

Item 1 – Cover Page

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**March 31, 2011**

**This brochure provides information about the qualifications and business practices of Cambridge Wealth Management, Inc. If you have any questions about the contents of this Brochure, please contact us at (602) 277-0611 and/or Bob@cambridgewm.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about Cambridge Wealth Management, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Any references to Cambridge Wealth Management, Inc. as a registered investment adviser or its related persons as registered advisory representatives does not imply a certain level of skill or training.**

**Item 2 - Material Changes**

This is the initial disclosure brochure. Therefore, there are no material changes to disclose.

At least annually, this section will discuss only specific material changes that are made to the Brochure and provide you with a summary of such changes. Additionally, reference to the date of the last annual update to this Brochure will be provided.

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

Cambridge Wealth Management, Inc. (hereinafter referred to as “CWM”) is an investment advisory firm offering a variety of advisory services customized to your individual needs. The services are more fully described below.

CWM was founded in 1998. Robert Korljan is the President and sole owner. Additional business information about Robert Korljan is disclosed on the Supplemental Brochure attached to this Brochure.

CWM offers the following advisory services. As previously stated, each of the services is more fully described below.

- Asset Management
- Analysis, Recommendation and Monitoring of Third Party Managed Programs
- Planning, Advisory and Consultative Services

CWM tailors the advisory services it offers to your individual needs. You may impose restrictions and/or limitations on the investing in certain securities or types of securities.

You will begin your relationship with CWM by participating in several meetings with an Advisory Representative of CWM. You will be requested to bring to the meetings a list of information and documents which will assist CWM to assess your financial situation. You will be requested to provide items such as most recent account statements, bank statements, wills and trusts, insurance policies, tax return, pay stubs, and listing of assets and liabilities and cash flow. Typically, information and document requests are brought to the second meeting. Additionally, depending on the services you have requested, CWM will gather various financial information and history from you including, but not limited to:

- Retirement and financial goals
- Investment objectives
- Investment horizon
- Financial needs
- Cash flow analysis
- Cost of living needs
- Education needs
- Savings tendencies
- Other applicable financial information required by CWM in order to provide the investment advisory services requested.

You should expect participation in at least two to three meetings before presentation of CWM’s analysis and recommendations. CWM utilizes a financial analysis program to enter your data and assist CWM with analyzing your situation and providing recommendations for a course of action.

CWM as of January 28, 2011 has \$55,917,750 of discretionary assets under its management and \$473,353 of nondiscretionary assets under management.

## **Asset Management Services**

Upon CWM completing its analysis of your situation, CWM will determine an asset allocation customized to your financial goals, objectives and risk tolerance. CWM uses a combination of its model portfolios and customizing the model portfolios to your specific situation to manage your account. CWM has designed seven model portfolios with varying levels of equity to fixed income portions (95/5, 85/15, 75/25, 60/40, 50/50, 40/60, and 25/75). After evaluating your information gathered by CWM, CWM will determine which of its model portfolios would be most suitable for you. From there, CWM customizes your portfolio allocation taking into consideration your limitations or restrictions, the market and economy at the time and your financial situation, goals and objectives.

CWM will schedule a meeting with you and present the recommended portfolio allocation. Upon your approval, CWM will implement the portfolio allocation. CWM will provide continuous and ongoing management of your account. Unless otherwise expressly requested by you, CWM will manage your account on a discretionary basis. Therefore, CWM will determine the securities to be purchased and sold in the account and will alter the securities holdings from time to time, without prior consultation with you. CWM may actively trade securities and hold such holdings for periods of 30 days or less or maintain positions for longer or shorter term periods.

At least annually, your account will be reviewed to determine any reallocation necessary. CWM may adjust each allocation anywhere from 1% to 5%. Rebalancing will occur if an asset class increases or decreases by more than 20%.

It is recommended you establish an account with a broker/dealer or custodian with whom CWM has a relationship in order to execute client trades and grant trading authorization to CWM. You are not obligated to use a broker/dealer suggested by CWM. However, if you select another broker/dealer, CWM's services may be limited depending on the ability of the custodian you have selected to accept instructions from CWM and provide CWM with transactional information.

