

## Carolinas Investment Consulting, LLC

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This wrap fee brochure provides information about the qualifications and business practices of Carolinas Investment Consulting, LLC. If you have any questions about the contents of this Brochure, please contact us at (704) 643-2455. 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.

Carolinas Investment Consulting, LLC is a Registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training. This Brochure is intended, in part, to provide information which can be used to make a determination to hire or retain an Adviser.

Additional information about Carolinas Investment Consulting, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Material Changes**

There have been no material changes since our last wrap fee brochure dated May 24, 2011.

Pursuant to SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will provide you with a new Brochure, as necessary based on changes or new information, at any time without charge. Our Brochure may be requested by contacting us at our main number.

Additional information about Carolinas Investment Consulting, LLC is also available via the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's website provides information about any persons affiliated with Carolinas Investment Consulting, LLC who are registered, or are required to be registered, as investment adviser representatives of Carolinas Investment Consulting, LLC.

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## **Services, Fees and Compensation**

Carolinas Investment Consulting, LLC ("CIC") was established in July 2000 and approved as a Registered Investment Adviser in April of 2001. George H. Edmiston, Jr. is its CEO and 93% owner.

Carolinas Investment Consulting, LLC ("Introducing Firm" or "CIC") has entered into an agreement with First Clearing, LLC ("First Clearing" or "Clearing Agent") and Wells Fargo Advisors, LLC, ("Wells Fargo") pursuant to which Wells Fargo provides advisory programs and/or administers various wrap fee programs that are sponsored by CIC ("Programs"). CIC provides investment advisory services by recommending the Asset Advisor or Private Investment Management Programs that best meet the client needs based on the investment objectives given by the client and other selection criteria. The Programs provide investment advice, brokerage, and custodial services under a "wrap fee" arrangement. Generally, in a wrap fee arrangement, the Account pays a combined fee for investment advice, brokerage services, clearance and settlement services, and custodial services. The Account may also be charged for expenses or services that are not covered by the wrap fee.

### ***Asset Advisor Program***

Through the Asset Advisor Program ("Asset Advisor account"), CIC provides non-discretionary investment recommendations based upon a review of the client's investment goals, financial situation and risk tolerance. Clients have the option of accepting CIC's recommendations or selecting alternative investments for their accounts. CIC offers periodic rebalancing of the mutual funds or upon the client's direction. We also provide monitoring and reporting of portfolio performance to clients on a periodic basis.

CIC may recommend stocks, bonds, mutual funds or other assets of any kind, consistent with the client's investment objectives. Most types of securities are eligible for purchases in the Asset Advisor account including but not limited to, common and preferred stocks, exchange traded funds, closed end funds, unit investment trusts, corporate and government bonds, certificate of deposit, mutual funds and certain wrap class alternative investments, such as hedge funds.

Market timing is defined as excessive short-term purchase and sale transactions or exchanges with the intention of capturing short-term profits in violation of the terms of the fund's prospectus. CIC will not support market timing strategies or activities for mutual funds or any other extreme trading activity that CIC, in its sole discretion or by direction of the fund company, deems detrimental to the interest of average mutual fund shareholders or contrary to the policies or interest of the mutual fund companies.

Fees for the Asset Advisor program will cover advisory services, performance measurement, transaction costs, custody services and trading. The fees do not cover the fees and expenses of any underlying funds purchased in the account. Fees are based on the assets in the account and are assessed quarterly. A minimum fee of \$125 quarterly/\$500 year applies for this program.

Asset Advisor accounts are charged an all-inclusive "wrap fee" on Program Assets that covers advisory, execution, custodial and reporting services on Eligible Assets. Clients pay all of Asset Advisor's usual and customary commissions, transaction fees and other charges for transactions in Excluded Assets. Commissions and fees on Excluded Assets and other charges will be assessed against a client's account on or about the transaction date or such other date assessed by the Asset Advisor Program. See Program Fees and Account Minimums section below for details of fee exclusions, calculations, refunds

and other information. The imposition of the minimum fee may cause the effective Program Fee rate (expressed as a percentage) to be greater than the fee rates specified in the table below.

