



## Midwestern Securities Trading Company, LLC

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## Form ADV: Part 2a

**Part 2A: The Brochure:** This brochure discloses information about the qualifications and business practices of Midwestern Securities Trading Company, LLC for the benefit of its clients and prospective clients. Please note that the terms “registered investment advisor” or “registered” do not imply a certain level of skill or training. For our wrap fee program, “Midwestern Securities Lighthouse Portfolios™”, please see Appendix 1. If you have any questions about the contents of this brochure, please contact us at the contacts given below.

**Part 2B: the Brochure Supplement** discloses information about persons providing advice.

**2A: Brochure: Item 1: Cover Page:** for

### Midwestern Securities Trading Company, LLC

[“Midwestern Securities”]

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

*Please note that this brochure has not been approved by the Securities & Exchange Commission or by any state securities authority. This firm is registered with one or more states. Registration does not necessarily mean approval or verification by the SEC or the state regulators. More information about the firm is available on the Investment Advisor Public Disclosure website below.*

[www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

**Item 2: Material Changes:** If we amend this disclosure brochure, we are to send you either a new copy of the brochure or at least this Item 2 describing the changes made so you can decide if you want us to send you a complete, new copy. A summary of material changes is:

☐ Attached as an exhibit to, or

☒ Included here as part of this updated brochure.

**Material Changes Since the Last Update**

- This section outlines the material changes to the advisory fees charged by our firm. Please read this carefully to understand how the modifications may affect your advisory relationship with us.
- Item 5: Standard Annual Advisory Fee has been updated
- Item 12: Cash Sweep Programs have been updated
- In addition, other minor changes /updates were made

**Standard Annual Advisory Fee** - The following standard advisory fee schedule will apply to all new Managed Account Portfolio Program and Midwestern Securities Lighthouse Portfolio advisory relationships established with the firm on or after June 1, 2025:

<u>Account size</u>	<u>Fee (% of assets under management)</u>
\$0.00 to \$999,999.99	1.30%
\$1,000,000.00 to \$4,999,999.99	1.05%
\$5,000,000.00 to \$9,999,999.99	0.85%
\$10,000,000.00 and over	0.55%

For other advisory relationships, advisory fees are negotiable and may be higher or lower than the advisory fees reflected above, but will not exceed 2.0% annually. Your investment advisory representative (IAR) is primarily responsible for setting these fees. The factors that your IAR will use to determine fee levels include, but are not limited to, the complexity of the client's investment portfolio, the level of service required, and the anticipated amount of assets under management.

#### Householding

Accounts associated with the same residential address may be "household" to receive a lower portfolio management fee upon written request by the Client to aggregate such related accounts for purposes of calculating management fees. If such aggregation leads to a savings in our management fees, we will generally allocate such savings pro rata among the applicable accounts. We reserve the right to determine whether accounts are "related" for purposes of such calculation. The following account types may generally be included within the client's "household": Individual, Joint Account with Rights of Survivorship, Custodial Accounts, Individual Retirement Account (IRA), Roth IRA, 529 plans, living trust and UGMA/UTMA accounts; however, in some instances we may be limited in our ability to combine retirement accounts where a prohibited transaction under the Employee Retirement Income Security Act of 1974 ("ERISA") or the Internal revenue Code of 1986, as amended, may result.

#### Existing Clients

Advisory client relationships established prior to June 1, 2025, will continue to be billed under their current portfolio management fee schedule. Current advisory clients will not automatically transition to the new fee schedule unless agreed upon in writing. Clients have the option to renegotiate their advisory fees under the revised terms.

#### **Bank Deposit Sweep Program**

Clients may elect to access a FDIC Bank Deposit Sweep Program (the "Program") for accounts at National Financial Services ("NFS") through Midwestern Securities. Some of the features of the Program include:

- Client's uninvested cash balances will be automatically deposited or "swept" into FDIC insurance eligible accounts at FDIC insured banks "Program Banks."
- Total FDIC coverage at the Program Banks will vary based on factors such as client opt outs and bank deposit capabilities, but will generally be up to \$250,000 for individuals and \$ 500,000 for joint accounts.
- Financial Professionals can recommend or select other cash investment options, such as money market funds or treasuries, for purchase with available cash balances.

Conflicts of interest regarding the Program include:

- Midwestern Securities receives direct compensation and indirect benefits from NFS when clients participate in the Program.
- Midwestern Securities dictates the rate that will be paid to the client as interest in the Program and the amount it will retain as compensation and earns more than clients in certain interest rate environments.
- Midwestern Securities advisory fee is generally not reduced when a client participates in the Program and at times clients' advisory fees on cash balances in the Program could exceed the return earned on such cash balances.
- Any funds that are in the Program at the close of business on the last business day of the quarter will not be included in assets under management for purposes of calculating the quarterly advisory fee.
- Investment Advisory Representatives do not directly share in compensation from the Program, but those with ownership in Midwestern Securities receive an indirect benefit.

**Item 3: Table of Contents:** Information that investment advisors must provide to prospective clients initially and to existing clients annually: 18 disclosure items that describe this firm’s advisory business. And (if applicable) Appendix 1 with disclosures required for a “wrap fee” program brochure [a specialized brochure].

Item 1. : <u>Cover Page</u> — The firm’s name, its address, contact information	Page 1, above
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**Items 4 – 18:****Item 4. This advisory firm's business**

**4.A. Midwestern Securities Trading Company, LLC** (or "Midwestern Securities," "the firm" or "the advisor") is an Illinois Limited Liability Company [IRS EIN 37-1392167] that is registered to do business as an investment advisory firm as of 9.27.1999. The firm is also registered as a broker/dealer. Note: The use of the phrase "registered investment advisor" or the term "registered" do not imply a certain level of skill or training.

Our firm's principal owners are:

- Michael John Graham, Managing Member, President, general and main securities principal/municipal securities principal (primary), and investment advisory representative (48.16% owner)
- Nathan William White, Member, Chief Financial Officer, general securities principal/financial operations principal (primary), and investment advisory representative (8.36% owner)
- Cassandra Lee Taraboletti, Member, Executive Vice President and Chief Operations Officer, general securities principal/financial operations principal/municipal securities principal (primary), and investment advisory representative (1.73% owner)
- There are 24 other part owners of the firm, all are passive owners who own less than 7% of the firm, none of whom are control persons, and none of whom are involved in the day-to-day operations of the firm
- There are an additional 14 other part owners of the firm with non-voting rights.

Required qualifications

**Midwestern Securities Trading Company, LLC** requires all Advisory Affiliates to pass a Series 65 or 66 exam and any other examinations required by any state in which they perform investment advisory functions. Further, they must maintain a curriculum of continuing education in areas related to investment and financial planning. Investment Advisory Representatives ("Advisory Representatives" or "IARs") are FINRA registered representatives and affiliated with Midwestern Securities. All representatives must comply with the individual state requirements regarding registration and licensing qualifications. Midwestern Securities and all representatives do not have minimum net worth or other criteria for performing investment advisory services and/or financial planning.

Business hours are from 8 a.m. to 4:30 p.m., Monday through Friday.

**4.B. Midwestern Securities Trading Company, LLC**, in its role as the Investment Advisor, provides both financial planning and account supervisory management services to clients.

**Portfolio management** is the firm's primary advisory activity; it may include referrals to third party advisors who manage investment platforms they have designed. Advisory representatives review accounts and positions quarterly. They utilize independent, third-party software and research reports to support their reviews, and they communicate with their clients based on these findings and all material information the client has disclosed to them through their professional relationship a buy, hold, or sell action in an attempt to help the clients meet their goals and objectives. If a position has material changes it may be placed on a watch status to see if it should remain in the portfolio or if it should be solicited as a sell due to not meeting the client's suitability and objectives. Trades are non-discretionary and require client confirmation prior to execution except for third party advisors with discretion.

**Midwestern Securities Lighthouse Portfolios™** Midwestern Securities has created a discretionary model portfolio, "Midwestern Securities Lighthouse Portfolios™", that will be offered/the adviser offers to suitable clients. The Midwestern Securities Lighthouse Portfolio Program is a total return portfolio and will invest in, but not be limited to, stocks, bonds, money market, ETF, mutual funds, notes, SMAs, UITs, and REITs with active secondary markets and indexes. The IA Committee will have the latitude to build a total return portfolio utilizing whatever avenues they think accomplish the goals of the portfolio. There may be times when securities selected for purchase by the IA Committee will not be reflected in all accounts. There are various reasons why this could occur. The aspirational goal is for all accounts in each Lighthouse Portfolio to hold approximately the same securities but some variations in the specific securities held and the percentage allocated to some securities are likely to occur.

The base Lighthouse portfolio is predominantly made up of stocks that capture growth potential, providing both income and capital gains appreciation potential. There are eighteen (18) variations of this model portfolio for advisors to recommend to their clients based on the clients' short-term liquidity and tax needs. The Base Portfolio targets having approximately 5% invested in cash with the remaining 95% fully invested in equities. All other Lighthouse Portfolios have adjustments made to the cash and bonds investment to account for the client's specific liquidity and income needs.

- Midwestern Securities Lighthouse Portfolios™ Base Model
- Midwestern Securities Lighthouse Portfolios™ 90/10 Base/Fixed Income (Taxable or Tax-Advantaged)
- Midwestern Securities Lighthouse Portfolios™ 80/20 Base/Fixed Income (Taxable or Tax-Advantaged)
- Midwestern Securities Lighthouse Portfolios™ 70/30 Base/Fixed Income (Taxable or Tax-Advantaged)
- Midwestern Securities Lighthouse Portfolios™ Income Focus
- Midwestern Securities Lighthouse Portfolios™ Diversified Growth
- Midwestern Securities Lighthouse Portfolios™ Blend Base Model
- Midwestern Securities Lighthouse Portfolios™ Blend 90/10 Base/Fixed Income (Taxable or Tax-Advantaged)
- Midwestern Securities Lighthouse Portfolios™ Blend 80/20 Base/Fixed Income (Taxable or Tax-Advantaged)
- Midwestern Securities Lighthouse Portfolios™ Blend 70/30 Base/Fixed Income (Taxable or Tax-Advantaged)
- Midwestern Securities Lighthouse Portfolios™ 50/50 Base/Fixed Income (Taxable Advantaged)
- Midwestern Securities Lighthouse Portfolios™ 50/50 Base/Fixed Income Blend (Tax Advantaged)
- Midwestern Securities Lighthouse Portfolios™ 80/20 Base/Diversified Growth
- Midwestern Securities Lighthouse Portfolios™ 50/50 Base/Diversified Growth
- Midwestern Securities Lighthouse Portfolios™ Blend 50/50 Base/Fixed Income (Taxable or Tax-Advantaged)
- Midwestern Securities Beacon Portfolios Base Model\*
- Midwestern Securities Beacon Portfolios 70/30 Base/Fixed Income Taxable\*
- Midwestern Securities Beacon Portfolios 50/50 Base/Fixed Income Taxable\*

*\*Part of Midwestern Securities' Lighthouse Portfolios*

Your IAR will recommend a portfolio based upon investment objectives and suitability information provided by you on your account application. Note that Lighthouse Portfolios have a \$25,000 or \$50,000 investment minimum, depending on the portfolio selected; Beacon Portfolios do have a \$500 minimum investment amount. Beacon Portfolios will typically hold a smaller number of different investments than Lighthouse Portfolios.