CWM will not maintain custody of your funds or securities, with the exception of deduction of CWM's advisory fee from your account. Custodial services for the managed Account will be provided through the broker/dealer or account custodian you have selected.

Adviser primarily uses open-ended institutional mutual funds and uses no-load and load waived or mutual funds purchased at net asset value (NAV). However, managed accounts are not exclusively limited to mutual funds and may include stocks and bonds which are typically transferred or requested by you and exchange traded funds (ETFs).

You are advised transactions in the account, account reallocations and rebalancing may trigger a taxable event, with the exception of IRA accounts, 403(b) accounts and other qualified retirement accounts.

## **Advisory Services**

CWM offers the following advisory services:

## Cambridge Wealth Management, Inc.

### *Initial Retainer (first year)*

- |  |                       |
|--|-----------------------|
| - Tax Planning                             | - Insurance Review    |
| - Asset Inventory                          | - Portfolio Analysis  |
| - Development of Asset Allocation Strategy | - Financial Goals     |
| - Estate Plan Review                       | - Needs Analysis      |
| - No-load Mutual Fund Recommendations      | - Charitable Giving   |
| - Income Planning                          | - Retirement Planning |

### *Renewal Retainer*

- |  |                     |
|--|---------------------|
| - Tax Planning (typically tax preparation) | - Net Worth Update  |
| - Financial Planning as Needed             | - Investment Review |

### *Financial Planning Services*

CWM will analyze your current situation and provide an analysis and action plan to work toward your financial goals.

CWM will schedule a meeting with you and present the analysis of your situation and recommendations for steps to be taken to assist you to work toward financial goals.

Advisory services are based on your financial situation at the time and are based on financial information disclosed by you to CWM. You are advised that certain assumptions may be made with respect to interest and inflation rates and use of past trends and performance of the market and economy. However, past performance is in no way an indication of future performance. CWM cannot offer any guarantees or promises that your financial goals and objectives will be met. Further, you must continue to review the analysis and recommendations and update the analysis and recommendations based upon changes in your financial situation, goals, or objectives or changes in the economy. Should your financial situation or investment goals or objectives change, you must notify CWM promptly of the changes. You are advised that the advice offered by CWM may be limited and is not meant to be comprehensive. Therefore, you may need to seek the services of other professionals such as an insurance adviser, attorney and/or accountant.

### **General Information**

You are advised the investment recommendations and advice offered by CWM are not legal advice or accounting advice. You should coordinate and discuss the impact of financial advice with your attorney and/or accountant. You are advised that it is necessary to inform CWM promptly with respect to any changes in your financial situation and investment goals and objectives. Failure to notify CWM of any such changes could result in investment recommendations not meeting your needs.

### **Third Party Management Programs**

CWM has entered into a relationship with third party managers for the purposes of offering clients access to alternatives to a managed assets program. The third party management programs offer another style and strategy of management that what is offered by CWM. CWM offers the following programs:

## Cambridge Wealth Management, Inc.

- Edelman Financial Services, LLC – Edelman Managed Assets Program (“EMAP”)
- Matson Money, Inc. through Matrix Asset Allocation (“Matrix”)

Clients will be provided with the third party’s disclosure brochure and will enter into an agreement with one or more third party managers for management services.

CWM will assist you with evaluating your suitability for one or more of the third party management programs offered through CWM. CWM will further assist you with selecting an appropriate and suitable managed portfolio and establish an account at a custodian. Additionally, CWM will contact you at least annually to review your account, financial situation and investment objectives and determine if any changes are needed to the portfolio. CWM will communicate any changes discussed with you to the third party manager.

CWM will not directly conduct any securities transactions on your behalf or participate directly in the selection of the securities to be purchased or sold in those accounts under management with a third party manager. Investment decisions are made by the third party manager you have selected and in accordance with the agreement between you and the third party manager.

### **Item 5 -Fees and Compensation**

#### **Asset Management Services**

Fees are negotiable and are not based on a share of capital gains upon or capital appreciation of the funds or any portion of the funds.

Advisory fees will be charged in advance on a calendar quarterly basis based upon the value of your portfolio on the last business day of the just completed calendar quarter. Accounts managed for a part of the quarter will be charged a prorated portion of the advisory fees for the quarter. Therefore, an account opened during the quarter will be initially charged a pro-rated portion of the advisory fee. Accounts closed during the quarter will be issued a pro-rated refund of the prepaid advisory fee.