### ***Private Investment Management Program ("PIM")***

Through PIM, certain selected Financial Advisors of CIC provide investment advisory and brokerage services to client accounts on a discretionary basis. The Financial Advisors develop disciplined portfolios based on certain established PIM guidelines and the client's investment objectives and individual needs as established in investment portfolio and strategy criteria. Through the oversight of the Introducing Firm, PIM also provides monitoring and reporting of portfolio performance to clients on a periodic basis. The PIM program is designed to provide a disciplined advisory approach to meet client objectives and needs, yet with relatively few restrictions so that the Financial Advisor may develop the program for a wide variety of its clients' accounts.

PIM may encompass money market funds, exchange-traded fund shares; closed-end funds; and mutual fund shares from Wells Fargo's Allowable List. This Allowable List includes only open-end mutual funds that offer shares at net asset value through advisory programs. Some of the funds may be advised by, or otherwise affiliated with, Wells Fargo or Clearing Agent.

Fees for the PIM program will cover advisory services, performance measurement, transaction costs, custody services and trading. The fees do not cover the fees and expenses of any underlying funds purchased in the account. Fees are based on the assets in the account and are assessed quarterly. A minimum fee of \$250 quarterly/\$500 year applies for this program.

As of December 31, 2011, CIC held \$6,298,658 in discretionary assets under management and \$697,933,481 in non-discretionary assets under management.

### ***Fees and Compensation***

Client agrees to pay CIC for the service detailed above according to the following annual fee schedule, which is negotiable:

<b>PIM and Asset Advisor – Maximum Standard Fee Schedule</b>	
<b>Total Account Value</b>	<b>Annualized Program Fee</b>
First \$2,500,000	1%
Next \$2,500,000	Negotiable

The specific manner in which fees are charged by CIC is established in a client's written agreement. CIC will bill its fees on a quarterly basis in advance. Fees will be debited directly from the client's account, are based on the assets under management and in some instances, may be negotiated. Fees are in the form of an annual rate that is calculated and assessed in advance on a quarterly basis.

The account value is calculated as the market value of all long and short securities positions in the account. Although the fees listed above are "default" fees, they may, in some circumstances, be negotiable. The fee encompasses all transaction related costs associated with the execution of the transaction. The client shall pay an initial fee from the account to CIC on the date of acceptance of the contract based upon the value of the account on the date of acceptance and prorated through the end of the calendar quarter. Thereafter, the quarterly fee shall be paid to CIC on the first business day of

each succeeding calendar quarter based upon the value of the account on the last business day of the prior calendar quarter. In the case of a net capital contribution or withdrawal, fees will be prorated and charged or refunded if the net addition or net withdrawal would generate a fee or refund of at least \$40 for that quarter. No fee adjustment will be made during any fee period for appreciation or depreciation in the market value of assets in the account during that period. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. The client will maintain or deposit sufficient funds in the account to cover payment of all fees authorized by the contract and the client authorizes CIC and clearing firm to debit the account balances or redeem money market fund shares in the amount equal to the fee that is due. If there are not funds to cover the fees, then CIC may liquidate assets to cover fees. The service fee schedule may be changed upon written notification from CIC to the client.

A portion of the fees described herein may be paid to CIC Financial Advisors in connection with the provision of investment advice and/or client-related services within those programs. This compensation may be more than CIC's Financial Advisors would receive if clients paid separately for investment advice, brokerage, and other services and; therefore, CIC Financial Advisors may have a financial incentive to recommend the program services over other programs or services.

As a shareholder of a money market fund or mutual fund, in addition to fees paid by a client to CIC under a program, the client will bear a proportionate share of the fund's expenses, including the investment management fees that are paid to the fund's investment adviser, and will bear any other charges levied by a fund (e.g., redemption fees). For more information about fund expenses, see the fund's prospectus. Wrap fees also do not include fees related to adoption, maintenance, and closure of retirement accounts. A description of these and other expenses are available in each fund's prospectus.