All distributions from these portfolios will be cash to the core cash account, which will be a money market fund or, if selected by the client, a cash sweep account. The cash distributions will be available to be invested into new positions at the IA Committee's discretion when the opportunity arises or may be withdrawn by the client. These portfolios will be discretionary.

In order to have a more transparent pricing structure, MIDWESTERN SECURITIES does not charge commissions (or mark-up/mark-downs on fixed income products), annual maintenance fees or IRA maintenance fees for Midwestern Securities Lighthouse Portfolios other than the annual advisory fee. The Beacon Portfolios have an annual maintenance charge of \$40, billed quarterly in \$10 increments, while the mutual fund only advisory accounts have an annual maintenance fee of \$10. Other fees such as but not limited to closing fees and transfer fees still apply which are listed in the Midwestern Securities "Welcome Letter." The Midwestern Securities Wrap Program brochure contains the same list of fees. Further, Midwestern Securities allocates a platform fee of 0.10%- 0.40% for these accounts, paid from the advisory fee charged to these accounts. The Beacon portfolios have an annual fee of \$40 in addition to the platform fee mentioned above. This annual fee is deducted quarterly in \$10 increments. These investments are subject to loss, including loss of the principal invested. Past performance does not guarantee or indicate future results.

**401(K) Investment Management Services.** Retirement plan sponsor clients may appoint Midwestern Securities to be the investment manager (as defined in Section 3(38) of Employee Retirement Income Security Act of 1974 (ERISA) rules) for their 401(k) retirement plans. The agreement for these services allows Midwestern Securities discretionary authority over the "Core Investment Funds" to include mutual funds, collective investment funds and managed model portfolios, within the parameters of a Plan's existing Investment Policy Statement. Midwestern Securities will be responsible for fund selection, monitoring, and replacement. Midwestern Securities will not have discretion with regard to other assets, notably any self-directed brokerage account ("SDBA") or life insurance policy.

Clients may also appoint Midwestern Securities and its IARs to provide general services for their retirement plan not encompassing Section 3(38) services for a fee as well. The separate fee schedule is below and noted as non-3(38). The fee schedule is higher than the 3(38), as this is a more time intensive and comprehensive service. The IAR would be providing services such as but not limited to enrollment meetings, education for participants, and working with the plan administrator.

**ERISA 3(38) Investment Fiduciary Services:** Midwestern Securities provides 3(38) Investment Fiduciary services for ERISA Plans. As a 3(38) Investment Fiduciary, Midwestern Securities is responsible for the selection, monitoring, and replacement of fund options for corporate retirement plans. The Plan Sponsor and/or Trustee is removed entirely from the selection, monitoring and replacement process and the Plan Sponsor's sole responsibility is to monitor the 3(38) Investment Fiduciary. Midwestern Securities selects a balanced and diversified menu of plan investment options and monitors and if necessary, replaces those investments in a defined timeframe. In addition, each plan receives a periodic fiduciary investment review that details fund metrics, rankings at a plan level and actionable items for the next period. As a fiduciary under the plan, Midwestern Securities' primary responsibilities are:

1. Assist the Client in determining appropriate investment goals/constraints for the Plan (which, upon client request, may be consolidated into an Investment Policy Statement).
2. Prudently diversify the plan's assets, namely the investment menu comprised primarily of mutual funds for participants not their actual allocation, to meet an agreed upon risk/return profile.
3. Prudently select investment options using a consistent and repeatable process.
4. Comply with applicable requirements for prohibited transactions and disclose conflicts of interest.

**Potential Additional Retirement Services Provided Outside of the Agreement.** In providing Retirement Plan Services, Midwestern Securities and its Representatives may establish a client relationship with one or more plan participants or beneficiaries. Such client relationships develop in various ways, including, without limitation: 1) as a result of a decision by the participant or beneficiary to purchase services from Midwestern Securities not involving the use of plan assets; 2) as part of an individual or family financial plan for which any specific recommendations concerning the allocation of assets or investment recommendations relate exclusively to assets held outside of the plan; or 3) through an Individual Retirement Account rollover ("IRA Rollover"). Midwestern Securities Representatives will not, however, solicit services from plan participants or beneficiaries when providing Retirement Plan Services. If Midwestern Securities is providing Retirement Plan Services to a plan, Representatives may, when requested by a plan participant or beneficiary, arrange to provide services to that participant or beneficiary through a separate agreement that excludes any investment advice on plan assets (but may consider the participant's or beneficiary's interest in the plan in providing that service). If a plan participant or beneficiary desires to affect an IRA Rollover, Midwestern Securities may provide the participant or beneficiary with a written explanation of the options available to the plan participant or beneficiary. Any decision to affect the rollover or about what to do with the rollover of an asset remains that of the participant or beneficiary alone.

**Financial Plans and Consultation** may include recommendations regarding insurance, real estate, charitable giving, asset allocation, investment research, or other specific needs of the client as well. Plans and Consultation are customized to the client, so the length and cost varies from client to client.

Financial plans are stapled or bound and presented to the client. A copy is retained by the advisory representative as well.

**Seminars** may be presented by the firm that cover topics such as current economic times, retirement, and college planning. Seminars are conducted or hosted by advisory representatives and in some cases the presentation is made or assisted by a wholesaler from an insurance or investment company. Seminars are designed to be educational and soliciting of business may occur after the fact but not during. Seminars are targeted to specific topics but not specific clients or prospective clients. The advisory representative selects whom to invite and most seminars have between 10-25 attendees.

If advisors present seminars with third party ratings, hypothetical situations, or performance data, all data must be clearly and prominently disclosed: the date on which the rating was given and the period of time upon which the rating was based; the identity of the third party that created and tabulated the rating; and if applicable, compensation that has been provided directly or indirectly by the adviser in connection with obtaining or using the third-party rating.

#### 4.C. Do we tailor our advisory services to a client's individual needs and how do we do so?

Prior to making investment recommendations, your IAR will review your application with suitability and investment objective information provided by you. As a fiduciary, an investment advisor is to make only those recommendations that are in the client's own best interests, which means that they, too, must be based on an individual's stated and/or established individual needs, goals, risk tolerance and investment time horizon. The firm seeks to establish this personal dimension through a careful, fact-finding interview and discussions with each client. Once a recommendation for a model investment portfolio has been made and accepted by you, the investments held will be substantially the same for clients invested such portfolio. Your IAR will

conduct a review of your account at least semi-annually to confirm that the portfolio selected remains an appropriate investment for you.

For clients selecting the Midwestern Securities Lighthouse Portfolios™ line up, Midwestern Securities may exercise discretion over the securities chosen, the amounts, or the action taken. For clients not selecting the Midwestern Securities Lighthouse Portfolios™ line up, the Midwestern Securities' representative will contact the client with recommendations which the client must approve before any transaction occurs if the account is non-discretionary authority. If a third-party asset manager is hired then the manager can rebalance and trade on discretion based on the objectives listed in the investment proposal that the client(s) signs, thus providing consent.

For institutional accounts such as municipalities or school districts, Midwestern Securities may introduce clients to third party investment advisory programs through Envestnet. These accounts are normally discretionary, and the discretion is exercised by the external money managers, not Midwestern Securities nor your individual investment advisor. Midwestern Securities will be compensated for any such introduction.

The fee for these services includes all fees for investment advisory services but, for the managed account program, may not include all brokerage commissions. The Firm and its registrants will not accept 12b-1 fees from mutual fund investments recommended to clients per Midwestern Securities internal policies. If any 12b-1 fee is received, it will be credited to the applicable client account.

#### **4.D. Can clients impose restrictions on investing in certain securities or types of securities?**

Clients who invest in the Midwestern Securities Lighthouse Portfolios or Beacon Portfolios cannot impose restrictions on investments in certain securities or types of securities. Clients invested in a Managed Account Portfolio may, however, impose such restrictions.

#### **4.E. Do we participate in a wrap fee program providing portfolio management services?**

Midwestern Securities sponsors and does act as the manager of a wrap fee program entitled Midwestern Securities Lighthouse Portfolios™. Midwestern Securities has portfolios that are created and managed by Nathan White, Michael Graham, Tate Hartman, Josh Miller, and Scott Fisher, who comprise the investment committee. They act as the research and selection committee of the Midwestern Securities wrap fee program and Midwestern Securities is classified as the manager. One or more of the platforms that Envestnet and other outside money managers provide are wrap fee programs as well. Midwestern Securities may refer its clients to these programs. Midwestern Securities' representatives attend to the wrap fee accounts and other investment portfolios in the same manner, using the same processes. Notice to clients: Midwestern Securities receives a portion of the wrap fee for our advisory services and absorbs the operational expenses of the platform.

**4.F. As of 12/31/2024**, this firm managed approximately \$1.627 billion of fee-based assets in 10,329 accounts in a continuous and regular manner. Of those assets, 5,280 accounts are discretionary model portfolio accounts holding approximately \$850 million; 4 accounts are discretionary Envestnet accounts holding approximately \$1.08 million; and 68 accounts are discretionary 3(38) service retirement plans holding approximately \$141.6 million. The discretionary platforms of Envestnet, 3(38) Services, and the Midwestern Securities Lighthouse Portfolios™ (discretionary model portfolio) are managed by Midwestern Securities or a third party, not the investment advisor representative. The remaining approximately 4977 managed accounts and \$777.0 million are non-discretionary only.

### **Item 5: Fees and Compensation — How our firm is compensated**

**5. A. Our fee schedule:** Portfolio Management fees are negotiable. Hourly fees are negotiable regarding the amount of time the representative will spend. The factors used to determine a negotiated fee are primarily the size of the account and/or overall household relationship and the service expectations. The investment advisory representative and the client(s) start with the default schedule listed below and then engage in a conversation around service expectations and asset size to arrive at a rate both parties are comfortable with and then proceed accordingly. Other factors may be considered when rates are negotiated but primarily it is driven by asset size and service expectations. Portfolio management fees are debited by the custodian and paid to Midwestern Securities. Your IAR will be compensated with a portion of the portfolio management fees.