Fees will not be adjusted for additional assets deposited into the Account after it is opened or for partial withdrawals from the account during a calendar quarter. No fee adjustments will be made for Account appreciation or depreciation.

The advisory fees payable upon initial implementation of the account may be paid by you upon receipt of the invoice from CWM or collected directly from the account you have designated. You will provide authorization to CWM to withdraw its advisory fees in the advisory agreement you will execute with CWM. Advisory fees for all subsequent periods will be charged to and collected directly from your Account. You will be provided with a fee invoice from CWM that identifies the advisory fee, the value of the Account and how the fee was calculated. Additionally, you will be provided with an account statement reflecting the deduction of the advisory fee. If the Account does not contain sufficient funds to pay advisory fees, CWM has limited authority to sell or redeem securities in sufficient amounts to pay advisory fees. You may reimburse the account for advisory fees paid to CWM, except for ERISA and IRA accounts.

## Cambridge Wealth Management, Inc.

The fee schedule is progressive. Therefore, you will pay a fee at each asset level. For example, if you and your spouse have 5 accounts valued at \$105,050, \$375,698, \$50,211, \$578,785, and \$2,784,946 with a total combined value of \$3,894,690, your fee will be calculated as follows:

\$500,000	x	1.20%	=	\$6,000
\$500,000	x	1.00%	=	\$5,000
<u>\$2,894,690</u>	x	0.70%	=	<u>\$20,262.83</u>
\$3,894,690				\$31,262.83 annually

Quarterly fee:  
 $\$31,262.83 / 4 = \$7,815.71$

Account Size	Maximum Annual Fee
First \$500,000	1.20%
Next \$500,000	1.00%
Next \$3,000,000	0.70%
Over \$4,000,000	0.50%

The fee schedule above will be assessed based on an aggregate value of your managed accounts.

CWM may change the above fee schedule upon 30-days prior written notice to you.

In addition to the advisory fees above, you will pay transaction fees for securities transactions executed in your account in accordance with the custodian's transaction fee schedule. Additionally, you may pay fees for custodial services, account maintenance fees, transaction fees, and other fees associated with maintaining the Account. Such fees are not charged by CWM and are charged by the product, broker/dealer or account custodian. CWM does not share in any portion of such fees. Additionally, you may pay your proportionate share of the fund's management and administrative fees and sales charges as well as the mutual fund adviser's fee of any mutual fund they purchase. Such advisory fees are not shared with CWM and are compensation to the fund-manager. You should read the mutual fund prospectus prior to investing.

### Termination Provisions

You may terminate investment advisory services obtained from CWM, without penalty, upon written notice within five (5) business days after entering into the advisory agreement with CWM. You will be responsible for any fees and charges incurred from third parties as a result of maintaining the Account such as transaction fees for any securities transactions executed and Account maintenance or custodial fees. Thereafter, you may terminate investment advisory services upon CWM's receipt of your written notice to terminate. Should you terminate investment advisory services during a calendar quarter, you will be issued a pro-rated refund of the advisory fee from the date of termination to the end of the calendar quarter.

### **Advisory Services**



Cambridge Wealth Management, Inc.

You are advised that fees for advisory services are strictly for advisory services. Therefore, you may pay fees and/or commissions for additional services obtained such as asset management or products purchased such as securities or insurance.

Fees are negotiable. Your fees will be dependent on several factors including time spent with CWM, number of meetings, complexity of your situation, amount of research, services requested, staff resources, investment assets and non-investment income.

<b>Fee Type</b>	<b>Maximum Fee</b>	<b>Payable</b>
Retainer Fees	\$425 to \$20,000 annually	Payable one-half (1/2) upon execution of the advisory agreement with CWM and the balance due at the time of presentation of the analysis and recommendations, unless otherwise negotiated with you.
Financial Planning Fees	\$2,500 to \$10,000	Payable one-half (1/2) upon execution of the advisory agreement with CWM and the balance due at the time of presentation of the analysis and recommendations, unless otherwise negotiated with you.
Hourly Fee	\$250 per hour	Payable the sooner of completion of the services or at the end of each month based upon time spent by CWM.

