset allocation ranges and guidelines, prior investment history, withdrawal plans, restrictions on investment holdings, tax status, and other qualitative factors and forces

### *Tax Advisory & Planning*

Many financial decisions have tax implications. McDonnell Capital assists individuals, business owners and entities, and trusts, when appropriate, in illustrating the potential impact of various financial decisions and investments on current and future tax liabilities. McDonnell Capital also may analyze current income, liabilities and past tax consequences and help clients plan for the current and future years. An affiliate of McDonnell Capital Management provides services related to the preparation and filing of tax returns (*see Item 10*).

### *Retirement & Education Planning*

Retirement planning services generally include replicating an income stream, creating a tax efficient contribution plan, and helping the client maximize the various stages of their retirement lifestyle. We use statistical and probability models, for example *monte carlo* simulations, to “stress test” retirement and education plans and assess prudent levels of savings rates and investment risk. Generally, McDonnell Capital, when appropriate, helps clients adjust their income and risk variables as they progress through the various accumulation and retirement phases.

### *Estate & Succession Planning*

McDonnell Capital assists clients, when appropriate, in advisory work regarding trusts, living wills, powers of attorney, estate tax implications, asset protection, lifetime income needs, multi-generational wealth transfers, and business succession planning. McDonnell Capital does not prepare legal documents.

### *Risk Mitigation & Insurance*

Unforeseen risks and events can completely change a well-structured financial plan. McDonnell Capital advises clients, when appropriate, on reviewing existing policies and coverage, including life, health, disability, income replacement and long-term care. An affiliate of McDonnell Capital Management provides products and services related to purchasing insurance products (*see Item 10*).

## **INVESTMENT MANAGEMENT**

McDonnell Capital Management's investment management services involves us providing you with continuous and ongoing supervision over your specified accounts.

You must appoint our firm as your investment adviser of record on specified accounts (collectively, the "Account"). The Account consists only of separate account(s) held by qualified custodian(s) under your name. The qualified custodians maintain physical custody of all funds and securities of the Account, and you retain all rights of ownership (e.g., right to withdraw securities or cash, exercise or delegate proxy voting and receive transaction confirmations) of the Account.

The Account is managed by us based on your financial situation, investment objectives and risk tolerance. We actively monitor the Account and provide advice regarding buying, selling, reinvesting or holding securities, cash or other investments of the Account.

We will need to obtain certain information from you to determine your financial situation and investment objectives. In the process of obtaining the information from you, we provide ancillary financial planning and consultative services including asset allocation, risk management and income planning. Such financial planning and consultative services are intended to better understand your financial situation and design an investment portfolio consistent with your long-term needs and goals. We do not provide formal, written financial plans as all such services are consultative in-nature and integrated for your overall management program.

You will be responsible for notifying us of any updates regarding your financial situation, risk tolerance or investment objectives and whether you wish to impose or modify existing investment restrictions; however, we will contact you at least annually to discuss any changes or updates regarding your financial situation, risk tolerance or investment objectives. We are always reasonably available to consult with you relative to the status of your Account. You have the ability to impose reasonable restrictions on the management of your accounts, including the ability to instruct us not to purchase certain securities.

It is important that you understand that we manage investments for other clients and may give them advice or take actions for them or for our personal accounts that is different from the advice we provide to you, or actions taken for you. We are not obligated to buy, sell or recommend to you any security or other investment that we may buy, sell or recommend for any other clients or for our own accounts.

Conflicts may arise in the allocation of investment opportunities among accounts that we manage. We strive to allocate investment opportunities believed to be appropriate for your account(s) and other accounts advised by our firm among such accounts equitably and consistent with the best interests of all accounts involved. However, there can be no assurance that a particular investment opportunity that comes to our attention will be allocated in any particular manner. If we obtain material, non-public information about a security or its issuer

that we may not lawfully use or disclose, we have absolutely no obligation to disclose the information to any client or use it for any client's benefit.

#### *Independence and Open Architecture*

McDonnell Capital, as an independent registered investment adviser, is not limited to any specific products, services or research offered by a broker-dealer or insurance company. McDonnell Capital does not accept any third-party compensation and provides clients access to an open-architecture platform of investment options. Investment recommendations may include advice regarding the following securities:

- Exchange-traded funds, open-end investment companies (mutual funds), closed-end funds, exchange-listed securities, municipal and government securities, certificates of deposit, securities trading over-the-counter, foreign issuers, variable life insurance and annuities, alternative (Illiquid) investments, and other investment vehicles to indirectly access a particular strategy (such as commodities, interests in real estate partnerships, interests in oil and gas partnerships, futures trading and other alternative investments)

Because each type of investment involves different degrees of risk, they will only be implemented and/or recommended when consistent with the client's financial goals. For clients receiving only integrated financial planning with no investment advice and/or implementation by our firm, McDonnell Capital may recommend broad asset classes as opposed to specific securities.

#### **EMPLOYEE RETIREMENT AND BENEFIT PLAN CONSULTING**

McDonnell Capital offers retirement plan services to retirement plan sponsors and to individual participants in retirement plans. For a corporate sponsor of a retirement plan, our retirement plan services can include, but are not limited to, the following services:

##### *Fiduciary Consulting Services*

McDonnell Capital provides the following Fiduciary Retirement Plan Consulting Services:

- Investment Policy Statement Preparation. McDonnell Capital will help you develop an investment policy statement. The investment policy statement establishes the investment policies and objectives for the Plan. You will have the ultimate responsibility and authority to establish such policies and objectives and to adopt and amend the investment policy statement.
- Non-Discretionary Investment Advice. McDonnell Capital will provide you with general, non-discretionary investment advice regarding assets classes and investment options, consistent with your Plan's investment policy statement.
- Investment Selection Services. McDonnell Capital will provide you with recommendations of investment options consistent with ERISA section 404(c).