The firm charges a \$50 annual fee on non-discretionary IRA accounts held at NFS. This fee does not apply to discretionary fee-based accounts or accounts held at other custodians. Midwestern Securities receives a portion of this fee.



**Midwestern Securities Trading Company, LLC**, the Investment Advisor, provides both financial planning and account supervisory management services to clients. The basic **Schedules of Fees** for managed accounts, assessed against assets under management, not including cash balances deposited in Federal Deposit Insurance Corporation (FDIC) insured multi-bank program, are below.

**Portfolio Management & Midwestern Securities  
Lighthouse Portfolios**

<u>Account size</u>	<u>Fee (% of assets under management)</u>
\$0.00 to \$999,999.99	1.30%
\$1,000,000.00 to \$4,999,999.99	1.05%
\$5,000,000.00 to \$9,999,999.99	0.85%
\$10,000,000.00 and over	0.55%

**401(K) Investment Management Services - 3(38)**

<u>Account size</u>	<u>Fee (% of assets under management)</u>
\$0.00 to \$9,999,999.99	0.20%
\$10,000,000.00 to \$19,999,999.99	0.15%
\$20,000,000.00 and over	0.10%

**401(K) Investment Management Services - non-3(38)**

<u>Account size</u>	<u>Fee (% of assets under management)</u>
\$0.00 to \$2,999,999.99	1.00%
\$3,000,000.00 to \$9,999,999.99	0.60%
\$10,000,000.00 and over	0.40%

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Midwestern Securities.*

Fees are Negotiable

Advisory fees for the Managed Account Portfolio are negotiable and may be higher or lower than the standard advisory fee but such advisory fees may not exceed 2% annually. The factors used to determine a negotiated fee include, but are not limited to, the complexity of the client's investment portfolio, the level of service required, and the anticipated amount of assets under management.

Existing Advisory Client Relationships\*

Advisory client relationships established prior to June 1, 2025, will continue to be billed under their current portfolio management fee schedule. Current advisory clients will not automatically transition to the new fee schedule unless agreed upon in writing. Clients have the option to renegotiate their advisory fees under the revised terms.

Midwestern Securities bills for its compensation quarterly in arrears. The firm calculates the fees at the end of the quarter based on the period ending balance of the quarter, debited the month following the quarter's end. By execution of the Agreement, the Client authorizes Advisor and National Financial Services, Inc. to debit directly and/or indirectly, the Investment Account known as or the elective Billing Account for the fees owed to the Advisor. A client may terminate the advisory contract before the termination date and receive a pro-rated refund. Cancellation of the agreement must be made in writing and will be effective thirty (30) days or sooner after receipt of written notice. Fees are negotiable.

The Midwestern Securities Beacon Portfolios have a annual fee of \$40, in addition to the annual advisory fee. This fee will be billed in \$10 increments, quarterly, coinciding with the advisory fee charge and may be waived if the client's assets invested in Beacon Portfolio exceed \$25,000. Any Lighthouse Portfolio account that falls 20% or more below the minimum investment amount of \$25,000 (that is, that falls to \$20,000 or below) and remains at such level for six months or more may be converted from a Lighthouse Portfolio account to a Beacon Portfolio account at the discretion of Midwestern Securities.

**Financial Planning/Consulting**

For financial planning and consultation clients, the financial plan or consultation will be billed on an hourly basis or a flat dollar amount. Hourly charges are \$300 per hour. Advisors will charge \$300 per hour unless negotiated prior to entering the financial planning or consultation process. The client and the advisory representative(s) will discuss the approximate time needed to create the plan, areas the plan will cover, and the estimated cost of the plan. If that figure is not acceptable to the client, Midwestern Securities provides the client with the opportunity to provide their counteroffer, it may be accepted or denied by the advisory representative. An advisory representative may deny the rate if it is unrealistic given the amount of time and effort needed to complete the proposed plan. Midwestern Securities reserves the right to allow its advisory representatives to counter that offer in an attempt to come to an economically reasonable figure where both parties can agree and move forward in the planning process. Midwestern Securities does impose a minimum rate of \$150 hour. The flat dollar amount per quarter for financial planning or consultation should not exceed the hourly rate if the time log was reviewed and multiplied by the maximum



hourly rate.

Fees for the financial plan and consultation are due 1/2 in advance of the plan, and 1/2 upon presentation of the plan or consultation scope of work; however, if the agreement calls for services to be performed over a period greater than 6 months, only 1/4 of the estimated fee will be collected in advance. Hourly charges are broken into 6-minute intervals or 1/10 of an hour.

Financial planning and portfolio management services that are offered include retirement planning, college planning, investment planning/asset allocation, estate planning, charitable giving, and insurance planning. Each section within a financial plan typically requires 1 hour or more for completion. Each client is unique and has varying degrees of complexity and thus may require additional time and research, increasing the total planning charge. The standard financial plan encompassing each of the listed areas above, to some degree, is approximately 6 hours totaling \$1,800. If the rate was negotiated and the minimum rate was the accepted terms of the financial plan, then \$900 would be the plan cost. Planning charges may vary upwards or downwards given the client's specific complexities and requests.

If the advisory representative employs his or her staff to assist in the planning process the staff's time will not be counted nor charged. The advisory representative can only charge for the time he or she spends reviewing, researching, and compiling the financial plan.

Lastly, the advisory representative cannot charge additional fees due to the geographic area where the client resides. If the client resides outside of his or her typical geographical area of business increased costs due to distance are borne by the advisory representative.

If a client chooses to terminate a financial planning agreement the fees paid in advance (1/2 or 1/4) are non-refundable. However, if the financial planning time log shows no logged time, planning software does not contain a file for the client, etc. all advance fees (1/2 or 1/4) are refunded as the investment advisory representative responsible for the plan has no evidence to support any work has occurred. In the event a client terminates after work has begun the advance fee (1/2 or 1/4) is non-refundable and no additional charges will occur. Regardless of what evidence the investment advisory representative responsible for the plan can provide those additional hours and time will not be billed to the client. Additional hours can only be billed and collected if the financial plan is completed and presented to the client and Midwestern Securities approves of additional fees.

### **Seminars**

The firm may charge fixed fees for individuals to attend seminars that are given by the Firm. The fees would be to cover the cost of the seminar materials and the actual seminar itself. The fees to attend these seminars would not exceed \$100. The types of seminars the firm may hold cover topics such as current economic times, retirement, and college planning. The next section explains an ongoing, typically an annual commitment by a church or other nonprofit organization, seminar series around planned-giving which does carry a higher fee which can be as high as \$5,000.

If an advisor chooses to present any type of performance results, they must abide by the following restraints:

- a) Gross performance may not be used in any advertisement unless the advertisement also presents net performance:
  - i. with at least equal prominence to, and in a format designed to facilitate comparison with, the gross performance; and
  - ii. calculated over the same time period, and using the same type of return and methodology, as the gross performance.

The requirement of showing net performance applies to all advertisements, not just retail advertisements, and does not include a requirement that the advertisement provide or offer to provide a schedule of fees and expenses deducted to calculate net performance. In addition, model advisory fees can be used to calculate net performance so long as the model fee is equal to the highest fee charged to the intended audience to whom the advertisement is disseminated.

b) Prescribed Time Periods. Other than for private funds, performance results in advertisements are required to cover one-, five- and 10-year periods (or life of the portfolio, if shorter). The Marketing Rule provides an exception for the presentation of performance results over prescribed time periods for private funds, as the performance results for the early years of a private equity fund may not be meaningful for investors.

c) Advertisements cannot include performance results that include any statement, express or implied, that the calculation or presentation of performance results has been approved or reviewed by the SEC.

d) Performance results of one or more related portfolios may only be used if the presentation includes all related portfolios with substantially similar investment policies, objectives, and strategies as those being offered in the advertisement, with limited exceptions if the excluded related performance would not result in materially higher performance and does not alter the presentation over the one-, five-, and 10-year periods, if applicable.

e) Extracted Performance. The Marketing Rule prohibits an investment adviser from presenting results of a subset of invest-

ments. In order to show such extracted performance, the advertisement must provide, or offer to provide, the performance results of the total portfolio from which the performance was extracted.

f) Hypothetical Performance. The Marketing Rule allows for hypothetical performance (excluding interactive analysis tools and predecessor performance), which is “performance results that were not actually achieved by any portfolio of the adviser.” This includes but is not limited to performance derived from model portfolios, back-tested performance, and targeted or projected performance returns. Hypothetical performance may only be used if the adviser:

- i. adopts and implements policies and procedures reasonably designed to ensure that the hypothetical performance is relevant to the likely financial situation and investment objectives of the intended audience of the advertisement;
- ii. provides sufficient information to enable the intended audience to understand the criteria used and assumptions made in calculating such hypothetical performance; and provides (or if the intended audience is investors in a private fund provides or offers to provide promptly) sufficient information to enable the intended audience to understand the risks and limitations of using such hypothetical performance in making investment decisions.

g) Predecessor performance may only be used in an advertisement when:

- i. the person or persons primarily responsible for achieving the prior performance results manage the applicable accounts at the advertising adviser;
- ii. the accounts managed at the predecessor investment adviser are sufficiently similar to the accounts managed at the advertising investment adviser that the performance results would provide relevant information to clients or investors;
- iii. all accounts that were managed in a substantially similar manner are advertised unless the exclusion of any such account would not result in materially higher performance and the exclusion of any account does not change the presentation of any applicable time periods
- iv. the advertisement clearly and prominently includes all relevant disclosures, including that the performance results were from accounts managed at another entity.

#### **Charitable Giving Accounts:**

Midwestern Securities may be hired by one or more charitable foundations to provide general educational services to assist in attracting clients interested in creating charitable giving plans to those foundations. Midwestern Securities will provide general information about charitable giving programs. Midwestern Securities’ services may include any or all of the following: web content, brochure content, social media content, seminars and, one-on-one meetings with prospective donors.

Information provided by Midwestern Securities will be limited to instructing prospective donors on the potential benefits of setting up a charitable giving account and the mechanics required to do so. No advice will be given about a prospective donor’s specific financial situation and no fee will be charged to the prospective donor. Impersonal advice about securities may be provided in these seminars or materials; however, prospective donors may engage Midwestern Securities to provide advisory services if they choose.

If a client chooses to contribute assets through a charitable foundation and also designates Midwestern Securities to manage that client’s charitable foundation account, Midwestern Securities will receive typical compensation from the client for managing those assets. No client is obligated to use a foundation suggested by Midwestern Securities for charitable giving or to use Midwestern Securities to manage assets in a charitable foundation account.

#### **Referral to third party advisors’ investment programs**

Midwestern Securities may refer certain institutional clients such as municipalities or school districts to third party investment advisory programs. The external money managers normally exercise discretion over the models. Our firm will provide interested clients with complete information on these programs. Midwestern Securities may seek other outside money managers to actively supervise or manage client investment portfolios, which may entail the money managers exercising discretion.