Generally, CIC purchases no-load mutual funds which do not generate sales charges. Load and no-load mutual funds may pay annual distribution charges, sometimes referred to as 12b-1 fees. 12b-1 fees come from fund assets, therefore, indirectly from client assets. 12b-1 fees may be paid to First Clearing. For certain ERISA accounts, 12b-1 fees in whole or in part are credited back to the account to offset fees charged.

The Program Fees are subject to exclusions, calculations, and conditions contained in each Program's Advisory Agreement. Additionally, most Programs have a minimum quarterly Program Fee (which may be \$250 per quarter or more), which may cause the effective Program Fee (expressed as a percentage) to be greater than the fee rates shown above.

The wrap program may cost the client more or less than purchasing such services separately and will depend on the trading activity in the client's account. Because CIC may receive more compensation from a client from the client's participation in the Program than if the client received advisory services and brokerage services separately, CIC may have a financial incentive to recommend the Program to clients over other types of advisory services. CIC may give advice to others that may be different from the advice given to Program clients. Clients should consider the value of the additional consulting services when making such comparisons. The combination of custodial, consulting, and brokerage services may not be available separately or may require multiple accounts, documentation, and fees. In addition, certain advisors may not be available to certain clients outside the consulting relationship because of minimum account sizes, fee schedules, geographic availability, or other factors. A non-wrapped pricing arrangement may be more cost effective for accounts that do not experience frequent

trading activity. Because of the single fee charged to a Program account, CIC may be regarded as having a conflict of interest in that it may realize a greater profit on a Program account with a relatively low rate of portfolio turnover compared to other types of accounts, assuming the same level of fees.

All fees may be subject to negotiation. When negotiating fees, factors considered, but not limited to, include: (i) clients with multiple accounts; (ii) size of the account; (iii) a prior or existing relationship; and (iv) a client's particular needs or financial characteristics. Due to the fact that fees may vary, clients with existing accounts may be charged fees which do not match precisely the foregoing fee schedules or the fees paid by other clients.

Other costs that may be assessed and that are not part of those outlined above include fees for portfolio transactions executed away from the broker/custodian selected by the client, dealer mark-ups, electronic fund and wire transfers, spreads paid to market-makers, and exchange fees, among others. Broker/custodian may charge client certain additional and/or minimum fees.

The Program wrap fee does not include: (i) annual account fees or other administrative fees, such as wire fees, charged by First Clearing (ii) certain odd-lot differentials, transfer taxes, transaction fees mandated by the Securities Act of 1934, and charges imposed by law with regard to transactions in the client's account; and (iii) advisory fees, expenses or sales charges (loads) of mutual funds (including money market funds), closed-end investment companies or other managed investments, if any, held in client's account.

CIC receives compensation from the custodian based on the value of credit balances in the accounts. If cash is swept into a money market fund, CIC receives compensation based on the value of assets in these funds as broker-dealer. Thus, CIC has an incentive to recommend that clients select money market funds as a sweep vehicle that pays more compensation to CIC than other funds.

### ***Account Termination***

Client may initiate termination of the contract at any time by sending written notice to CIC. CIC may terminate the contract at any time for any reason; in which event CIC will refund the pro-rata fee received for the calendar quarter to the extent that such fee exceeds the execution charges that would have been owed based upon CIC's regular commission and execution rates. A full refund will be provided without penalty if the client terminates the contract within 5 business days of signing with CIC.

Upon termination, all securities and cash positions will remain intact; absent any liquidation orders. If specific liquidation orders are received, CIC and its agent will, in an orderly and efficient manner, proceed with liquidation of the client's account. There will not be a charge by us for such redemption; however, the client should be aware that certain mutual funds impose redemption fees as stated in each company's fund prospectus in certain circumstances. Clients must keep in mind that the decision to liquidate security issues or mutual funds may result in tax consequences that should be discussed with the client's tax advisor. Factors that may affect the orderly and efficient manner would be size and types of issues, liquidity of the markets, and market makers' abilities. Should the necessary securities' markets be unavailable and trading suspended, efforts to trade will be done as soon as possible following their reopening. Due to the administrative processing time needed to terminate client's investment advisory service and communicate the instructions to client's Investment Advisor, termination orders received from clients are not market orders; it may take several business days under normal market conditions to process the client's request. During this time, the client's account is subject to market risk. CIC and its agents are not responsible for market fluctuations of the client's

account from time of written notice until complete liquidation. All efforts will be made to process the termination in an efficient and timely manner.