- Investment Due Diligence Review. McDonnell Capital will provide you with periodic due diligence reviews of the Plan’s reports, investment options and recommendations.
- Investment Monitoring. McDonnell Capital will assist in monitoring investment options by preparing periodic investment reports that document investment performance, consistency of fund management and conformation to the guidelines set forth in the investment policy statement and McDonnell Capital will make recommendations to maintain or remove and replace investment options.
- Default Investment Alternative Advice. McDonnell Capital will provide you with non-discretionary investment advice to assist you with the development of qualified default investment alternative(s) (“QDIA”), as defined in DOL Reg. Section 2550.404c-5(e)(4)(i), for participants who are automatically enrolled in the Plan or who otherwise fail to make an investment election. You will retain the sole responsibility to provide all notices to participants required under ERISA section 404(c)(5).
- Individualized Participant Advice. Upon request, McDonnell Capital will provide one-on-one advice to Plan participants regarding their individual situations.
- Qualifying Asset Allocation Service. Make available to Plan participants a qualifying asset allocation service where Advisor will manage Plan participants’ accounts by allocating participants’ assets among the Plan’s Designated Investment Alternatives (“DIAs”). This service will be available to all of the Plan participants, however, each Plan participant will have the option to elect or not elect Advisor’s Qualifying Asset Allocation Service.

For Fiduciary Consulting Services, all recommendations of investment options and portfolios will be submitted to you for your ultimate approval or rejection. For retirement plan Fiduciary Consulting Services, the retirement plan sponsor client or the plan participant who elects to implement any recommendations made by us is solely responsible for implementing all transactions.

Fiduciary Consulting Services are not management services, and McDonnell Capital does not serve as administrator or trustee of the plan. McDonnell Capital does not act as custodian for any client account or have access to client funds or securities (with the exception of, some accounts, having written authorization from the client to deduct our fees).

McDonnell Capital acknowledges that in performing the Fiduciary Consulting Services listed above that it is acting as a “fiduciary” as such term is defined under Section 3(21)(A)(ii) of Employee Retirement Income Security Act of 1974 (“ERISA”) for purposes of providing non-discretionary investment advice only. McDonnell Capital will act in a manner consistent with the requirements of a fiduciary under ERISA if, based upon the facts and circumstances, such

services cause McDonnell Capital to be a fiduciary as a matter of law. However, in providing the Fiduciary Consulting Services, McDonnell Capital (a) has no responsibility and will not (i) exercise any discretionary authority or discretionary control respecting management of Client's retirement plan, (ii) exercise any authority or control respecting management or disposition of assets of Client's retirement plan, or (iii) have any discretionary authority or discretionary responsibility in the administration of Client's retirement plan or the interpretation of Client's retirement plan documents, (b) is not an "investment manager" as defined in Section 3(38) of ERISA and does not have the power to manage, acquire or dispose of any plan assets, and (c) is not the "Administrator" of Client's retirement plan as defined in ERISA.

### Non-Fiduciary Services

Although an investment adviser is considered a fiduciary under the Investment Advisers Act of 1940 and required to meet the fiduciary duties as defined by the Advisers Act, the services listed here as non-fiduciary should not be considered fiduciary services for the purposes of ERISA since Advisor is not acting as a fiduciary to the Plan as the term "fiduciary" is defined in Section 3(21)(A)(ii) of ERISA. The exact suite of services provided to a client will be listed and detailed in the Qualified Retirement Plan Agreement.

McDonnell Capital provides clients with the following Non-Fiduciary Retirement Plan Consulting Services:

- Participant Education. McDonnell Capital will provide education services to Plan participants about general investment principles and the investment alternatives available under the Plan. McDonnell Capital's assistance in participant investment education will be consistent with and within the scope of DOL Interpretive Bulletin 96-1. Education presentations will not take into account the individual circumstances of each participant and individual recommendations will not be provided unless otherwise agreed upon. Plan participants are responsible for implementing transactions in their own accounts.
- Participant Enrollment. McDonnell Capital will assist you with group enrollment meetings designed to increase retirement plan participation among employees and investment and financial understanding by the employees.
- Qualified Plan Development. McDonnell Capital will assist you with the establishment of a qualified plan by working with you and a selected Third Party Administrator. If you have not already selected a Third Party Administrator, we shall assist you with the review and selection of a Third Party Administrator for the Plan.
- Due Diligence Review. McDonnell Capital will provide you with periodic due diligence reviews of your Plan's fees and expenses and your Plan's service providers.

- Fiduciary File Set-up. McDonnell Capital will help you establish a “fiduciary file” for the Plan which contains trust documents, custodial/brokerage statements, investment performance reports, services agreements with investment management vendors, the investment policy statement, investment committee minutes, asset allocation/asset liability studies, due diligence fields on funds/money managers and monitoring procedures for funds and/or money managers.
- Benchmarking. McDonnell Capital will provide you benchmarking services and will provide analysis concerning the operations of the Plan.

We can also meet with individual participants to discuss their specific investment risk tolerance, investment time frame and investment selections.

Securities and other types of investments all bear different types and levels of risk. Those risks are typically discussed with clients in defining the investment policies and objectives that will guide investment decisions for their qualified plan accounts. Upon request, as part of our retirement plan services, we can discuss those investments and investment strategies that we believe may tend to reduce these risks for a particular client’s circumstances and plan participants.

Clients and plan participants must realize that obtaining higher rates of return on investments entails accepting higher levels of risk. Based upon discussions with the client, we will attempt to identify the balance of risks and rewards that is appropriate and comfortable for the client and other employees. It is still the clients’ responsibility to ask questions if the client does not fully understand the risks associated with any investment. All plan participants are strongly encouraged to read prospectuses, when applicable, and ask questions prior to investing.

We strive to render our best judgment for clients. Still, McDonnell Capital cannot assure that investments will be profitable or assure that no losses will occur in their portfolios. Past performance is an important consideration with respect to any investment or investment advisor, but it is not necessarily an accurate predictor of future performance.

McDonnell Capital will disclose, to the extent required by ERISA Regulation Section 2550.408b-2(c), to you any change to the information that we are required to disclose under ERISA Regulation Section 2550.408b-2(c)(1)(iv) as soon as practicable, but no later than sixty (60) days from the date on which we are informed of the change (unless such disclosure is precluded due to extraordinary circumstances beyond our control, in which case the information will be disclose as soon as practicable).