The third-party money manager’s firm will pay Midwestern Securities’ investment advisory representative a portion of the fee a referred client pays to the third-party firm to participate in its program(s), based on the type of portfolio(s) selected. Typically, the investment advisory representative’s gross fees range from 0.40%- 1.50%; the range can deviate from these parameters based on the portfolio selected and transactions fees which may be passed to the investor. All fees must adhere to the default schedule above or be less to be compliant and approved by Midwestern Securities. The total fee paid by the client quarterly for these third-party money managers is disclosed in the initial paperwork to establish the account. The total fee is broken into two components. Part of the fee is retained by the third-party manager for portfolio services. The other part of the fee is passed to Midwestern Securities via the custodian and clearing firm’s monthly clearing statement. Midwestern Securities retains a percentage of the fee, and the remainder is passed to the investment advisory representative. The advisor’s compensation does not change regardless of the manager he or she recommends. The fees are driven by Midwestern Securities default schedule and the third-party manager’s platform fee based on the portfolio selected. All fees are debited and paid out via the custodian and clearing firm and fees are disclosed in the client’s quarterly statements.

Midwestern Securities Trading Company, LLC may use the services of Custodians as further outlined in Item 15 of this document. Where fees are present with respect to these services for non-fee based accounts, the fee per trade charged to Midwestern Securities Trading Company, LLC by the Custodian or others will be charged in turn to the client's account.

#### **401(K) Investment Management Services**

The firm will provide services as outlined in 4.B. for retirement plans regarding 3(38) services for a percentage of assets under management style fee of 0.10% to 0.20%. These services are specifically focused on Multiple Employer Plans or "MEP" retirement plans. The two major offerings under a MEP are closed and open MEPs. A closed MEP is where there must be a common thread shared amongst the participating employers, like all belonging to the same industry and a particular industry association. An open MEP is where employers from numerous industries can participate and need no common thread. They both operate in a similar fashion; however, one retirement plan is for any employer and the other has the ability to discriminate or pre-qualify each adopting employer. Both MEPs are governed by a board comprised of adopting employers, so it is internally governed keeping interests aligned for employers and their employees while keeping Midwestern Securities and other vendors competitive in pricing and service.

Investment Advisory Representatives may provide services such as but not limited to administering participant enrollment, educational seminars, and other supporting roles to the employer and their employees. Such services are dependent on employer and employee expectations, the size of the plan both participants and asset size, and other pertinent variables. The IARs for these services can charge between 0.20% and 0.50% which is also negotiable similar to discretion and non-discretion fees above.

#### **5.B. Disclosures: Does our firm bill its clients for the incurred advisory fees by sending an invoice to the client, OR obtain each client's signed permission to deduct the advisory fees from the client's account held by the custodian? May clients select either method of billing?**

Midwestern Securities obtains each client's signed permission to deduct the advisory fees from the client's account held by the custodian. The client cannot select either method of billing, as Midwestern Securities requires that the client authorize fees being deducted from the client's account.

#### **How often does the advisor assess fees (or bill clients)?**

Midwestern Securities bills for its compensation quarterly in arrears. However, third party money managers, to whom Midwestern Securities' representatives may refer their clients, may charge their fees in advance.

Midwestern Securities does practice "direct billing" that requires the firm to obtain a client's written permission to deduct our fees directly from the client's account held by the custodian. [See the ADV Part 1B, Item 2. I] Midwestern Securities does not send a separate invoice to the client for payment of our advisory fees. If there is a correction to be made or a refund, then Midwestern Securities manually bills the account. Midwestern Securities may create an invoice for its financial planning services.

#### **5.C. Disclosure: Other types of fees or expenses clients may pay in connection with the advisory services.**

Clients should be aware that opening an investment account carries with it costs beyond the advisory fee(s) Midwestern Securities charges. When placing a transaction order to buy or sell securities, advisory clients may have to pay any or all of the following charges in brokerage accounts and non-fee based accounts:

- Brokerage commissions
- Custodian fees
- Postage charges
- Processing charges
- Early surrender
- Transfer fees
- Administrative fees for investments in mutual fund fees (note that mutual funds also pay expenses, which will reduce the return to investors, but these expenses are paid to the mutual fund manager, not to Midwestern Securities)
- \*12b-1 fees in addition to administrative fees, and other marketing fees for mutual funds, paid to the broker/dealer
- Account maintenance fees charged by a broker dealer for an account, especially if inactive

We direct clients to this brochure's Item 12 for further discussion of brokerage costs.

*\*The broker/dealer (Midwestern Securities) may receive 12b-1 fees from mutual fund investments recommended to clients. To avoid the inherent risk for a potential conflict of interest, 12b-1 fees will be credited back to the client, including any 12b-1 fees charged to a mutual fund purchased in a brokerage account.*

#### **5.D. Disclosure: Do clients pay fees in advance? How may a client obtain a refund of a pre-paid fee if the contract is terminated prior to a billed period's end? How will the amount of the refund be determined?**

Midwestern Securities clients pay fees in arrears.

A client may terminate the Midwestern Securities advisory contract before the termination date and receive a prorated refund of any fees that have been paid in advance for any reason. Cancellation must be made in writing and will be effective thirty (30) days or sooner after receipt of written notice. For Midwestern Securities Trading Company's part, the firm would calculate the number of days it rendered investment advisory services during the current billing period for an agreed upon yearly or quarterly fee. As all advisory fees are paid in arrears, calculation of fees due for the quarter will be calculated on a pro-rated basis and charged accordingly. For a fixed or hourly fee, Midwestern Securities Trading Company will calculate the actual service time rendered in hours, not to exceed an agreed fixed fee. In both cases, the firm will then return the unearned remainder of any pre-paid fees as a credit into the account in question. Fees for the smartdonor program, a charitable program aimed at foundations and charitable institutions rather than individuals, are nonrefundable and disclosed within the engagement letter of agreement.

Third party money managers, to whom Midwestern Securities representatives may refer their clients, may charge their fees in advance. If a third party charges its fees in advance and a client terminates services prior to the end of a service billing period, that third party firm must arrange to repay any unearned fees; the calculation and timing of such repayments may vary from one third party to another. Third party managers must calculate and provide a refund of any unearned fees, prorated on the number of days they actually service an account. The money managers must disclose information regarding repayments in their brochures under this item; Midwestern Securities will provide its clients with the disclosure brochure for each third party to whose investment platforms it refers its clients.

**5.E. Disclosure: Does the firm or any of its supervised persons accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds?**

Midwestern Securities is dually registered as both an Investment Advisor and as a Broker/Dealer. Many of its advisory representatives are also dually registered as representatives of the Broker/Dealer. In that capacity they may earn commissions on trades affected for any client who has both an advisory account and a brokerage account. However, no client account pays both advisory fees and brokerage commissions.

\*They may also earn 12b-1 fees on purchases of mutual funds. An advisory client may be a brokerage client as well and it is also possible that an advisory client may seek to have the same person who makes investment recommendations also act as the broker/dealer agent to affect a desired transaction.

\*To avoid the inherent risk of a potential conflict of interest, any 12b-1 fees received will be rebated back to the client per Midwestern Securities' internal policies.

The principal business of Midwestern Securities and its executive officers is as a Broker/Dealer within the same firm (the Broker/Dealer application was approved by FINRA in March of 2000 and by Illinois on April 26, 2000). Michael Graham, Nathan White, and Cassandra Taraboletti are the principals of and registered with a FINRA registered Broker/Dealer, also Midwestern Securities. Clients of Midwestern Securities may purchase securities products through the firm's Broker/Dealer agents for which the principal(s) or other registered representative agents will receive a commission.

If the advisory representative recommends himself or herself to the client to act in that capacity, it creates an inherent risk for a conflict of interest, due to the commissions he or she can earn.

Compensation arrangements with external money managers for referring client accounts to them generate fees which Midwestern Securities and the external money managers share.

**Disclosure 5.E.1.** Any time an investment advisory firm's representatives may earn a commission or mutual fund management 12b-1 fees, or other forms of sales charges in their capacity as the registered representatives of a Broker/Dealer, that arrangement creates an incentive to recommend those sales. To avoid the inherent risk for a potential conflict of interest, 12b-1 fees will be rebated back to the client per Midwestern Securities' internal policies as is possible.

Our firm addresses this potential conflict of interest by informing clients of the potential conflict in this disclosure brochure. Institutional and Advisory mutual fund share classes should be used when available to further mitigate this conflict of interest. Secondly, we limit our investment advisory representatives' ability to make such investments since they do not have discretion over account activity. A principal of the firm also reviews all representatives' trading recommendations post-execution, date following the trade.

**Disclosure 5.E.2.** Clients always have the option to purchase through unaffiliated Broker/Dealers and their agents those investment products our firm recommends.

**Disclosure 5.E.3.** Approximately 10%- 25% of Midwestern Securities' revenue comes from commission-based investment business and insurance business.

**Disclosure 5.E. 4.** Do we charge advisory fees in addition to commissions or markups?

We do charge advisory fees and the firm potentially receives compensation in revenue sharing from a platform fee. The cost of this platform fee is bundled into the advisory fee paid by clients.

Other disclosures for this section: Mutual fund recommendations may include “no-load” funds, institutional, and advisory shares classes which impose no commission or sales charge (“load”) on the shareholder and are purchased through a broker within a brokerage account. Midwestern Securities does sponsor a wrap fee program, Midwestern Securities Lighthouse Portfolios™, and acts as a portfolio manager for the same wrap fee program as previously stated.

Midwestern Securities is both a registered investment adviser, as well as a registered broker-dealer. As such, we may transact securities business through our own systems. For brokerage accounts, if an account executes more than a certain number of trades in one calendar year, the representative on the account pays a nominal amount to the firm. While the amount is nominal, it nevertheless creates a conflict of interest wherein the advisor or the firm may be incentivized to engage in fewer trades in the account. Accounts also have a minimum charged platform fee which is also paid by the advisor or the firm.

Midwestern Securities has policies and procedures in place intended to ensure that the firm and its related persons continue to engage in your best interest despite the above conflicts. Our advisors are required to document advisory accounts upon account opening and once per year going forward. The intent of the documentation is to attest to the account being appropriate as an advisory account, the level of service being provided, and if the charged fee is reasonable. Midwestern Securities has processes in place for review of our wrap fee program through the use of routine review of trade recommendations, account assets, and investment opportunities available that would meet the goals of the relevant model portfolio. Such reviews are performed by an advisory committee responsible for overseeing the model portfolios, as well as our internal compliance department.