Termination Provisions

You may terminate advisory services obtained from CWM, without penalty, upon written notice within five (5) business days after entering into the advisory agreement with CWM. Thereafter, you may terminate advisory services by providing CWM written notice of your request to cease and terminate services. You will be responsible for any time spent by CWM. Any refunds due to you will be calculated based on time CWM has invested on your situation and services provided.

Services will terminate upon presentation of the analysis and recommendations, unless you elect to renew the annual retainer. Annual retainers terminate upon your written notice to terminate or failure to pay the renewal fee.

**Third Party Management Programs**

CWM will receive compensation from Edelman Financial Services and/or Matrix as a result of your participation in one or both programs. Such compensation will be a portion of the fee Edelman Financial Services. CWM will retain the full advisory fee charged to you for participating in the Matrix program.

*Edelman Financial Services*

CWM's portion of Edelman Financial Services' fee is based on the fee schedule below.

<u>Value of Client's Portfolio</u>	<u>Maximum fee to CWM</u>
\$50,000 to \$150,000	1.20%
\$150,000 to \$400,000	1.00%
\$400,000 to \$750,000	0.75%

## Cambridge Wealth Management, Inc.

\$750,000 to \$1,000,000	0.50%
\$1,000,000 to \$3,000,000	0.35%
\$3,000,000 to \$10,000,000	0.25%
\$10,000,000 and higher	0.20%

### *Matrix*

CWM will receive fees ranging from .25% to 1.4% of the value of your assets under Matrix management.

You are advised a conflict of interest may exist for CWM to recommend the services of a third party manager who has agreed to share a portion of its management fee with CWM. You are further advised fees for Edelman Financial Services and/or Matrix programs may be higher or lower than if you directly obtained their services without CWM's assistance. Furthermore, the Matrix program may not be available without referral from an investment adviser. However, you would not have the benefit of oversight, consulting or monitoring services offered by CWM. The advisory fees charged by Edelman Financial Services or the Matrix program may be higher or lower than the advisory fees charged by other third party managers offering similar services. It is important you read Edelman Financial Services' and the Matrix disclosure brochure for details about their management programs including fees and conflicts of interest.

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

This section is not applicable to CWM since CWM does not charge performance based fees.

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

CWM's services are geared toward individuals both high net worth (i.e. clients with a net worth of \$1,500,000) and other than high net worth, trusts, estates and charitable organizations and corporations or other business entities.

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

CWM's investment philosophy is based on the academic findings of Markowitz, Fama, and French. CWM's management is heavily based on Modern Portfolio Theory<sup>1</sup> and the Efficient Market Hypothesis<sup>2</sup>.

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<sup>1</sup> Modern portfolio theory (MPT) is a theory of investment which attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, by carefully choosing the proportions of various assets. MPT is a mathematical formulation of the concept of diversification in investing, with the aim of selecting a collection of investment assets that has collectively lower risk than any individual asset.

<sup>2</sup> The efficient-market hypothesis (EMH) asserts that financial markets are "informationally efficient". That is, one cannot consistently achieve returns in excess of average market returns on a risk-adjusted basis, given the information publicly available at the time the investment is made.

CWM does not represent, warrant or imply that the services or methods of analysis used by CWM can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to major market corrections or crashes. Past performance is no indication of future performance. No guarantees can be offered that your goals or objectives will be achieved. Further, no promises or assumptions can be made that the advisory services offered by CWM will provide a better return than other investment strategies.

As stated above, CWM primarily uses institutional mutual funds. The risks with mutual funds include the costs and expenses within the fund that can impact performance and change of managers. Open ended mutual funds do not typically have a liquidity issue and the price does not fluctuate throughout the trading day.

You are advised investing in securities involves risk of loss, including the potential loss of principal. Therefore, your participation in any of the management programs offered by CWM will require you to prepare to bear the risk of loss and fluctuating performance.

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

There is no reportable disciplinary information required for CWM or its management persons that is material to your evaluation of CWM, its business or its management persons.