In accordance with ERISA Regulation Section 2550.408b-2(c)(vi)(A), we will disclose within thirty (30) days following receipt of a written request from the responsible plan fiduciary or Plan Administrator (unless such disclose is precluded due to extraordinary circumstances beyond our control, in which case the information will be disclosed as soon as practicable) all information

related to the Qualified Retirement Plan Agreement and any compensation or fees received in connection with the Agreement that is required for the Plan to comply with the reporting and disclosure requirements of Title 1 of ERISA and the regulations, forms and schedules issued thereunder.

If we make an unintentional error or omission in disclosing the information required under ERISA Regulation Section 2550.408b-2(c)(1)(iv) or (vi), we will disclose to you the correct information as soon as practicable, but no later than thirty (30) days from the date on which we learn of such error or omission.

*Assets under Management*

As of December 31, 2025, McDonnell Capital Management has approximately \$166,690,509 in regulatory assets under management. \$162,398,300 is managed on a discretionary basis and \$4,292,209 is managed on a non-discretionary basis.

## Item 5 - Fees and Compensation

McDonnell Capital provides a comprehensive and integrated suite of services in a fee-based environment. McDonnell Capital does not accept commissions or any compensation from third-parties, which means 100% of compensation comes directly from clients. Annual fees are generally based on a percentage of the client's total assets under management, and integrated financial planning and our *Goals Based Wealth Management* process is typically inclusive. Clients may choose to limit the scope of the engagement, in which clients generally pay an hourly or fixed fee schedule for certain advisory services.

### *Investment Management Fees and Compensation*

McDonnell Capital Management charges an annual asset-based fee for Investment Management services.

The advisory fee will be calculated as a percentage of the market value of all assets in the client's account(s) on the first trading day of each calendar quarter.

The standard fee schedule is as follows:

<b>Range</b>	<b>Percentage</b>
First \$500,000	1.25%
Next portion up to \$2,000,000	1.00%
Next portion up to \$5,000,000	0.85%
Above \$5,000,000	0.75%

This is a blended fee schedule. This means that the assets in a client's account will be billed at different levels according to the fee schedule above. For example, if a client had an account value of \$7,000,000.00 then the following equation would be used to calculate their quarterly fee:  $(\$500,000 \times 1.25\%) + (\$1,500,000 \times 1.00\%) + (\$3,000,000 \times 0.85\%) + (\$2,000,000 \times 0.75\%) = \$61,750.00 / 4 = \$15,437.50$  which is 0.88% of the total amount.

McDonnell Capital Management has established a minimum quarterly fee of \$500 for *Investment Management* services. As such, our comprehensive service structure is designed for the client with a minimum of \$160,000 of liquid and/or investable assets.

### *Integrated Financial Planning Fees and Compensation*

The fee for an engagement limited to financial planning will be based on the size, scope and nature of each project, and will be determined and communicated prior to entering into the agreement. Fees for this type of engagement can be either hourly or fixed, based on client preference. For example, a client in need of a stand-alone and straightforward retirement plan may choose a fixed cost engagement. The fixed cost engagement typically ranges from \$2,000 to \$5,000. The minimum fixed fee for a comprehensive financial plan is \$2,000, and the range for both fixed and hourly agreements adjust for complexities in the client's financial situation,

which include, but are not limited to client net worth and income, number of related persons, accreditation of investors, and hours spent meeting with the client. Fees range from \$200-\$400 per hour, which similarly adjusts for complexities within the client's financial situation (as described above). For fixed cost agreements, one half of the project cost will be billed at the time of the agreement and the remainder is payable at the presentation of the deliverable. The relationship will typically end at the completion of the project.

#### *Employee Retirement and Benefit Plan Consulting*

McDonnell Capital Management charges an annual asset-based fee for all consulting, investment advisory, and participant education services related to retirement and benefit plans.

The advisory fee will be calculated as a percentage of the market value of all assets in the plan on the first trading day of each calendar quarter.

The standard fee schedule is as follows:

<b>Plan Assets</b>	<b>Percentage</b>
First \$1,000,000	1.00%
Next portion up to \$5,000,000	0.65%
Next Portion up to \$15,000,000	0.50%
Above \$15,000,000	Negotiable

This is a blended fee schedule. This means that the assets in the plan will be billed at different levels according to the fee schedule above. For example, if a client had an account value of \$7,000,000.00 then the following equation would be used to calculate their quarterly fee:  $(\$1,000,000 \times 1.00\%) + (\$4,00,000 \times 0.65\%) + (\$2,000,000 \times 0.50\%) = \$46,000.00/4 = \$11,500$  which is 0.66% of the total amount.

McDonnell Capital Management has established a minimum quarterly fee of \$1,000 for *Employee Retirement and Benefit Plan Consulting* services. As such, our comprehensive service structure is designed for the client with a minimum of \$400,000 of liquid and/or investable assets.

Except as detailed in the following section, McDonnell Capital does not reasonably expect to receive any other compensation, direct or indirect, for its services. If we receive any other compensation for such services, we will (i) offset that compensation against our stated fees, and (ii) will disclose the amount of such compensation, the services rendered for such compensation and the payer of such compensation to you.

#### *Other Advisory Services Fees and Compensation*

McDonnell Capital Management may provide other investment advisory services, including Investment Policy Statement creation, investment advice, educational seminars or other financial planning on a project or one-time basis. Fees for this type of engagement are typically

billed hourly, at a rate from \$200-\$400 per hour depending on complexity. One half of the expected fee is due at the time of the written agreement, and the remainder is payable at the presentation of the deliverable. The relationship will typically end at the completion of the project.

#### *Client Payment of Fees*

Advisory and custodial fees will be debited from the client account in accordance with the written client authorization in the Client Relationship Agreement. The qualified custodian sends a client statement, at least quarterly, with all amounts disbursed from the account and confirmation of all securities transactions in their account. The client is responsible for verifying the accuracy of the fee calculation, as the custodian will not determine whether the fee was calculated properly. Clients should promptly notify McDonnell Capital Management if they do not receive the custodial statement or if there are any questions regarding fees.