**5.L. Disclosure: Marketing Activities:**

1. Do any of your Advertisements include:

- i. Performance Results? **No**
- ii. A reference to specific investment advice provided by you (as that phrase is used in rule 206(4)-1(a)(5))? **No**
- iii. Testimonials (other than those that satisfy rule 206(4)-1(b)(4)(ii))? **Yes**
- iv. Endorsements (other than those that satisfy rule 206(4)-1(b)(4)(ii))? **Yes**
- v. Third-party ratings? **Yes**

2. If you answer “yes” to L(1)(iii), (iv), or (v) above, do you pay or otherwise provide cash or non-cash compensation, directly or indirectly, in connection with the use of testimonials, endorsements, or third-party ratings? **Yes**

3. Do any of your advertisements include hypothetical performance? **No**

4. Do any of your advertisements include predecessor performance? **No**

A testimonial, endorsement, or third-party rating on a Midwestern Securities or affiliated investment services platform (website, advertisement, or approved social media) may be solicited for by a representative/employee of Midwestern Securities as outlined in SEC Marketing Rule 206(4)-1. Any endorsement is given by a non-client and/or third-party marketer and said marketer agrees to give written disclosures to necessary parties at the time of the endorsement.

**Item 6. Performance-Based Fees and Side-By-Side Management.****Does our firm charge performance-based fees (fees based on a portfolio’s increase in asset value)?**

No, it does not. [See also: Form ADV Part 1A, Item 5. E. (6).]

**Does our firm have a supervised person who manages an account that pays performance fees?**

No, it does not.

NOTE: Regulators have stated that performance fees can cause incentives for an advisor to manage a portfolio with an eye to short-term gains only, including investments that are more speculative or have a higher risk of loss. They may also tempt an advisor to allocate more time to them than to other clients’ portfolios due to the possibility of a higher fee. As a fiduciary, an investment advisor is to provide equitable treatment to each client’s managed portfolio as if it were the advisor’s own portfolio within the investment parameters agreed to with the client.

Envestnet, third party managers, have a wide array of portfolio offers but the range of fees is 0.40%- 1.20%. There can be other fees such as but not limited to transaction costs and annual custody/maintenance. Midwestern Securities Lighthouse Portfolios™ range from 0.10%- 0.40%. Costs of the program are custodian fees, trading, and execution fees, etc. are absorbed by Midwestern Securities not passed back to the client as other programs may choose to do. Other fees such as but not limited to closing fees and transfer fees still apply which are listed in the Midwestern Securities “Welcome Letter.”

Item 7. : Types of Clients.

Typically, our clients include high net worth and other individuals, and pension and profit-sharing plans. We are prepared to provide services to banks and credit unions, corporations and other businesses, charitable organizations, estates, and trusts.

Midwestern Securities requires no minimum account size on accounts unless it is part of the Midwestern Securities Lighthouse Portfolios™ /wrap fee program. The account minimum is \$25,000.00 for most qualified and non-qualified model portfolios. The account minimum is \$50,000.00 for the Midwestern Securities Lighthouse Portfolios™ 50/50 Base/Fixed Income Taxable, the Midwestern Securities Lighthouse Portfolios™ 50/50 Base/Fixed Income Tax Advantaged, the Midwestern Securities Lighthouse Portfolios™ 50/50 Base/Diversified Growth, and the Midwestern Securities Lighthouse Portfolios™ 80/20 Base/ Diversified Growth for both qualified and non-qualified accounts. The account minimum for all Beacon Portfolios is \$500. Envestnet, third party managers, do require minimum account sizes and it varies based on the portfolio program selected which is extensive; consult your investment advisory representative regarding specific account size requirements.

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

**8.A. An advisor must describe its methods of analysis and investment strategies used in formulating its investment advice. It must explain in detail any unusual risks.**

**Caution: Investing in securities involves risk of loss that a client must be able to bear. Securities have price fluctuation and while markets and exchanges provide liquidity that price is not constant and can go to as low as \$0.00. Clients can lose all of their original investment and must be aware of this fact and able to bear that risk.**

In formulating advice, the advisor may apply charting, cyclical, fundamental and/or technical analytical methods.

**1. Charting** – Charting includes a variety of means of technical analysis that correlate charts, graphs, and similar market information to detect patterns that are judged to be predictable, to reoccur in essentially the same way, given the same chartable factors or relationships among factors. It seeks to predict trends and notice variations in those trends, using various calculated averages.

**Problems** encountered using a charting analysis: Charting assumes

- 1) An accurate correspondence between real events and the factors charted as selected;
- 2) And that patterns can be detected in such charts such that
- 3) They are recognizable in advance, predictable as drawn from recurring and therefore essentially mechanistic financial events.

It is a complicated theory. It depends upon a basic assumption that the fundamental financial influences are not radically different in the time periods considered. That assumption is a concept that recently has been questioned on a number of levels.

Particular stocks may diverge from the market/sector averages radically. Charting may therefore need to be paired with another form of analysis such as fundamental or technical analyses in order to look more closely at particular securities.

The time period most suitable for use in charting analyses is dependent upon the investor's holding period, portfolio structure, and other factors. The choice of relevant segments of performance over time and the understanding of their place in mapping the forces within the larger time period framework is another consideration. Time spent using one analytical method will compete with other analytical methods which might have proven more useful and profitable. See additional discussion of "Technical Analysis" below.

**2. Fundamental Analysis** – Called the "bottom-up" approach to investing, a fundamental analysis seeks an in-depth understanding of a **specific firm**/company to evaluate its intrinsic value and its future prospects before investing in its stock. Such an analysis studies the firm's management, its debt, equity and cash flow, history of financial performance/growth, dividend payout percentages, its products, operating efficiency, and marketing structures, among other factors. The firm's balance sheet and income statement are two key sources of information about the firm.

Fundamental Analysis will compare a firm's stock price with its earnings per share and its net earnings to its gross revenues and compare both with the averages for that industry sector. The ratio of current liabilities to current assets is another important element of this form of evaluation. A central focus is deciding whether the stock is overvalued or undervalued.

As a term in large-scale economics, a fundamental analysis studies gross national product, inflation and interest rates, trade and unemployment trends, consumer confidence, savings and spending patterns and inventories in order to predict the larger movements of national and international economies. These larger concerns greatly influence the elements considered in a fundamental analysis of any given company.



**Risks** inherent in using a fundamental analysis: The factors involved can require time-consuming study that can fall behind the need to make decisions if such factors begin to change rapidly. Few of the numbers are absolutes; many are relative to other factors or industry sector information. Most require intelligent judgment and experience to be applied meaningfully to stock values.

Fundamental analysis places value on the financial structure and health of the firm to be invested in. These factors at times are of little or no interest to the marketplace, such that the stock prices for very sound companies may wither when investors look to other reasons and areas for investing.

For a relatively short time period, a firm can falsify facts to hide poor performance or a fragile financial situation. The independence of balance sheet and other report numerical information from such possible manipulation may not be readily verifiable.

Additionally, time spent using any one analytical method will compete with other analytical methods which might have proven more useful and profitable.

In formulating our investment advice, the firm uses research prepared by others, corporate rating services, annual reports, prospectuses, and filings with the SEC, and company press releases.

**3. Technical –** Technical Analysis is, together with fundamental analysis, one of the two major schools of stock market study. This form of value analysis focuses on patterns of **volume and price fluctuations for a given stock** as compared to the activity of the larger, general market(s) indicators. Securities are evaluated for purchase or sale based on an analysis of market statistics, such as volume and prices over time as seen on charts, etc., that are believed to establish relational patterns that can predict future movements in the markets. Charting, described above, is a type of technical analysis.

This relative comparison has little or no concern for any company's fundamental structure, production or worth. Market indicators kept in view include volume and direction of market activity, as indicators of supply and demand for securities, often using one or more established index/indices, such as the NASDAQ, S&P 500, and the Dow Jones Industrial Average. Trends and Penetrations (e.g., of previous "highs") are another type of indicator used. The patterns discerned, often using charts for a quick grasp of the relationship of various factors, are used to predict future market moves and their effects on stocks in general and/or on particular sectors of the market.

**Problems** encountered using a technical analysis: Technical analysis purports to see patterns deemed repeatable in similar market conditions. Market conditions may consist of many factors, any one of which may alter the outcome of an otherwise very similar situation. No one indicator is absolutely reliable, and a multiple of indicators may just as likely complicate understanding and evaluation as much as or more than it allows deeper insight into the market's mechanics.

The understandings offered to clients in explanations tend to use generic Technical Analysis, while the working concepts that are derived from those basics and modified by experience and a firm's emphasis may well be hidden in part or completely as proprietary strategy/strategies that may let one advisor or market participant outperform another.

Technical analysis assumes that all the market factors are known to and considered by all the market's participants, although, in fact, the market can act in highly partial and even apparently irrational ways. A market termed "dynamic" indicates a sense that the underlying causal relationships may be shifting.

The advisor uses various sources of information for its analyses; these sources may include any or all of the following:

- Financial newspapers and magazines
- Research materials prepared by others
- Corporate rating services
- Annual reports, prospectuses, filings with the Securities and Exchange Commission
- Company press releases

**4. Third Party Money Managers —** Midwestern Securities may introduce institutional clients such as municipalities and school districts to third party investment advisors that provide discretionary management of individual portfolios of equity, mutual funds, and/or fixed income securities. Any such referrals are made through the Envestnet platform. In advising firm's retail clients investing in the programs of third-party investment advisors, the firm generally uses model portfolios of mutual funds, unified managed accounts, separately managed accounts, and Exchange Traded Funds (ETF's) sub-accounts provided by a number of institutional investment strategists and based on their information, research, asset allocation methodology and investment strategists. However, in some instances, the firm may refer retail accounts to third party managers on the Envestnet platform

**Risks** in using these methods and strategies: As the managers' strategies and methods may vary widely, they may include the risks noted above in a fundamental analysis or others specific to their methods. None is a proven, absolutely sure means of



obtaining positive results. There is always a risk-return relationship: the greater the chance of a higher return on an investment, the higher will be the risk of loss as well. Investing in securities involves risk of loss that clients must be prepared to bear.

**8.B. An advisor must explain the material risks involved in frequent trading if the client's strategy involves frequent trading of securities. An advisor must explain how frequent trading can affect performance.**

The firm's trading strategies include holding for the long term (a year or more), short term purchases (sold within a year), and margin transactions. What may be regarded as "frequent trading" varies according to:

- The client and the strategy for that client's specific account – one client may have multiple accounts that apply different strategies
- The type of security or relative mix of securities involved
- The current nature of the market
- Margin accounts require deposits by 10 a.m. of the morning following the margin call

All these tactics are intended to enhance the portfolio's value and ability to meet a client's stated goals. All trades will add some costs to be deducted from a client's account and could reduce the overall return or growth in a client's account, if carefully measured against what its value would have been had the advisor not placed the transactions.