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

Robert Korljan is President of Robert Korljan LTD, a CPA Firm. CWM may recommend you seek the assistance of accounting services or an accountant. You are not obligated to participate in accounting services through Mr. Korljan. Should you elect to participate in accounting services through Mr. Korljan he will receive compensation for the accounting services. Such compensation will be in addition to any fees paid by you to CWM for advisory services. Accounting services is not Mr. Korljan's principal business.

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There are three major versions of the hypothesis: "weak", "semi-strong", and "strong". Weak EMH claims that prices on traded assets (*e.g.*, stocks, bonds, or property) already reflect all past publicly available information. Semi-strong EMH claims both that prices reflect all publicly available information and that prices instantly change to reflect new public information. Strong EMH additionally claims that prices instantly reflect even hidden or "insider" information. There is evidence for and against the weak and semi-strong EMHs, while there is powerful evidence against strong EMH.

The validity of the hypothesis has been questioned by critics who blame the belief in rational markets for much of the financial crisis of 2007–2010. Defenders of the EMH caution that conflating market stability with the EMH is unwarranted; when publicly available information is unstable, the market can be just as unstable

As previously stated, CWM has entered into a relationship with other non-affiliated third party managers to offer you management options. CWM has an interest in you participating in the services offered by the third party managers in that CWM will receive a portion of the advisory fee charged and collected by the third party manager.

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

CWM and its associated persons may buy or sell securities identical to those securities recommended to you. Therefore, CWM and/or its associated persons may have an interest or position in certain securities that are also recommended and bought or sold to you. CWM and its associated persons will not put their interests before your interest. CWM and its associated persons may not trade ahead of you or trade in such a way to obtain a better price for themselves than for you or other clients.

CWM is required to maintain a list of all securities holdings for its associated persons and develop procedures to supervise the trading activities of associated persons who have knowledge of your transactions and their related family accounts at least quarterly. Further, associated persons are prohibited from trading on non-public information or sharing such information.

You have the right to decline any investment recommendation. CWM and its associated persons are required to conduct their securities and investment advisory business in accordance with all applicable Federal and State securities regulations.

### **CODE OF ETHICS**

CWM has a fiduciary duty to you to act in your best interest and always place your interests first and foremost. CWM takes seriously its compliance and regulatory obligations and requires all staff to comply with such rules and regulations as well as CWM's policies and procedures. Further, CWM strives to handle your non-public information in such a way to protect information from falling into hands that have no business reason to know such information and provides you with CWM's Privacy Policy. As such, CWM maintains a code of ethics for its Advisory Representatives, supervised persons and staff. The Code of Ethics contains provisions for standards of business conduct in order to comply with federal securities laws, personal securities reporting requirements, pre-approval procedures for certain transactions, code violations reporting requirements, and safeguarding of material non-public information about your transactions. Further, CWM's Code of Ethics establishes CWM's expectation for business conduct. A copy of our Code of Ethics will be provided to you upon request.

### **Item 12 - Brokerage Practices**

CWM participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC. TD Ameritrade is an independent and unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment Advisors services which include custody of securities, trade execution, clearance and settlement of transactions. CWM receives some benefits from TD Ameritrade through its participation in the program.

You are not obligated to utilize the services of TD Ameritrade. However, any firm you select for custodial and brokerage services must be able to provide CWM promptly with statements, provide electronic access for trading and viewing of your account and readily accept trade instructions issued on your behalf by CWM. If the firm you select is not able to accommodate the aforementioned, CWM's services will be limited to advisory and consultation since CWM's management capabilities will be limited.

CWM participates in TD Ameritrade's institutional customer program and CWM may recommend TD Ameritrade to you for custody and brokerage services. There is no direct link between CWM's participation in the program and the investment advice it gives to you. However, CWM receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount):

- Receipt of duplicate client statements and confirmations; research related products and tools; consulting services;
- Access to a trading desk serving adviser participants;
- Access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts);
- Ability to have advisory fees deducted directly from your managed accounts;
- Access to an electronic communications network for order entry and account information;
- Access to mutual funds with no transaction fees and to certain institutional money managers; and
- Discounts on compliance, marketing, research, technology, and practice management products or services provided to CWM by third party vendors.