#### *Limited Negotiability of Advisory Fees & Account Minimums*

Although McDonnell Capital Management has established the aforementioned fee schedule(s), we retain the discretion to negotiate account minimums and alternative fees, including fixed or hourly fees, on a client-by-client basis but within the general fee ranges described above.

In certain situations that require more complexity from an administrative standpoint (e.g. multiple trusts, varying monthly distributions, etc.) and/or investment management standpoint (e.g. alternative investments) we charge a different fee, that in some situations is higher, than what is described in the standard ranges above. Some clients are charged a fee that is lower than the standard ranges above.

The specific annual fee schedule is agreed upon between the adviser and the client and stated in the written contract. All clients, both individual and institutional, have the option of choosing hourly or fixed fees for engagements limited to financial planning. The hourly or fixed fee agreement may differ from individuals and corporations, depending on the size, scope and nature of the project. For example, institutions with a multi-year contract may receive different hourly or fixed pricing than a one-time client. Client advisory contracts and fee agreements are mutually agreed upon between the client and the Investment Adviser, and the Investment Adviser Representatives individually do not charge different hourly or fixed fees. McDonnell Capital may group certain related client accounts for the purposes of achieving the minimum account size requirements, and offer discounts to family members and friends of employees not generally available to our advisory clients.

#### *Termination of the Advisory Agreement*

Either the client or adviser may terminate the client agreement at any time for any reason under the following circumstances: 1) by mutual agreement between the adviser and the client, or 2) by either party giving verbal or written notice to terminate the agreement at a specified date; if a verbal notice is given, that party must confirm with a written notice to the other party within 10 business days. Any prepaid, unearned fees will be promptly reimbursed to the client, based on the pro rata days remaining in the billing period.

### *Other Fees and Expenses*

The fees charged by McDonnell Capital Management do not include fees charged by any investment vehicle recommended by the firm, a client's broker and/or custodian or other third party. Although McDonnell Capital does not purchase any mutual funds with "loads," mutual funds typically do charge management fees and are subject to other expenses, which are disclosed in their prospectus and should be carefully read by clients before investing.

Clients are responsible for any transaction fees charged by the custodian or broker dealer with which the firm effects transactions in the client's account(s), wire transfer and/or electronic funds fees.

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

Performance-based fees are defined as fees based on a share of capital gains on or capital appreciation of the assets held in a client's account. McDonnell Capital Management does not charge performance-based fees.

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

McDonnell Capital Management provides advisory services, investment and portfolio management, and integrated financial planning to:

- High Net Worth Individuals
- Non-Profit, Education and Charitable Organizations
- Townships and Municipalities
- Business Entities and Corporations
- Business Owners
- Employee Benefit Plans
- Individuals

We have outlined the conditions for managing an account in Item 5: "Fees and Compensation." As outlined, we reserve the discretion to reduce or waive the account minimums and fee thresholds.

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

Our investment approach to managing risk and return is grounded in Modern Portfolio Theory. Modern Portfolio Theory is an academic framework suggesting that investors may reduce risk in an investment portfolio through diversification among asset classes. In general, Modern Portfolio Theory is best utilized when taking long-term approach to investing.

Generally, McDonnell Capital adheres to these principles to guide their investment approach:

*Globally balanced, well diversified portfolios reduce risk*

History has demonstrated that risk and return are related, and generally investors receive

compensation in proportion to the risk they take. Modern Portfolio Theory allows investors to reduce risk and may increase return through the use of globally balanced, well diversified portfolios with exposure to various asset classes. This approach allows investors to reduce, or “diversify away,” the uncompensated risk inherent in stand-alone assets.

*No asset class, size or style is always the best performer*

Individual asset classes move in random, unpredictable patterns. A specific asset class can spend time on the top of asset class performers one year and at the bottom the very next period. “Chasing performance” may lead to uncompensated risk and a level of high volatility that cuts into the long-term growth of the portfolio, eroding value, and having a lasting negative impact. Globally balanced, well diversified portfolios historically help “smooth” investment performance and reduce exposure to unnecessary risk. History demonstrates that asset allocation, not stock-picking, is the primary determinant of investment performance.

*It’s not about timing the market, but having time in the market*

We typically use long term investment strategies to implement investment advice, and do not engage in market timing.

*Costs matter*

Reducing costs is the surest way to enhance long-term returns. As a client advocate, McDonnell Capital takes pride in being able to offer clients access to an unbiased, open-architecture platform of investment solutions. McDonnell Capital invests the time to monitor the relationship between fund expenses and returns, advocate for lower overall trading costs with the custodian(s), and mitigate negative tax implications that may adversely affect investment performance.

**Methods of Analysis**

McDonnell Capital’s investment strategy is based on objective research derived from numerous sources, including financial media companies, third-party research materials, internet sources, and review of company activities, including annual reports, prospectuses, press releases and research prepared by others.

Generally speaking, when the objective of the analysis is to determine what securities to purchase and at what price, there are two basic methodologies investors rely upon: fundamental analysis and technical analysis.

*Fundamental Analysis*

Fundamental analysis generally relies on a business's financial statements to analyze assets, liabilities, and earnings, in addition to overall financial health, management quality, market share and industry competitors. Fundamental analysis is performed on historical and present data, but with the goal of making financial forecasts. There are several possible objectives: (a) to conduct a company stock valuation and predict its probable price evolution; (b) to make a projection on its business performance; (c) to evaluate its management and make internal business decisions; (d) and/or to calculate its credit risk; and (e) to find out the intrinsic value of

the share. Fundamental analysis maintains that markets may misprice a security in the short run but that the "correct" price will eventually be reached. Profits can be made by purchasing the mispriced security and then waiting for the market to recognize its "mistake" and reprice the security. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

### *Technical Analysis*

Technical analysis generally attempts to forecast the direction of prices through the study of past market data, primarily price and volume. Technical analysis maintains that all information is reflected already in the price of a security, so analysts rely on the history of a security's trading pattern rather than external drivers such as economic indicators and fundamentals. Technical analysis focuses on identifiable trends and conditions, using market indicators of many sorts, some of which are mathematical transformations of price, often including up and down volume, advance/decline data and other inputs. These indicators are used to help assess whether an asset is trending, and if it is, the probability of its direction and of continuation. Technicians also look for relationships between price/volume indices and market indicators. Technical analysis employs models and trading rules based on price and volume transformations, such as the relative strength index, moving averages, regressions, inter-market and intra-market price correlations, business cycles, stock market cycles or, classically, through recognition of chart patterns. The risk associated with this type of analysis is that analysts use subjective judgment to decide which pattern(s) a particular instrument reflects at a given time and what the interpretation of that pattern should be.