The third-party strategists review portfolios on a regular basis to rebalance them if needed in order to maintain the agreed-upon weighting of asset classes. All trading will add costs against an account's performance; frequent trading will increase those costs, potentially reducing overall performance. To ascertain the effect, it is necessary to factor in the losses or gains that would have proven true had the rebalancing not made the trades.

**Investment Strategy – Midwestern Securities Lighthouse Portfolios™**

**Cash Distributions/No Reinvestment** All distributions, capital gains and dividends, from these portfolios will be set to cash. The cash distributions will be available either for investment into new positions at the IA Committee's discretion when the opportunity arises, or else for the client to withdraw if desired.

**Problems and Positives** with cash distributions: We request that clients notify us of any intended cash withdrawals; if withdrawals exceed the funds required to pay certain fees, the account may have to sell some holdings in order to meet timed deductions. Clients who reinvest cash distributions may benefit from dollar cost averaging, a strategy in which similarly sized investments are made periodically, regardless of the asset's price. This results in buying more shares when prices are low and fewer shares when prices are high. Over time, this can potentially lower the average cost per share. Clients who withdraw cash distributions rather than reinvesting will reduce exposure to the risk of market fluctuations but will not receive potential benefits from dollar cost averaging.

**Risks** with non-systematic rebalancing are the portfolio could drift from the original allocation. This could present the risks of moving along the continuum away from moderate risk in either direction. The IA committee views non-systematic rebalancing more active management and redistribution of cash. The IA committee also feels that while rebalancing keeps to the original allocation that could constitute continuing to own more shares in positions when other opportunities may be presenting themselves and not necessarily an appropriate strategy. Overweight within positions can occur from reinvestment. Regardless of whether dividends are paid as cash or reinvested the same tax consequences are present. In the event the IA committee feels rebalancing to the original percentages is needed within the portfolios based on the information at that time and their outlook they do reserve the right to do so as needed.

**8.C. Do we recommend primarily a particular type of security? What are the material risks involved with that type of security? Are those risks unusual or significant?**

The firm may place investment and/or insurance products for clients as deemed appropriate. Types of investments offered may include exchange listed securities, securities traded over the counter, corporate bonds, municipal bonds, unit investment trusts, mutual funds, US Government securities, certificates of deposit, real estate investment trusts, variable annuities, fixed annuities, long-term care insurance, disability income insurance and/or life insurance. If the account is being managed on a discretionary basis Midwestern Securities may exercise discretion only with a client's express, written permission in a limited power of attorney that allows Midwestern Securities to make such decisions on a client's behalf; that permission a client may revoke at any time.

We are prepared to provide advice on most types of securities, including:

<b>Equity Securities</b>	<b>Notable risks involved with this type of investment</b>
Exchange-listed securities	Market fluctuations can bring losses, lower dividends
Over-the-counter securities	More susceptible to market fluctuations; higher risk
Corporate debt securities	Same as exchange-listed, corporate bonds involve credit risk
Commercial Paper	More susceptible to market fluctuations; higher risk of default
Certificates of deposit	Limited liquidity
Municipal securities	Same as exchange-listed; It is possible that they can default
<b>Investment company securities</b>	
Variable life insurance	Insurance company could go out of business; the value of the subaccounts are subject to market fluctuation and loss
Variable annuities	Same as variable life
Mutual fund shares	Market fluctuations can bring losses; various fees
Exchange-traded funds (ETFs)	Market fluctuations can bring losses; less fees than mutual funds
US government securities	Returns can be low or even, rarely, negative. As hedge against equity market risk, mirror them.
<b>Other Securities</b>	
Collective Investment Trust (CIT)	Market fluctuations can bring losses; various fees
Stable Value Funds	Insurance company could go out of business; the value of the underlying assets is subject to credit risk
Guaranteed Interest Contract (GIC)	Insurance company could go out of business
Money Market Funds	Market fluctuations can bring losses; not FDIC insured

If the custodian/clearing company's alternative investments department allow for a client's requested private debt and/or private equity income to be held in the client's account, Midwestern Securities will comply with the client's request and transfer those assets into the account. Typically, the custodian scrutinizes private debt and private equity carefully before allowing them on their platform.

Please see Item 12 for further description of our brokerage practices.

Item 9: Disciplinary Information.

**What facts about any legal or disciplinary event involving our firm or its personnel should you know of, because it is material to an evaluation of the integrity of our firm or its management persons?**

The SEC requires that we inform you, our client, if our firm or any of our management persons has been involved in any of the events listed below in 9. A, B, and C. and, beyond those points, if there is any material fact about any legal or disciplinary event that you should know about in order to evaluate our integrity. You may also see these same questions answered online at the investment advisor public disclosure site (IAPD), in Part 1A, Item 11.

**Midwestern Securities has no disclosures to make under this section regarding legal, regulatory or disciplinary events.**

Item 10: Other Financial Industry Activities and Affiliations

What material relationships does our firm or any of our management persons have with related financial industry participants? What material conflicts of interest may arise from these relationships and how are these conflicts addressed?

**10.A. Have we, or has any of our management persons, registered either as a broker/dealer or as the representative of a broker/dealer? OR, Do we or any management person have such a registration pending?**

YES. As noted above in items 4 & 5:

The officers of Midwestern Securities Trading Company, LLC are also actively engaged through the same Midwestern Securities Trading Co. as Broker/Dealer agents.

The principal business of Midwestern Securities Trading Company, LLC and its executive officers is as a Broker/Dealer within the same firm (the Broker/Dealer application was approved by FINRA in March of 2000 and by Illinois on 4.26.2000.). Michael Graham, Nathan White, and Cassandra Taraboletti are the principals of and registered as a FINRA registered broker/dealer, also Midwestern Securities Trading Company, LLC. Clients of Midwestern Securities Trading Company, LLC may have occasion to purchase securities products through the firm's broker/dealer agents for which the principal(s) or other registered representative agents will receive a commission.

Michael Graham, Nathan White, and Cassandra Taraboletti will have brokerage clients who are not clients of the investment advisory firm. An instance may arise where a client of this advisory firm may have an open order that is filled by an order of a non-advisory client customer who makes his/her own investment decisions, and vice-versa. Advisory affiliates may, from time to time, buy or sell, in their own accounts, securities that are recommended to clients. When applicable, the client is informed of the personal position or contemplated transaction prior to effecting a transaction on the client's behalf. The client's transactions are always completed before the advisory affiliate enters orders for their own account.

Michael Graham, Nathan White, and Cassandra Taraboletti are all licensed insurance agents. Insurance may be recommended as part of the planning process, and it is verbally disclosed before the application process that if a risk management product/insurance policy is purchased that commissions will be generated which is separate to and in addition to any investment advisory fees.

Midwestern Securities addresses the possible conflicts of interest in this relationship primarily by disclosing it to its advisory clients in this ADV Part 2, by monitoring its representatives' trading recommendations and activities, and through verbal disclosure during client meetings.

**10.B. Have we, or has any of our management persons, registered as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of any of these entities named here? OR, Do we or any management person have such a registration pending?**

No, none of these items apply to our firm.

**10.C. Do we have any "related person" – a person or a firm that we control or that controls us through ownership or as an officer – with whom we have a material relationship, any arrangement that may cause a conflict of interest when providing our clients with investment advice?**

General clarification: Even though this ADV notes "Part Owner" or other titles for active in-house employees and managers, all parties are "Members" because the firm is an LLC.

- Reserved for future use/disclosure of other owners not previously noted in Item 4.

There is no form of compensation involved in these arrangements that should be seen as causing a conflict of interest in relation to the firm's delivery of advisory (or brokerage) services to its clients.

The Limited Liability Company is dually registered as both an investment advisor and as a broker/dealer. Otherwise, there is no other entity to which Midwestern Securities, or its owners are related through ownership that is a:

- Municipal Securities Dealer
- Government Securities Dealer or Broker
- An investment company or other pooled investment vehicle, including a mutual fund
- A closed-end investment company
- A unit investment trust
- A private investment company
- Hedge fund
- Offshore fund
- Another investment advisor/ financial planner
- A futures commission merchant, commodity pool operator or commodity trading advisor
- An accountant or accounting firm
- An insurance company or agency
- A pension consultant
- A real estate broker or dealer
- A sponsor or syndicator of limited partnerships.

An advisor's related persons are: (1) the advisor's officers, partners, or directors (or any person performing similar functions); (2) all persons directly or indirectly controlling, controlled by, or under common control with the advisor; (3) all of the advisor's current employees; and (4) any person providing investment advice on the advisor's behalf.

**10.D. Do we recommend or select other investment advisors for our clients?**

As noted in Item 4, through arrangements with a variety of external money managers, Midwestern Securities may also introduce clients to investment advisory programs. These models are normally discretionary, and the discretion is exercised by the external money managers, not Midwestern Securities nor the investment advisor representative in this specific situation. Interested clients will be supplied with complete information on these programs. Midwestern Securities may seek other outside money managers to actively supervise or manage client investment portfolios, which may entail the money managers exercising discretion.

**Do we receive compensation from those other advisors for our referrals?**

Yes, we do. Midwestern Securities receives a portion of the fee our referred client pays to Envestnet. The compensation we will receive, clients should note, creates an incentive to make the recommendation and thereby an inherent risk for a conflict of interest. We address this possible conflict of interest by bringing it to our clients' attention in this disclosure brochure and obtaining signatures attesting to receipt of disclosure.

**Do we have any other business relationships with these advisors that also could cause a conflict of interest and, if "yes," how do we address them?**

No. Midwestern Securities has no other business relationship with these third-party money managers other than the referral arrangements described above.

**Item 11. Code of Ethics / Advisory Persons' own trading and possible personal interest in our clients' trades.**

**11.A. As required by SEC rule 204A-1 or similar state rules,** our firm has adopted a Code of Ethics. Our firm's Code of Ethics describes our policies and procedures to abide by the law's prohibition against insider trading, including our reviews of our own persons' trades, and other ethical considerations. We will provide you, our client or potential client, with a copy of our Code of Ethics at no charge if you request one.

Please note that using any material non-public information, that is, information that is not readily available to all participants in the securities markets, for any person, Midwestern Securities, relatives, clients or any other person, is illegal and may be punishable by fines and/or imprisonment.

How our firm controls sensitive information:

- Building security: visitor screening
- Building security: security/alarm system
- Locked cabinet files
- Password protected computer screens and databases
- Office area under continual supervision during business hours
- Safe for certain documents
- Backup of data in house and by off-site third party

In order to prevent employees from misusing any material non-public information, Midwestern Securities has instituted the following:

- The employee agreement contains clauses regarding insider information and confidentiality
- Similar clauses are used in independent contractor agreements
- Annual anti-money laundering education, which may include training in identifying potential misuse of material non-public information.