TD Ameritrade may also have paid for business consulting and professional services received by CWM's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit CWM but may not benefit its client accounts. These products or services may assist CWM in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help CWM manage and further develop its business enterprise. The benefits received by CWM or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, CWM endeavors at all times to put your interests first. You should be aware, however, that the receipt of economic benefits by CWM or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the CWM's choice of TD Ameritrade for custody and brokerage services. As previously stated, you maintain the ability to select the custodian for custodial and brokerage services.

Periodically, CWM will review alternative broker/dealers and custodians in the marketplace to ensure TD Ameritrade is meeting CWM's duty to provide best execution for your accounts. The review will include a comparison to TD Ameritrade which involves evaluating criteria such as overall expertise, cost competitiveness and financial condition. The quality of execution by TD Ameritrade will be reviewed through trade journal evaluations. However, best execution does not

simply mean the lowest transaction cost. Therefore, no single criteria will validate nor invalidate a custodian, but rather, all criteria taken together will be used in evaluating the currently utilized custodian.

You are advised there is an incentive for CWM to recommend a broker/dealer over another based on the products and services that will be received rather than your best interest.

CWM may aggregate (“bunch”) transactions in the same security on behalf of more than one client in an effort to strive for best execution and to possibly reduce the price per share and/or other costs to clients. However, aggregated or bunched orders will not reduce the transaction costs to participating clients. CWM conducts aggregated transactions in a manner designed to ensure that no participating client is favored over another client. Participating clients will obtain the average share price per share for the security executed that day. To the extent the aggregated order is not filled in its entirety and when possible, securities purchased or sold in an aggregated transaction will be allocated pro-rate to the participating client accounts in proportion to the size of the orders placed for each account. Under certain circumstances, the amount of securities maybe increased or decreased to avoid holding odd-lot or a small number of shares for particular clients.

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

#### *Asset Management Programs*

CWM will review your portfolio with you and your financial situation not less than at least annually or as otherwise agreed by you. You may request more frequent reviews and may set thresholds for triggering events that would cause a review to take place. CWM will monitor for changes or shifts in the economy, changes to the management and structure of the security in which your assets are invested, and market shifts and corrections. Further, changes to your financial situation may result in CWM revising the portfolio allocation of your managed accounts.

You are advised that you must notify CWM promptly of any changes to your financial goals, objectives or financial situation as such changes may require CWM to review the portfolio allocation and make recommendations for changes.

You will be provided statements at least quarterly direct from the account custodian. Additionally, you will receive confirmations of all transactions occurring direct from the account custodian. CWM does not on a regular basis provide reports on your managed accounts. However, during reviews, CWM may provide you with various reports to demonstrate the results of your portfolio. You should compare any report provided by CWM with statements received direct from the account custodian. Should there be any discrepancy the account custodian’s report will prevail.

#### *Advisory Services*

Unless you are participating in annual retainer services, you will not receive regular reviews unless requested and scheduled by you. CWM recommends you have at least an annual review and update to any plans. However, the time and frequency of the reviews is solely your decision. Additionally, you will be charged review fees based on the fee schedule disclosed under the program. Other than the initial plan or analysis, there will be no other reports issued.

If you are participating in annual retainer services you will receive reviews based on the agreement between you and CWM. Services are customized to your needs.

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

CWM does not directly or indirectly compensate any person who is not a supervised person of CWM for referrals.

#### **Item 15 - Custody**

With the exception of deduction of CWM's advisory fees from your accounts, CWM does not take custody of your funds or securities.

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

You may grant CWM authorization to manage your account on a discretionary basis. You will grant such authority to CWM by execution of the advisory agreement. You may terminate discretionary authorization at any time upon receipt of written notice by CWM.

Additionally, you are advised that:

- 1) You may set parameters with respect to when account should be rebalanced and set trading restrictions or limitations;
- 2) Your written consent is required to establish any mutual fund, variable annuity, or brokerage account;
- 3) With the exception of deduction of CWM's advisory fees from the account, if you have authorized automatic deductions, CWM will not have the ability to withdraw your funds or securities from the account.

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

CWM does not vote your securities.

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

CWM will not require you to prepay more than \$1,200 and six or more months in advance of receiving the advisory service.

#### **Item 19 - Requirements for State Registered Advisers**

This section is not applicable to CWM. CWM is not state registered. CWM is registered with the Securities and Exchange Commission.