### **Investment Risks**

Investing in securities involves risk of loss, including principal, which clients should be prepared to bear. We ask that you work with us so we can best understand your tolerance for risk. McDonnell Capital Management does not guarantee investment performance, or hold out that its services and/or investment analysis can predict future performance, provide a better return than other alternatives, or a certain level of success in reaching your goals. Clients should be prepared to bear the potential risk of loss at any time during the engagement. McDonnell Capital will work with the client to determine an appropriate strategy based on their tolerance for risk and other appropriate financial planning factors. However, there is no guarantee a client will meet their financial goals.

Each Client engagement will entail a review of the Client's investment goals, financial situation, time horizon, tolerance for risk and other factors to develop an appropriate strategy for managing a Client's account. Client participation in this process, including full and accurate disclosure of requested information, is essential for the analysis of a Client's accounts. The Adviser shall rely on the financial and other information provided by the Client or their designees without the duty or obligation to validate the accuracy and completeness of the provided information. It is the responsibility of the Client to inform the Adviser of any changes in financial condition, goals or other factors that may affect this analysis.

The risks associated with a particular investment strategy are provided to each Client in advance of investing the Client's accounts. The Adviser will work with each Client to determine their tolerance for risk as part of the portfolio construction process.

General risks associated with each type of investment as well as other general risks are set forth below:

#### *Market Risk*

All securities are subject to market risk. The values of the securities held by a client may fall rapidly or unpredictably due to a variety of factors, including changing economic, political or market conditions.

#### *Mutual Funds and Exchange-Traded Funds (ETFs)*

Mutual funds and ETFs are subject to all of the risks of the respective asset classes in which they invest or attempt to replicate. Mutual funds and ETFs are also subject to management fees and costs that can lower investment returns. ETFs may employ leverage or an inverse strategy to seek a certain return that is a multiple or inverse multiple of the daily return of a specific index. Leveraged ETFs borrow funds to increase shareholder return; as interest rates increase, return to the shareholder typically decreases. ETFs are also subject to tracking errors, which is the difference between the performance of a fund and the performance of the respective underlying index.

#### *Fixed Income Securities*

Credit (issuer) risk and interest rate risk are the two primary risks of investing in fixed income securities. Credit risk is the risk that the issuer of the security will default on its principal and/or interest payments to the investor. Credit ratings agencies attempt to rate issuers on their perceived ability to pay these obligations. Those entities with lower credit ratings tend to pay higher yields, and thus pose a higher degree of risk. Interest rate risk is the risk that the bond prices will fluctuate with movements in interest rates, normally realized when bond prices fall as interest rates rise. Duration is the statistic we used to measure the degree of sensitivity to movement in interest rates. Those bonds with a higher duration are subject to greater price fluctuations than those with a lower duration. Additional risks in fixed income include call risk and reinvestment risk. Global or non-U.S. fixed income is typically subject to other risks including currency fluctuations, sovereign government political risk, differences in business regulations, and economic instability.

#### *Equity and Equity-Related Instruments*

Stocks and other equity-related instruments may be subject to various types of risk, including market risk, liquidity risk, counterparty credit risk, legal risk and operations risk. In addition, equity-related instruments can involve significant economic leverage and may, in some cases, involve significant risk of loss. "Equity securities" may include common stocks, preferred stocks, interests in real estate investment trusts, convertible debt obligations, convertible preferred stocks, equity interests in trusts, partnerships, joint ventures or limited liability companies and similar enterprises, warrants and stock purchase rights. Equity securities fluctuate in value, and

such fluctuations can be pronounced. In general, stock values fluctuate in response to the activities of individual companies and in response to general market and economic conditions. Accordingly, the value of the stocks and other securities and instruments that a client holds may decline over short or extended periods.

#### *Securities trading over-the-counter*

In general, there is less governmental regulation and supervision in the “over the counter” (“OTC”) markets than of transactions entered into on an organized exchange. In addition, many of the protections afforded to participants on some organized exchanges, such as the performance guarantee of an exchange clearinghouse, will not be available in connection with OTC transactions. This exposes clients to the risk that a counterparty will not settle a transaction because of a credit or liquidity problem or because of disputes over the terms of the contract.

#### *Foreign issuers*

Investments in securities of non-U.S. issuers and the governments of non-U.S. countries involve special risks not usually associated with investing in securities of U.S. companies or the U.S. government, including political and economic considerations, such as greater risks of expropriation and nationalization, confiscatory taxation, the potential difficulty of repatriating funds, social, political and economic instability and adverse diplomatic developments; the possibility of the imposition of withholding or other taxes on dividends, interest, capital gain or other income; the small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; fluctuations in the rate of exchange between currencies, and costs associated with currency conversion; and certain government policies that may restrict investment opportunities. In addition, there may be different types of, and lower quality, information available about a non-U.S. company than a U.S. company. There is also less regulation, generally, of the securities markets in many foreign countries than there is in the United States, and such markets may not provide the same protections that are available in the United States. With respect to certain countries, there may be the possibility of political, economic or social instability, the imposition of trading controls, import duties or other protectionist measures, various laws enacted for the protection of creditors, and greater risks of nationalization or diplomatic developments that could materially adversely affect investments in those countries. Investment in non-U.S. countries may also be subject to withholding or other taxes, which may be significant and may reduce the investment returns.