**11.B. [also, in Form ADV Part 1A, Item 8. (1)(2)(3)] Does our firm or a related person recommend to our clients, or do we buy or sell for our clients' accounts, securities in which we or a related person has a material interest?**

Our firm and/or its associates **do**:

- Buy or sell for the firm or for themselves securities (other than shares of mutual funds) that we also recommend to our advisory clients. However, our Code of Ethics prohibits purchasing (or selling) such securities ahead of client accounts;
- Buy or sell for the firm or for themselves shares of mutual funds that we also recommend to our advisory clients.

Our firm and its associates **do not**:

- Buy securities for the firm or for themselves from advisory clients (principal transactions);
- Sell securities the firm or its associates own to advisory clients (principal transactions);
- In their capacity as a broker/ dealer agent, transact purchases or sales of any client's securities directly to any other person (an "agency cross transaction" that side-steps using a securities marketplace)
- Invest or are not permitted to invest in securities related to those we may recommend to clients, such as derivatives
- Recommend securities (or other investment products) to our advisory clients in whom our firm or any person or other

firm related to our firm has some other proprietary (ownership) or other financial interest.

- Act as an investment advisor to an investment company that we recommend to our clients.

**11.C. Personal Trading : investing in the same or related securities:**

**Does our firm permit it, its personnel, or a person related to our firm (by ownership or other forms of control) to invest in the same securities that we recommend to our clients, or in securities that are related to those securities, such as options or other derivatives?**

Yes, we do allow it. As noted above, advisory affiliates may, from time to time, buy or sell, in their own accounts, securities that are purchased or sold for clients, but the firm Code of Conduct prohibits doing so ahead of activity in a client account. When applicable, the client is informed of the personal position or contemplated transaction prior to effecting a transaction on the client's behalf. The client's transactions are always completed before the advisory affiliate enters orders for their own account. Orders may be bunched in order to possibly obtain equally advantageous, better priced trade executions. We address the potential conflict of interest by disclosing it as well as by placing clients' trades first. We enforce these guidelines by our Written Supervisory Procedures and Midwestern Securities Policies and Procedures Manual.

The possible conflicts of interest that arise when we (Midwestern Securities and Registered Representatives) recommend, or, in our discretion, buy or sell for you (client(s)) a security that we may also buy or sell for ourselves are:

- Using your order's market effect to benefit ourselves ("front running");
- Using your order as "inside information" that would give us an unfair advantage in the markets to benefit ourselves or any other person (which is an illegal act);
- Gaining a lower brokerage cost for ourselves in bunching orders, which can create an incentive to involve your account in that transaction.

**Does any person in our firm participate in or have an interest in our clients' transactions? How does such a person participate or what is the interest and what conflicts of interest can that create?**

No; no one in the firm has a financial interest in any investment transaction the firm recommends to its clients. Examples of such interests would include an advisor recommending that clients invest in a pooled investment vehicle that the firm advises or for which the investment advisor serves as the general partner, or when an advisor with a material financial interest in a company recommends that a client buy shares of that company.

Michael Graham, Nathan White, and Cassie Taraboletti will have brokerage clients who are not clients of the investment advisory firm. An instance may arise where a client of this advisory firm may have an open order that is filled by an order of a non-advisory client customer who makes his/her own investment decisions, and vice-versa. Advisory affiliates may, from time to time, buy or sell, in their own accounts, securities that are recommended to clients. When applicable, Midwestern Securities informs the client of the personal position or contemplated transaction prior to effecting a transaction on the client's behalf.

The firm always completes a client's transactions before firm employees may enter orders for a firm account or for the employee's personal account.

**11.D Personal Trading: investing in the same or related securities at the same time.**

**What specific conflicts do we have when our firm or a related person trades in the same securities at or about the same time as it places trades for a client's account?**

Our practice is to place clients' trades first.

This avoids the issue of 'contemporaneous' trading, that is, the possibility that anyone in our firm might enter an order for her or his own account at or around the same time as an order in the same security for a client. Note that these restrictions are not applied to investments in mutual funds that are unaffiliated with our firm.

Unaffiliated means a mutual fund that we have not ourselves created or helped establish and/or in some way act as the fund's managers.

The SEC has stated that "an advisor's ability to place its own trades before or after client trades in the same security may affect the objectivity of the advisor's recommendations" and therefore states further that the SEC believes disclosure of this practice is warranted. The SEC has not in that opinion stated a specific length of time before or after. In that respect it could also be noted conversely that clients might have reservations in employing an advisor who does not invest in the same securities the advisor recommends.

Item 12: Brokerage Practices.

**12.A. Does our firm select a broker/ dealer for you? On what basis do we do so? How do we determine the reasonableness of the broker's compensation (commission charges)?**

We require clients to direct brokerage orders to Midwestern Securities to execute, as broker/dealer, for their advisory transactions in managed accounts. Midwestern Securities remains responsible for ensuring that it is achieving "best execution" with the orders it executes. There it regularly and rigorously analyzes the quality of execution it achieves by performing a quarterly assessment of the firm's "best execution" status for its clients, vis-à-vis other brokerage available. In assessing the reasonableness of commissions, the firm compares various brokerage firm rates and advises clients of the best overall firm. Accounts introduced to third party money managers however may and do utilize other broker/dealers which is allowed by Midwestern Securities and disclosed to prospective account holders.

**12.A. 1. We do not receive soft dollars.**

**12.A. 2. Brokerage for client referrals**

Do we direct brokerage to a specific broker/dealer in return for client referrals either to our firm or to a related firm?

No, we do not.

**12.A.3. Do we "routinely recommend, request or require" our clients to direct brokerage?**

Yes. Advisory clients, other than clients using third party money managers, are required to direct brokerage to Midwestern Securities.

**12.B. When we place orders with a Broker/Dealer for our clients, do we aggregate or "bunch" your trade order with orders for other clients?**

Yes. Orders may be bunched in order to possibly obtain equally advantageous, better priced trade executions. As a matter of policy and practice, Midwestern Securities does not typically utilize block trading and, therefore, implements client transactions separately for each account. In certain situations when the same security is bought and sold for many accounts on the same day, clients will typically receive an average price for all trades for securities executed on that date. Midwestern Securities' clients may not receive volume discounts available through advisers who utilize block trading.

**Cash Sweep Programs**

Your Midwestern Securities account has a sweep feature, or core account investment vehicle, that is used to automatically invest free credit balances awaiting investment and for settling securities transactions. Midwestern provides you with access to different cash sweep vehicles, including money market funds, that may be used to automatically invest the cash balance in your investment advisory account. The Bank Deposit Sweep Program (the "Program") is one of the core account investment vehicles we currently make available to you.

**Bank Deposit Sweep Program**

Midwestern Securities ("Midwestern"), together with NFS, provides access to the Program which is designed for the investment of free cash balances in all eligible Midwestern securities accounts, including advisory accounts custodied at NFS. Clients who affirmatively elect to use the Program have their uninvested cash balances from deposits, securities transactions, dividends, and interest payments automatically deposited or "swept" into interest bearing FDIC insurance eligible accounts at one or more participating FDIC insured banks (the "Program Banks"). The list of Program Banks participating in the Program is available from your investment advisory representative or at <https://www.midwesternsecurities.com/disclosures>.

Generally, and subject to capacity constraints, each Program Bank will insure up to \$250,000 for individual accounts or \$500,000 for joint accounts. If a client's balance reaches the deposit limit at one Program Bank their deposits will be directed to another Program Bank, as determined by NFS, until they reach the total coverage threshold. Total FDIC coverage thresholds vary based on factors such as client opt-outs and bank deposit capacities but generally will be up to \$2.5 Million for individual accounts and \$5 Million for joint accounts. Amounts exceeding the total coverage threshold will not be FDIC insured.

Clients in the Program will not have a direct relationship with the Program Banks. NFS will act on the client's behalf when establishing deposit accounts at the Program Banks. Clients should also be aware that the amounts available at each Program Bank will be inclusive of any deposits clients may have at the Program Bank outside of the Program. Clients are solely responsible for notifying their investment advisory representative if they have other deposits at any of the Program Banks to help ensure their FDIC coverage is not exceeded at any of the Program Banks. Under federal banking regulations, each Program Bank has reserved the right to require seven (7) calendar days prior notice before permitting a withdrawal of any Program Deposits. So long as this right is not exercised, your ability to access funds, including the ability to write checks against your account, should not be impacted.



**We Receive Direct Compensation when you Participate in the Program**

To offer the Program, NFS contracts with the Program Banks securing specific deposit capacities in exchange for negotiated all-in funding rates, which are typically tied to the Federal Funds Rate. These funding rates are distributed among NFS, the vendors administering the Program, the client, and Midwestern Securities. As a result, Midwestern Securities receives direct compensation when you participate in the Program. Further, Midwestern Securities determines how much of the all-in funding rate is allocated to clients as interest and how much is retained as compensation for providing and maintaining the Program. Because the firm receives a portion of the interest earned by assets in the Program, the structure incentivizes us to reduce the interest portion received by clients in order to maximize our compensation, creating a conflict of interest between our financial interests and those of our clients. The interest rates clients earn through the Program are generally lower than those offered by other non-FDIC insured options, such as money market funds or options that may be available through other brokerage firms or directly through a bank. Midwestern Securities receives more compensation in connection with the Program than it would from other sweep options, and the compensation Midwestern Securities and NFS receive may be greater than that generated by sweep options at other brokerage firms. While the all-in funding rates will vary among Program Banks and are subject to change, the client's interest rate will be based on the schedule set by Midwestern Securities and will not change regardless of which Program Bank the funds are swept into or immediately in response to change in the Federal Funds Rate. Conversely, the compensation received by Midwestern Securities and NFS will vary based on the negotiated all-in funding rates with the individual Program Banks. This incentivizes NFS to use Program Bank that pay more. In certain interest rate environments, such as when rates are higher, Midwestern will receive more compensation than clients will receive in interest payments.

**Our Advisory Fee is Not Reduced When You Participate in the Program**

The compensation that we earn from the Program is separate from, and does not offset, the advisory fees you pay to Midwestern Securities, including fees on cash balances within the Program. Midwestern Securities does not share any portion of this revenue with your investment advisory representative. However, investment advisory representatives who are also owners of Midwestern Securities may receive an indirect benefit through their ownership in the firm.