## **Account Requirements and Types of Clients**

### ***Account Requirement***

Certain advisors may not be available to certain clients outside the consulting relationship because of minimum account sizes, fee schedules, geographic availability, or other factors.

### ***Types of Clients***

CIC provides portfolio management services to individuals, pension and profit-sharing plans, charitable institutions, foundations, endowments, estates, trusts, and corporations and business entities.

## **Portfolio Manager Selection and Evaluation**

CIC serves as the portfolio manager in the wrap fee program. CIC does not outsource its portfolio management by using outside portfolio managers for the referenced Programs. CIC uses industry standards to measure the performance of its portfolio managers; however, it does not use a third party auditor to review and verify the performance of its portfolio managers.

### ***Performance-Based Fees and Side-by-Side Management***

CIC does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

### ***Methods of Analysis, Investment Strategies and Risk of Loss***

Our investment strategy begins with an understanding of a client's financial goals. Advisors use demographic and financial information provided by the client to assess the client's risk profile and investment objectives in determining an appropriate plan for the client's assets. Investment strategies ordinarily include long- or short-term trading of stock portfolios, mutual funds, fixed income securities and options.

Investment recommendations are based on an analysis of the client's individual needs, and are drawn from research and analysis. Security analysis methods may include fundamental analysis, technical analysis, charting and cyclical analysis. Information for this analysis may be drawn from financial newspapers and magazines; inspections of corporate activities; research materials prepared by others; annual reports, corporate filings and prospectuses; company press releases; and corporate ratings services.

CIC may also seek the opinion of third party money managers for security analysis. This information will be considered in conjunction with other analysis methodology. In addition, CIC utilizes other sources of information such as Schwab Institutional website or First Clearing LLC's Advisory Services Department, which consists of Due Diligence Reports on Money Managers and Research Alerts to notify us of changes occurring on Money Managers.

It is important to note that investing in securities involves a risk that clients should be prepared to bear. For any risks associated with Investment Company products, please refer to the prospectuses for additional details about these risks. Our investment approach constantly keeps the risk of loss in mind. These risks include, but are not limited to:



- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of clients who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because CIC must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

### ***Voting Client Securities***

As a matter of firm policy and practice, CIC does not vote proxies on any client's behalf. Clients can authorize investment managers to vote proxy requests on their behalf in their client agreements. Please refer to the respective investment manager's Form ADV for a full disclosure of its proxy voting policies and procedures. Clients should contact their financial consultant if they have any questions and/or to obtain this information. Clients will receive their proxies or other solicitations directly from their custodian or transfer agent.

### **Client Information Provided to Portfolio Managers**

CIC is both your registered investment adviser and your portfolio manager. CIC does not outsource its portfolio management by using outside portfolio managers for the referenced Programs. Therefore, your portfolio manager has the same access to your information as CIC. Your information includes, among other things, income, net worth, risk tolerance, and investment objectives. Your portfolio manager uses this information to determine the appropriate asset allocation and manage your investments. When you update your information with CIC, your portfolio manager will have immediate access to the same updated information.

### **Client Contact with Portfolio Managers**

You may communicate with portfolio managers directly. Consultations beyond normal business practices may require additional negotiated fees.

## **Additional Information**

### ***Disciplinary Information***

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of CIC or the integrity of CIC's management. CIC has no information applicable to this Item.

### ***Other Financial Industry Activities and Affiliations***

CIC is effectively registered as a general securities broker-dealer with the U.S. Securities and Exchange Commission and various state regulatory agencies. CIC is also a member of FINRA and SIPC. In its capacity as a broker-dealer, CIC is involved in the sale of various types of securities, including, but not limited to, stocks, bonds and mutual funds.