#### *Use of Derivatives*

Investment vehicles we recommend and our clients may use derivative instruments, which may include without limitation, warrants, options, swaps, forward contracts, and futures contracts. The use of derivative instruments involves a variety of material risks, including the extremely high degree of leverage often embedded in such instruments and the possibility of counterparty nonperformance as well as of material and prolonged deviations between the actual and the theoretical value of a derivative (*i.e.*, due to nonconformance to anticipated or historical correlation patterns). In addition, the markets for certain derivatives are frequently

characterized by limited liquidity, which can make it difficult as well as costly to close out positions in order to realize gains or to limit losses.

#### *Futures Contracts and Options on Futures Contracts*

In entering into futures contracts and options on futures contracts, there is a credit risk that a counterparty will not be able to meet its obligations. The counterparty for futures contracts and options on futures contracts traded in the U.S. exchanges is the clearinghouse associated with such exchange. In general, clearinghouses are backed by the corporate members of the clearinghouse who are required to share any financial burden resulting from the nonperformance by one of its members and, as such, should significantly reduce this credit risk. In cases in which the clearinghouse is not backed by the clearing members, it is normally backed by a consortium of banks or other financial institutions. There can be no assurance that any counterparty, clearing member or clearinghouse will be able to meet its obligations.

#### *Alternative (Illiquid) Investments*

Hedge funds, Private Placements, Real Estate Investment Trusts (“REITs”), Business Development Companies (“BDCs”), and other alternative investments involve a high degree of risk and can be illiquid due to restrictions on transfer and lack of a secondary trading market. They can be highly leveraged, speculative and volatile, and an investor could lose all or a substantial amount of an investment. Alternative investments may lack transparency as to share price, valuation and portfolio holdings. Complex tax structures often result in delayed tax reporting. Compared to mutual funds, hedge funds and commodity pools are subject to less regulation and often charge higher fees. Alternative investment managers typically exercise broad investment discretion and may apply similar strategies across multiple investment vehicles, resulting in less diversification. Certain alternative funds may employ use of derivatives, options, futures and/or short sales. Use of derivatives, options or futures by a fund may be for purposes of gaining exposure to a particular asset group, for hedging purposes or for leverage purposes. The use of derivatives, options and futures exposes the funds to additional risks and transaction costs. In addition, if the fund uses leverage through activities such as engaging in short sales or purchasing derivative instruments, there are additional risks, including the fund having the risk that losses may exceed the net assets of the fund. The net asset value of a fund while employing leverage will be more volatile and sensitive to market movements. Clients should carefully review the fund’s prospectus or offering memorandum to more fully understand the risk of funds employing the use of derivatives, options, futures and/or short sales. Investments in these funds should be avoided where an investor has a short-term investing horizon and/or cannot bear the loss of some, or all, of the investment.

#### *Asset Allocation Risk*

A fund's selection and weighting of asset classes and/or underlying funds can cause it to underperform other funds with a similar investment objective.

#### *Limited Availability Risk*

Some mutual fund companies, such as Dimensional Fund Advisors (“DFA”), make their funds available only to clients of registered investment advisers. In addition, certain share classes of

mutual fund companies may not be available to be held at certain custodians.

This means that you may not be able to make additional investments in these types of funds, or may be forced to liquidate the position, if you terminate your agreement with McDonnell Capital and do not transition the engagement to a registered investment adviser utilizing DFA funds and/or a custodian accepting the fund share class.

#### *Concentration Risk*

Although McDonnell Capital recommends a diversified portfolio of primarily mutual funds and exchange traded funds, some clients may choose to have their investment portfolios heavily weighted in one security, one industry or industry sector, one geographic location, one investment manager, or one type of investment instrument (equities versus fixed income) and will experience greater risk and volatility in their portfolios. Clients who have diversified portfolios, generally incur less volatility and therefore less fluctuation in portfolio value than those who have concentrated holdings. Concentrated holdings offer the potential for higher gain, but also offer the potential for significant loss.

#### *Socially Responsible Investing Risk and Limitations*

Socially Responsible Investing involves the incorporation of Environmental, Social and Governance considerations into the investment due diligence process (“ESG”). There are potential limitations associated with allocating a portion of an investment portfolio in ESG securities (i.e., securities that have a mandate to avoid, when possible, investments in such products as alcohol, tobacco, firearms, oil drilling, gambling, etc.). The number of these securities may be limited when compared to those that do not maintain such a mandate. ESG securities could underperform broad market indices. Investors must accept these limitations, including potential for underperformance. Correspondingly, the number of ESG mutual funds and exchange-traded funds are few when compared to those that do not maintain such a mandate. As with any type of investment (including any investment and/or investment strategies recommended and/or undertaken by McDonnell Capital), there can be no assurance that investment in ESG securities or funds will be profitable or prove successful.

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

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management. Our firm and our management personnel have no reportable disciplinary events to disclose.

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

McDonnell Capital Management is not and does not have a related person that is a broker/dealer, municipal securities dealer, government securities dealer or broker, an investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund), another investment adviser or financial planner, a futures commission merchant, commodity pool operator, or commodity trading advisor, a banking or thrift institution, a lawyer or law firm, a pension consultant, a real estate broker or dealer, and a

sponsor or syndicator of limited partnerships.

### **Tax Preparation and Accounting Services**

Joseph J. McDonnell owns and operates an accounting and tax practice as a sole proprietor doing business as Joseph J. McDonnell, CPA. He provides tax preparation, bookkeeping, tax return services, and business advisory services. McDonnell Capital Management clients in need of such services will be referred to Joseph J. McDonnell in his separate capacity as a certified public accountant (CPA).

Clients should understand that we have a conflict of interest to recommend the tax and accounting services of Mr. McDonnell because he is an owner of McDonnell Capital Management and the primary service provider for Joseph J. McDonnell, CPA.

McDonnell Capital Management receives no compensation or referral fees for recommending Joseph J. McDonnell, CPA. However, the fees paid for tax and accounting services are retained entirely by Joseph J. McDonnell.