**Cash Sweep Account Opt-In**

You are not required to use the Program and can choose to have no sweep option with the cash held in your NFS account earning no interest. Alternatively, you may choose to trade into non-FDIC insured money market fund outside of the Program, where funds may not be immediately available, or can purchase short-term treasury-bills. Returns to you for these other options that pay interest are typically higher than returns earned in the Program, but may not have immediate liquidity and may have commissions charged on purchase. In general, the higher the Federal Funds rate, the greater the likelihood interest rates on money market funds will be higher than the rate of return on the Program Bank deposits. Money market funds are managed to keep the fund's net asset value (NAV) stable at \$1 per share. On occasion, money market funds have "broken the buck" meaning that its NAV fell below \$1 per share. However, money market fund managers generally want to avoid that happening, even if it means using their own capital to absorb losses.

You will make your selection as to how your cash balances will be handled, at the time of account opening, through your account opening documents. You may also change your initial sweep option choice by contacting your financial professional.

It is important to understand that any cash balance held in your account(s) by NFS that is not in the Program is not FDIC insured although it is eligible for protection by the Securities Investor Protection Corporation (SIPC), in accordance with the requirements established by SIPC, up to certain limits. For more information about SIPC coverage, please visit [www.sipc.org](http://www.sipc.org). SIPC protection differs significantly from FDIC insurance. Not all broker-dealers offer an FDIC insured bank deposit sweep product or have the same access and features.

**Item 13: Review of Accounts.****13.A. Does someone in our firm review your investment account portfolio and how often?**

All investment advisors are responsible for reviewing their accounts. It is a best practice for advisory representatives to review advisory accounts at least semi-annually and file those records in their respective offices. IARs complete a formal review of each client account at least annually. A Midwestern Securities compliance officer reviews IAR files once a year during their annual branch office audit, in part to confirm that each IAR has completed such formal account review. Clients are urged to compare all statements they receive regarding their accounts for accuracy and agreement.

**13.B. What factors might trigger a review in addition to our periodic reviews?**

A daily variety of factors, such as market fluctuations or other economic events and their effects on a particular client's position in a given investment may trigger more frequent reviews. Reported changes in a client's personal or financial situation or personal goals are always grounds for a prompt review of a client's portfolio.



**13.C. What regular reports do we or others provide you? Are they written reports? What do they contain?**

Each client will receive printed or electronic, printable quarterly reports from the Custodian, on the status of her or his account(s). Additionally, clients will receive confirmations from the investment company and the broker/dealer executing any transaction for the account. Those firms will send such confirmations directly to clients. For Midwestern Securities Lighthouse Portfolios™, clients may request confirmations be sent on quarterly basis, if desired. These firms also send reports to the Client on a monthly/quarterly basis showing dividends, portfolio purchases and sales transactions, and all charges and credits. Accounts not showing activity in a given month will not receive reports in that month, but only for the quarter.

The reports produced by the Custodian will provide the Client with a statement of the assets under management, income and capital charges paid by the account for the period, and a summary of the account's performance for the period. Midwestern Securities utilizes independent third-party research providers, for their reviews which are performed internally by the advisory representative. Midwestern Securities does not require the reps to provide the clients with a written report, but if a client wants a written research report, a written report prepared by the firm's third party research provider will be utilized to review the portfolio as a whole and its individual holdings. Midwestern Securities Trading Company does not produce any reports of its own for clients.

**Item 14: Client Referrals and Other Compensation.****14.A Does someone other than a client of our firm pay our firm or related persons, or otherwise provide some economic benefit to our firm, for the investment advice we provide to our clients?**

Yes. Advisory representatives who are also registered representatives of the related broker/dealer will receive 12b-1 fees if they place an advisory client's investments in mutual funds. The payment creates an incentive to recommend such funds and thereby a potential conflict of interest. An investment advisor is to recommend to its clients only those investments that are in the client's own best interest, free of any taint of the influence that the prospect of additional income may exert. To avoid the inherent risk for a potential conflict of interest, 12b-1 fees will be rebated back to the client per Midwestern Securities' internal policies.

We address other potential conflicts of interest for advisory representatives in this situation by disclosing it in writing to our clients, including through our Form CRS, this Form ADV Part 2A, and our welcome letter to clients.

**14.B Does our firm or a firm related to us through some form of ownership pay someone, directly or indirectly, for client referrals?**

Yes, the firm in its capacity of Investment Manager, or such entity as directed by the Investment Manager, does pay marketers for referrals, as the SEC and Illinois allow SEC registered investment advisors to do.

Clients of Michael Graham and Nathan White may receive a \$20 gift certificate to a restaurant of their choice for referring a friend or family member who opens an account. Other investment advisors affiliated with Midwestern Securities may have a referral program in place as well. Introduction to an external money manager by an investment advisor representative creates accounts where fees are generated which are shared by the external money managers, Midwestern Securities, and the investment advisor representative. The sharing of fees generated by these assets under the external money managers' management could be viewed as a referral fee.

**Networking Arrangements.** The Firm has entered into networking agreements with unaffiliated financial institutions, primarily community banks and credit unions, where the Firm and its Advisory Representatives offer brokerage and advisory services on the premises of such financial institutions. Under these networking agreements, the Firm will share compensation, including a portion of the advisory fee, with the financial institution for the use of the financial institution's facilities and for client referrals. Individual employees of these financial institutions may also receive one-time de minimis compensation from the financial institution for referrals of financial institution customers to meetings with our Advisory Representatives.

Securities products purchased through us under such networking agreements are not insured by the Federal Deposit Insurance Corporation (FDIC), are not deposits or other obligations of and are not guaranteed by the financial institution, and are subject to investment risks, including possible loss of principal invested.

**Item 15: Custody.****15.A Does our firm (Midwestern Securities) have custody of your assets?**

Midwestern Securities does practice "direct billing." The practice of "direct billing" has been defined by the SEC as a form of custody, but also as a "modern practice" that does not require annual audits. Direct billing also requires that the client receives at least quarterly statements directly from the account custodian, showing the advisory fee. Otherwise, Midwestern Securities does NOT have custody of clients' funds or securities.

For custody of your assets, Midwestern Securities uses the services of unaffiliated third parties, National Financial Services

(NFS), Aspire Financial Services (AFS), Pentegra, and Capital Bank and Trust Company (together, “Custodian”) as custodian providers, or other unaffiliated third parties, as specified by customers on a case-by-case basis, as the custodian of customer assets.

Midwestern Securities, in its capacity as a registered broker dealer, maintains a fully disclosed clearing relationship with NFS.

Our relationship with NFS includes the receipt of a Business Development Credit based on our ongoing compliance with the terms of our clearing agreement. While this is not reflected as a direct cost to you, it is a conflict as it pertains to our determination of best execution, as we are incentivized to maintain the relationship with NFS. We address this conflict through disclosure here, as well as ensuring that our best execution reviews take this factor into consideration, but that is not a determining factor in our final determination.

AFS maintains its own custodial arrangements which clients can view at <https://www.aspireonline.com/partners-solutions/strategic-partners/custodial-partners>.

The custodian will send our clients at a minimum a quarterly account statement, monthly statements, or confirmations for any month in which there was trade transaction activity in the account. NOTE: These statements should be reviewed carefully. It is not the custodian’s responsibility to ascertain the accuracy of the calculation for fees subtracted from your account.

Item 16: Investment Discretion.

**16.A. Does our firm have discretionary authority over your assets?**

Midwestern Securities may exercise discretion over its clients’ accounts. This is applicable on a case-by-case basis across Midwestern Securities’ product platform. Midwestern Securities reviews several variables before approving a discretionary relationship such as but not limited to the clients’ suitability parameters in the initial interview, objectives of the account, the investment advisor’s experience and knowledge within the industry, assets the investment advisor representative currently has under management, and designations and education they have earned.

**16.B. What limitations are there, or can you place, on our discretionary authority?**

Midwestern Securities may exercise discretion only with a client’s express, written permission in a limited power of attorney that allows Midwestern Securities to make such decisions on a client’s behalf; that permission a client may revoke at any time, and there may be limitations if a client was to request a discretionary account. Limitations such as retention of certain positions regardless of stock, bond, ETF, etc. based on the client’s preference. An example, family has owned a stock and passed it on from generation to generation and that position Midwestern Securities would classify as a legacy position and would allow it to be maintained. Midwestern Securities would not sell that position and reinvest the proceeds within the Midwestern Securities Lighthouse Portfolios™ as that was not the client’s instructions. Suitability parameters, as the client and the advisor establish in the initial interview, are the overriding limitation on any discretion. Midwestern Securities reserves the right to increase limitations or to terminate a discretionary relationship based on their supervision of the investment advisory representative if they determine that is more suitable for the clients’ protection. Third party money managers gain discretionary authority over a client’s account only if and when that client signs their required account paperwork consenting to the professional relationship and authorizing that allowance specifically or by signing the proposal thus providing consent to the third-party money manager. A client may revoke that permission at any time. Please remember the third-party money managers are not the only parties to have discretion authority, and Midwestern Securities may exercise discretion as well as their affiliated investment advisor representatives. Lastly, Midwestern Securities and the IA Committee, who is responsible for overseeing the Midwestern Securities Lighthouse Portfolios™, exercises discretion as well and for a full explanation see Item 4. B. Midwestern Securities Lighthouse Portfolios™.

Item 17 : Voting Client Securities. — Proxy voting practices

**17.A. Does our firm have, or will it accept authority to vote client securities?**

No. Midwestern Securities does not accept any responsibility to vote its clients’ proxies. Clients may contact their adviser with questions regarding their voting solicitations.

**17.B. This is our policy and our procedures:** that we do not vote proxies. Our firm urges our clients to read and participate in the voting process tied to the shares they own in various companies as an excellent means for our clients to become familiar with those companies in which they are invested. Clients will receive their proxy statements and votes directly from the custodian or transfer agent. Clients may contact Midwestern Securities with questions about a particular solicitation.

Item 18: Financial Information.

**18.A. Custody situations: Does our firm have custody of your funds or your securities investments?**

**Do we require prepayment of a fee of \$500 or more, six or more months in advance of services?**

We do not.

**Do we practice "Direct Billing" (charging our fees to your account)?**

We do practice "direct billing" as described above in Item 15: "Custody"

**Do we or someone in our firm act as the trustee for an advisory client?**

No, we generally prohibit firm personnel from acting as a trustee for an advisory client except for immediate family members or consistent with FINRA Rule 3241.

**18.B. Financial difficulties:** If our firm has discretionary authority over your assets [see Item 16], then we must disclose if there is any financial condition reasonably likely to impair our firm's ability to meet its contractual commitments to its clients.

Midwestern Securities does not have any financial condition that could reasonably seem likely to impair our ability to meet our contractual commitments to you, our client. This question is important, especially if an investment advisor has discretion, custody, or both. If our financial condition were precarious, our clients would be exposed to increased risks that we might not manage their assets properly, according to the SEC. Prepaid fees might not be refunded if an advisory firm were to cease being able to do business due to insolvency.