

# A Summary of Your Advisory Relationship with Morris Capital Advisors, LLC April 30, 2022

Morris Capital Advisors, LLC is an investment adviser registered with the Securities and Exchange Commission.

*Brokerage and investment advisory services and fees differ, and it is important for you to understand these differences.*

## Is an Investment Advisory Account Right for You?

There are different ways you can get help with your investments. You should carefully consider which types of accounts and services are right for you.

**We are an investment adviser and provide advisory accounts and services rather than brokerage accounts and services.** This document gives you a summary of the types of services we provide and how you pay. Please ask us for more information. There are some suggested questions on pages 3 & 4.

## **CONVERSATION STARTER: Ask your financial professional:**

*Given my financial situation, should I choose a brokerage service or investment advisory service? 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?*

## Relationships and Services

We charge an **on-going asset-based fee based on the value of cash and investments in the advisory account**. The fee is charged on a quarterly basis, billed in arrears. We offer advice on a regular basis including: assistance in developing your investment strategy, ongoing consultation regarding appropriate changes in the strategy, implementation of your investment strategy through the on-going management of the holdings in your account(s) under defined investment strategies that we provide to numerous clients. We offer accounts on a **Discretionary basis** which allows us to buy and sell investments in your account without asking you in advance. We monitor Discretionary accounts on a daily basis, and report a summary of investment activity and performance on a quarterly report provided to all clients. We also offer accounts on a **Non-Discretionary basis** as a convenience for advisory clients, but we do not provide on-going management or reporting on those accounts. Our investment advice will cover a limited selection of investments including: exchange traded stocks, bonds, mutual funds, exchange traded funds (ETF's), and real estate investment trusts (REIT's). Other firms could provide advice on a wider range of choices, some of which might have lower costs.

## Our Obligations to You

We must abide by certain laws and regulations in our interactions with you. We are held to a fiduciary standard that covers our entire investment advisory relationship with you. For example, we

are required to monitor your portfolio, investment strategy, and investments on an ongoing basis. Our interests can conflict with your interests. We must eliminate these conflicts or tell you about them in a way you can understand, so that you can decide whether or not to agree with them.

## Fees and Costs

Fees and costs affect the value of your account over time. Please ask us to give you personalized information on the fees and costs that you will pay. We charge a fee based on the assets under management. The amount paid to our firm and your financial professional generally does not vary based on the type of investments we select on your behalf. The asset-based fee reduces the value of your account and will be deducted from your account. Some investments impose additional fees that will reduce the value of your investments over time such as mutual funds, and exchange traded funds (ETF's). Our fees can vary and are negotiable based on factors such as the total amount of the relationship, associated account relationships, and the extent of the services rendered. You could also be subject to transaction-based fees when investments are bought and sold; however, some custodians that we use have recently eliminated transaction fees on exchanged-traded securities. Some broker-dealers do, however, charge a custody fee at the account level. Under an asset-based fee the more assets that you have in your advisors account, including cash, the more you will pay us. We therefore have an incentive to increase the assets in your account in order to increase our fees. You pay our fee quarterly even if you do not buy or sell.

### **CONVERSATION STARTER: Ask your financial professional:**

- *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?*

## Compare with Typical Brokerage Accounts

You could also open a brokerage account with a **broker-dealer**, where you will pay a **transaction-based fee**, generally referred to as a commission, when the broker-dealer buys or sells an investment for you. Features of a typical brokerage account include:

- With a broker-dealer, you may select investments or the broker-dealer may recommend investments for your account, but the ultimate decision for your investment strategy and the purchase and sale of investments will be yours.
- A broker-dealer must act in your best interest and not place its interests ahead of yours when the broker-dealer recommends an investment or an investment strategy involving securities. When a broker-dealer provides any service to you, the broker-dealer must treat you fairly and comply with a number of specific obligations. Unless you and the broker-dealer agree otherwise, the broker-dealer is not required to monitor your portfolio or investments on an ongoing basis.
- If you were to pay a transaction-based fee in a brokerage account, the more trades in your account, the more fees the broker-dealer charges you. So it has an incentive to encourage you to trade often.
- You can receive advice in either type of account, but you may prefer paying:

A <b>transaction-based fee</b> from a cost perspective, if you do not trade often or if you plan to buy and hold investments for longer periods of time.	An <b>asset-based fee</b> if you want continuing advice or want someone to make investment decisions for you, even though it may cost more than a transaction-based fee.
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## Conflicts of Interest

We benefit from the advisory services we provide to you, but we do not have a financial incentive to offer or recommend certain investments because (a) they are issued, sponsored or managed by us or our affiliates, or (b) third parties compensate us when we recommend or sell the investments. We do not have a financial incentive to offer or recommend that you invest in certain investments because the manager or sponsor of those investments or another third party (such as an intermediary) shares with us revenue it earns on those investments. We do not buy investments from a retail investor, and sell investments to a retail investor, from our own accounts (called “acting as principal”).

### **CONVERSATION STARTER: Ask your financial professional:**

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

## Additional Information

We encourage you to seek additional information. We do not have legal or disciplinary events to report. Additional information can be obtained by visiting Investor.gov for a free and simple search tool to research our firm and our financial professionals. To report a problem to the SEC, visit Investor.gov or call the SEC’s toll-free investor assistance line at (800) 732-0330. If you have a problem with your investments, investment account, or a financial professional contact us in writing at 15 Chester Commons, Malvern, PA 19355. For additional information on your investment advisory services, see our Form ADV brochure on IAPD on Investor.gov and any brochure supplement a financial professional provides. The Form ADV brochure is available at [adviserinfo.sec.gov](http://adviserinfo.sec.gov). Investors can also request up-to-date information at our toll-free number 800-787-3334.

### **CONVERSATION STARTER: Ask your financial professional:**

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

### **CONVERSATION STARTER: Ask your financial professional:**

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

## Key Questions to Ask

Ask our financial professionals these key questions about our investment services and accounts:

1. Given my financial situation, why should I choose an advisory account? Why should I choose a brokerage account?
2. Do the math for me. How much would I pay per year for an advisory account? How much for a typical brokerage account? What would make those fees more or less? What services will I receive for those fees?
3. What additional costs should I expect in connection with my account?
4. Tell me how you and your firm make money in connection with my account. Do you or your firm receive any payments from anyone besides me in connection with my investments?

5. What are the most common conflicts of interest in your advisory and brokerage accounts? Explain how you will address those conflicts when providing services to my account.
6. How will you choose investments to recommend for my account?
7. How often will you monitor my account's performance and offer investment advice?
8. Do you or your firm have a disciplinary history? For what type of conduct?
9. What is your relevant experience, including your licenses, education and other qualifications? Please explain what the abbreviations in your licenses are and what they mean.
10. Who is the primary contact person for my account, and is he or she a representative of an investment adviser or a broker-dealer? What can you tell me about his or her legal obligations to me? If I have concerns about how this person is treating me, who can I talk to?