You are not required or obligated to use Joseph J. McDonnell, CPA and instead can work with any accounting firm or other tax preparation service of your choosing. There are other firms that may be more appropriate for your tax planning needs and other firms that charge lower fees for such services. You are encouraged to conduct your due diligence before deciding to work with Joseph J. McDonnell, CPA or any other service provider recommended by our firm.

To the extent that you personally engage Joseph J. McDonnell, CPA, you will be responsible for the payment of the fees for their services and McDonnell Capital Management will not be required to reimburse you for such payments. Fees for the services of Joseph J. McDonnell, CPA will be in addition to and separate from the fees charged by McDonnell Capital Management and you will be responsible for the payment of the fees for the services of Joseph J. McDonnell, CPA. In no event will the services of Joseph J. McDonnell, CPA be engaged without your express approval.

### **Insurance Agent**

While McDonnell Capital Management does not sell products or services other than investment advice, clients should be aware that Christopher J. McDonnell is separately licensed as an independent insurance agent and can sell insurance products through various insurance companies and agencies. You can therefore work with Mr. McDonnell in his separate capacity as an insurance agent. When acting in his separate capacity as an insurance agent, Mr. McDonnell can recommend and sell, for commissions, life insurance, annuities, Medicare supplemental plans, and other general insurance products to you. As such, Mr. McDonnell can suggest that you implement recommendations of McDonnell Capital Management by purchasing life insurance, annuities, Medicare coverage or other insurance products. The receipt of commissions creates an incentive for Mr. McDonnell to recommend those products for which he will receive a commission in his separate capacity as an insurance agent. Mr. McDonnell will also receive other incentive awards for the recommendation/sale of annuities

and other insurance products.

Consequently, the advice rendered to you could be biased. You are under no obligation to implement any insurance or annuity transaction through Mr. McDonnell in his separate capacity as an insurance agent. McDonnell Capital Management has developed procedures to ensure that insurance recommendations are made based on each client's individual best interest and not based on the financial interests of Mr. McDonnell.

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

An investment adviser is considered a fiduciary and has a fiduciary duty to all clients. McDonnell Capital Management has established a Code of Ethics to comply with the requirements of the securities laws and regulations that reflect its fiduciary obligations and those of its supervised persons. The Code of Ethics also requires compliance with federal securities laws. McDonnell Capital Management's Code of Ethics covers all individuals that are classified as "supervised persons". All employees, officers, directors and investment adviser representatives are classified as supervised persons. McDonnell Capital Management requires its supervised persons to consistently act in your best interest in all advisory activities. McDonnell Capital Management imposes certain requirements on its affiliates and supervised persons to ensure that they meet the firm's fiduciary responsibilities to you. The standard of conduct required is higher than ordinarily required and encountered in commercial business.

This section is intended to provide a summary description of the Code of Ethics of McDonnell Capital Management. If you wish to review the Code of Ethics in its entirety, you should send us a written request and upon receipt of your request, we will promptly provide a copy of the Code of Ethics to you.

**Interest in Client Transactions and Personal Trading**

McDonnell Capital Management or supervised persons of the firm buy and sell for their personal accounts, investment products identical to those recommended to clients. This creates a conflict of interest. It is the express policy of McDonnell Capital Management that all persons associated in any manner with our firm must place clients' interests ahead of their own when implementing personal investments. As is required by our internal procedures manual, McDonnell Capital Management and its supervised persons will not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, by information obtained as a result of employment or association with our firm unless the information is also available to the investing public upon reasonable inquiry.

We are now and will continue to be in compliance with applicable state and federal rules and regulations. To mitigate conflicts of interest that can occur when access persons manage their personal accounts at the same time McDonnell Capital Management manages client accounts, we have developed written supervisory procedures that include personal investment and trading policies for our representatives, employees and their immediate family members. Any personnel not observing our policies is subject to sanctions up to and including termination.

## **Item 12 - Brokerage Practices**

### *Broker Selection and Directed Brokerage*

McDonnell Capital Management is independently owned and operated, and is not affiliated with any broker dealer. McDonnell Capital Management generally directs clients to and recommends establishing brokerage accounts with the Schwab Institutional Division of Charles Schwab & Co., Inc. (“Schwab”), a FINRA registered broker dealer, member SIPC. By directing brokerage McDonnell Capital Management may not achieve the most favorable execution of client transactions and this practice may cost clients more money. Although we recommend using Schwab, the client is free to direct its brokerage elsewhere. If the client chooses to custody assets elsewhere, they may receive less favorable pricing and the services we provide may be limited due to platform or trading restrictions. We currently recommend Schwab because they provide low transaction fees, financial stability, institutional pricing for funds, an open-architecture of investment options, strong execution capabilities, a web based trading platform, and electronic delivery of client statements and account information.

Schwab provides McDonnell Capital Management with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. Those services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment. These services, however, are not tied to our firm or clients providing any specific amount of business (assets in custody or trading commissions) to Schwab. Schwab provides these services generally to independent investment advisers (and to our firm) for no cost, as long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Schwab Institutional. Schwab receives compensation through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts. None of the products or services mentioned herein are obtained through client brokerage commissions.

Schwab Institutional also makes available other products and services that benefit McDonnell Capital Management but may not directly benefit our clients' accounts. Such products and services may create an incentive to engage Schwab as a broker dealer and a conflict of interest may arise between the clients' interest in receiving best price and execution and McDonnell Capital Management's interest in having access to such products and services. They assist us managing and administering all or some substantial number of our client accounts, including accounts not maintained at Schwab. Schwab's technology and software provides us: access to client account data (such as account statements and trade confirmations); facilitation of trade execution and allocate aggregated trade orders; assistance with recordkeeping, client reporting and other back-office functions; facilitation of payment of fees from clients' accounts; and research, pricing and other market data.

Schwab Institutional also offers other services intended to help us manage and further develop

our business enterprise. These services may include: compliance, legal and business consulting; publications and conferences on practice management and business succession; and, access to employee benefits providers, human capital consultants and insurance providers. Schwab may make available, arrange and/or pay third-party vendors for the types of services they provide to us. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to our firm. Schwab Institutional may also provide other benefits such as educational events or occasional business entertainment of our personnel.

