



# Customer Relationship Summary

July 31, 2023

## Introduction

McNally Financial Services Corporation (“McNally Financial”, “MFSC”, “we”, “us”, “our”) is registered with the U.S. Securities and Exchange Commission (“SEC”) as a dual registrant, meaning that we offer broker/dealer and investment advisory services. As a broker/dealer, we are also a member of the Financial Industry Regulatory Authority, Inc. (“FINRA”), and MFSC is a member of the Securities Investor Protection Corporation (“SIPC”). This Form CRS provides a summary of the types of services we provide and how you pay for them.

Brokerage and investment advisory services and fees differ, and it is important for retail investors to understand these differences. Free and simple tools are available to research firms and financial professionals at [Investor.gov/CRS](https://investor.gov/CRS), which also provides educational materials about broker/dealers, investment advisers, and investing.

## Relationships and Services

### “What investment services and advice can you provide me?”

MFSC, as a broker/dealer, offers various services to retail investors, including buying and selling securities (e.g., stocks, bonds, mutual funds, ETFs, variable products, options, private placements, etc.) and providing recommendations. As an investment advisor, we offer financial planning and portfolio management services. We monitor all retail investors’ investments for compliance with regulatory requirements and alignment with your investment goals, financial situation, and experience level as part of your relationship with us at no additional cost to you.

We generally do not accept discretionary authority, which means that you make the ultimate decision regarding the purchase or sale of investments. In some cases, we may accept limited or full investment authority on your assets/funds that allows us to determine timing of purchases and sales or make all investment decisions on your behalf, respectively. If we accept investment authority, all transactions will be made according to limitations or expectations we’ve previously agreed to with you.

Finally, there are no unusual restrictions placed upon you as a customer of MFSC and no account minimums. We accept all accounts types considering minimum regulatory requirements are met.

You can find additional information about MFSC’s broker/dealer and investment advisory services here:

- FINRA - [https://files.brokercheck.finra.org/firm/firm\\_121196.pdf](https://files.brokercheck.finra.org/firm/firm_121196.pdf). Please refer to the section entitled, “Firm Operations”; and

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- SEC - <https://adviserinfo.sec.gov/firm/summary/121196>. Please refer specifically to “View latest Form ADV filed” Items 4 and 7.

## **Conversation Starter**

- Given my financial situation, should I choose an investment advisory service? Should I choose a brokerage service? Should I choose both types of services? Why or why not?
- How will you choose investments to recommend to me?
- What is your relevant experience, including your licenses, education and other qualifications? What do these qualifications mean?

## **Fees, Costs, Conflicts, and Standard of Conduct**

### **What fees will I pay?**

We charge different fees according to the type of product you select, as outlined below. You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.

- Broker/Dealer Costs and Fees

When we provide broker/dealer services to you, we charge fees on a per investment basis. In other words, we will charge a predetermined fee for buying and selling stocks, bonds, and options. For example, our standard fee schedule, which can be provided upon request, allows us to charge \$40 per trade plus a small percentage-based fee depending upon the amount traded. Please note that you are charged more when there are more trades in your account, which may therefore create an incentive to encourage more trades.

- Investment Advisor Costs and Fees

As an investment advisor, MFSC offers its services on a fee basis, which may include hourly and/or fixed fees or fees based upon a percentage of assets under management. MFSC typically charges clients \$150.00 per hour for financial planning and other consultative services, or clients may be charged on a fixed fee basis for comprehensive financial plans, which generally range between \$500.00 and \$1,500.00.

Alternatively, MFSC will charge a fee based upon a percentage of assets under management if actively managing your account. The annual fee is exclusive of, and in addition to, brokerage commissions, transaction fees, custodial fees, and any other related costs and expenses associated with the management of your assets. MFSC’s annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets being managed by MFSC on the last day of the previous quarter. For example, if your assets under management are \$1,500,000, we will charge up to 1.25% annually or \$18,750 (\$4,687.50 per quarter). The fees charged as a percent of assets under management decreases when more assets are managed, which may incentivize us to encourage you to increase assets in your account resulting in higher net fees. It

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is important to note, however, that MFSC, in its sole discretion, may negotiate lesser management fees than outlined in our standard fee structure.

More information about investment advisory fees, including the standard fee structure, can be found by reviewing the latest Part 2 brochure by following this [hyperlink](#). Please refer to the section entitled, “Fees and Compensation”.

- **Other Costs and Fees**

Fees are also charged when you invest in mutual funds, variable annuities, and other investment products, including private placements. Some mutual funds, variable annuities, and other investment products also charge separate management similar fees, which are included in their respective prospectus or offering documents. Additionally, some structure investments, namely variable annuities charge surrender fees if the investment is not held for a certain predetermined period of time. Finally, in some cases you may be charged custodian fees, account maintenance fees, and other transactional fees depending upon where your accounts are held.

## ***Conversation Starter***

- Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?

**What are your legal obligations to me when providing recommendations as my broker/dealer or when acting as my investment advisor? How else does your firm make money and what conflicts of interest do you have?**

*When we provide you with a recommendation as your broker/dealer or act as your investment advisor, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the recommendations and investment advice we provide you. Here are some examples to help you understand what this means:*

- We may, based upon your unique circumstances, recommend several stocks to purchase as a broker/dealer. As previously outlined, the more transactions associated with your account, the more you are charged.
- When providing investment advisory services, we may recommend that you add more assets to your account, which will result in higher management fees being charged to you.
- MFSC may recommend one mutual fund or variable annuity to you, and, as a result, you may incur higher fees when compared to other options available to you.

More information about our conflicts of interest can be found by reviewing the latest Part 2 brochure by following this [hyperlink](#). Please refer to the section entitled, “Other Financial Industry Activities and Affiliations”.

## ***Conversation Starter***

- How might your conflicts of interest affect me, and how will you address them?

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## How do your financial professionals make money?

Our financial advisors are compensated based upon the number and types of transactions conducted through the broker/dealer or the amount of assets under management in investment advisory accounts. More specifically, their compensation is based on factors such as: the amount of client assets they service; the time and complexity required to meet a client's needs; the product sold (i.e., differential compensation); product sales commissions; or revenue the firm earns from their financial planning or consultative services. As a result of their compensation structure, conflicts of interest may arise based upon the types of services or transactions they offer or conduct.

## Disciplinary History

### Do you or your financial professionals have legal or disciplinary history?

Yes. Please visit [Investor.gov/CRS](https://investor.gov/CRS) for a free and simple search tool to research our firm and our financial professionals.

### **Conversation Starter**

- As a financial professional, do you have any disciplinary history?
- For what type of conduct?

## Additional Information

You can find additional information about MFSC's brokerage and investment advisory services by:

- visiting our website: [McNallyFinancial.com](https://McNallyFinancial.com)
- visiting the SEC's website: <https://adviserinfo.sec.gov/firm/summary/121196>
- visiting FINRA's website: <https://brokercheck.finra.org/firm/summary/121196>
- emailing us: [info@mcnallyfinancial.com](mailto:info@mcnallyfinancial.com), or
- calling us: (210) 545-7080.

You can obtain an up-to-date copy of this relationship summary by visiting our website or calling us.

### **Conversation Starter**

- Who is my primary contact person?
- Is he or she a representative of an investment adviser or broker-dealer?
- Who can I talk to if I have concerns about how this person is treating me?

If you have any concerns about how you are treated by a contact person at our company, contact our Chief Compliance Officer at (210) 545-7080.