#### *Trade Aggregation*

McDonnell Capital Management as a matter of practice does not aggregate client trades. We typically implement client transactions separately for each account, and, consequently, certain client trades may be executed before others, at a different price and/or commission rate. Additionally, clients may not receive volume discounts available to advisers who aggregate client trades.

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

McDonnell Capital Management and its clients jointly determine the frequency of reviews at the beginning of the agreement. Typically, individual portfolio accounts are reviewed at least quarterly, although the individual securities are monitored continuously. If we prepare a written financial plan for a client, that document, along with the Investment Policy Statement, is updated at least annually. Reviews may be conducted either individually or as a team by Joseph J. McDonnell and Christopher J. McDonnell. More frequent reviews may be triggered by changes in the client's financial circumstances, needs or life events, in addition to impactful changes in the economic or political environment. Clients are encouraged to notify McDonnell Capital Management promptly of any changes that potentially could affect your financial plan or investment allocation.

Schwab sends monthly statements and trade confirmations directly to the client. In addition to statements from the broker-dealer, we may send written quarterly consolidated reports of your advisory account(s) that include performance, balances and holdings.

McDonnell Capital Management periodically provides clients with newsletters, research, or commentary regarding current market conditions and/or educational material.

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

McDonnell Capital Management does not directly or indirectly compensate any person for client referrals.

The only compensation received from advisory services is the fees charged for providing investment advisory services as described in Item 5 of this Disclosure Brochure. McDonnell Capital Management receives no other forms of compensation in connection with providing investment advice. Refer to Item 10 for a description of the compensation Joseph McDonnell receives in his separate capacity as a certified public accountant and the compensation received

by Christopher McDonnell in his separate capacity as an insurance agent.

### **Item 15 - Custody**

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment adviser has the ability to access or control client funds or securities, the investment adviser is deemed to have custody and must ensure proper procedures are implemented.

McDonnell Capital Management is deemed to have custody of client funds and securities whenever McDonnell Capital Management is given the authority to have fees deducted directly from client accounts. However, this is the only form of custody McDonnell Capital Management will ever maintain. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody.

For accounts in which McDonnell Capital Management is deemed to have custody, we have established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from McDonnell Capital Management. When clients have questions about their account statements, they should contact McDonnell Capital Management or the qualified custodian preparing the statement.

### **Item 16 - Investment Discretion**

Clients typically hire us to provide **discretionary** asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission. Our discretionary authority typically includes determining the security and amount of the security to buy or sell, placing trades, and periodically rebalancing the account back to allocation outlined in the Investment Policy Statement. Discretionary authority may only be granted when the client signs a discretionary agreement with our firm, and may choose to limit this authority by giving us written instructions. Clients may also change/amend such limitations by providing us with written instructions.

If you decide to grant trading authorization on a **non-discretionary** basis, we will be required to contact you prior to implementing changes in your account. Therefore, you will be contacted and required to accept or reject our investment recommendations including:

- The security being recommended
- The number of shares or units

- Whether to buy or sell

Once the above factors are agreed upon, we will be responsible for making decisions regarding the timing of buying or selling an investment and the price at which the investment is bought or sold. If your accounts are managed on a non-discretionary basis, you need to know that if we are not able to reach you or you are slow to respond to our request, it can have an adverse impact on the timing of trade implementations, and we may not achieve the optimal trading price.

You will always have the ability to place reasonable restrictions on the types of investments that may be purchased in your Account. You may also place reasonable limitations on the discretionary power granted to McDonnell Capital Management so long as the limitations are specifically set forth or included as an attachment to the client agreement.

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

Each client retains proxy voting authority for securities in clients' accounts. McDonnell Capital Management does not exercise proxy voting authority for clients, and will promptly forward all proxy solicitation it receives related to the securities in the respective client account(s). Clients, therefore, decide how to vote such proxies at their sole discretion and/or expense. Clients may contact us with any questions regarding proxy solicitation and voting securities at the contact information provided on Item 1 – Cover Page.

#### **Item 18 - Financial Information**

McDonnell Capital Management, as an advisory firm that maintains discretion over client accounts, is not aware of any financial conditions that are reasonably likely to impair our ability to meet our contractual obligations. McDonnell Capital Management requires payment of fees one quarter in advance, and, as such, is not required to provide any additional financial statements. In addition, we have not received any petitions for bankruptcy in the past ten years.

In addition, McDonnell Capital Management does not have discretionary authority or custody of client funds or securities or require or solicit prepayment of more than \$1,200 in fees per client six months in advance.

## Addendum 1

### Privacy Policy McDonnell Capital Management

#### *Respect for and Commitment to Your Privacy*

We hold the privacy of our clients in the highest manner of professionalism and care. The purpose of this policy is to help you better understand how we protect the confidentiality and security of the personal information we hold, and how that information is collected over time and utilized.

#### *Disclosure of Information*

We do not disclose any non-public personal information about you to anyone, except as required by law or regulation. If the client provides written consent, we will share client information with service providers, such as an attorney.

#### *Non-Public Information that We Collect*

In connection with both the investment management and financial planning processes, and maintaining client relationships over time, we collect information in the following ways: information we receive from you in face-to-face meetings, phone calls and voicemails, written correspondence, e-mails, advisory agreements, investor questionnaires, applications or other forms; and, information about your transactions with us, affiliates or others.

#### *Security of Information*

We restrict access to non-public personal client information to only those employees whose knowledge is essential to provide advisory services to you. In addition, we employ physical, electronic and procedural safeguards to protect your non-public personal information in our possession or under our control.

#### *Former Clients*

We maintain similar non-public personal information of our former clients and apply the same policies that are in-force with our current clients.

We reserve the right to change our privacy policies and this Privacy Notice at any time. The examples contained within this notice are illustrations only and are not intended to be exclusive. This notice complies with the privacy provisions of the Gramm-Leach-Bliley Act. You may have additional rights under other foreign or domestic laws that may apply to you.