CIC also offers Family Office Services for a fee, which include Comprehensive Financial Planning, Estate/Tax Planning Review and Strategies (in coordination with tax and legal advisors), Cash Flow Budgeting and Analysis, Document Aggregation, Multi-Generation Services and Education, Charitable Giving Strategies, Family Gifting & Education Funding Strategies, Life Insurance Review and Planning and Outside Trust Services Review.

Individuals associated with CIC as an Investment Adviser Representative ("IAR") may also be registered with CIC as a Registered Representative ("RR"). Although often times related, CIC's brokerage services may be offered separately from its investment advisory services. As a result of certain investment-related recommendations (or other investment advisory services) provided to its clients, individuals associated with CIC as IARs as well as RRs may facilitate certain securities transactions related to its investment advisory services on behalf of such clients. Any such transactions may be facilitated through CIC in its capacity as a registered broker-dealer. If a trade error were to occur, it may result in profit or loss to the firm. The firm has controls in place to limit such trade errors. Investment Advisers will not participate in any profits resulting from such errors.

CIC is also separately licensed as an Insurance Agency and certain IARs are licensed as insurance agents/brokers. When applicable, these individuals may recommend insurance or broker-dealer transactions for advisory clients. In their capacities as Registered Representatives or as insurance agents, clients will be charged separately from their advisory services.

On average individual Investment Advisor Representatives and the principals of CIC spend as much as 50% of their time on these aforementioned non-advisory activities. No CIC client is obligated to purchase any recommended insurance products.

For the Programs, CIC requires that clients establish brokerage accounts with First Clearing, LLC ("First Clearing") to maintain custody of their assets and to effect trades. Although CIC may recommend that clients establish accounts at First Clearing, it is the client's decision. CIC is independently owned and operated and not affiliated with First Clearing.

### ***Brokerage Practices***

As noted previously, CIC is registered as a broker-dealer. The Principals of CIC, in their capacity as Registered Representatives of CIC, may recommend CIC's broker-dealer services to clients who have or are utilizing CIC's advisory services. CIC's clients are free to implement advisory recommendations

through any firm. Clients are under no obligation to purchase or sell securities through CIC and may select any broker-dealer on their own to implement the advice and recommendation received from CIC.

If clients choose to use CIC's broker-dealer services, the Adviser or its associated persons may receive compensation for such transactions, where such compensation is separate and distinct from Adviser's compensation related to its investment advisory services. Commissions paid to Advisers for broker-dealer services may be higher or lower than those paid by other brokers. Notwithstanding such additional compensation, CIC strives to serve the best interest of the clients. CIC believes that the overall level of services and support provided to clients by CIC outweighs the potentially lower transaction cost available under other brokerage arrangements. CIC receives no products, research, or services that CIC would consider a factor in recommending a particular broker dealer.

For CIC client accounts maintained in its custody, First Clearing generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through First Clearing or that settle into First Clearing accounts. First Clearing may make products and services available to CIC that benefit CIC but may not directly benefit its clients' accounts. Many of these products and services are used to service all or a substantial number of CIC accounts. Some of these products and services provided by First Clearing include software and other technology that (i) provides access to client account data (such as trade confirmations and account statements); (ii) facilitates trade execution and allocates aggregated trade orders for multiple client accounts; (iii) provides research, pricing and other market data; (iv) facilitates payment of CIC fees from its clients' accounts; and (v) assists with back-office functions, recordkeeping and client reporting.

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

Access persons are required to report their trading activities. Access persons have restrictions on personal trading in securities that the firm purchases for clients. The firm has adopted a Code of Ethics to govern personal trading by such access persons. In addition, the firm has an Insider Trading Policy applicable to all its employees, which prohibits the use of material inside information in connection with personal transactions.

The Code of Ethics and trading policies are overseen by the Chief Compliance Officer, who is responsible for the review of such transactions. A copy of the firm's Code of Ethics is provided to all employees. The firm's Code emphasizes the firm's philosophy of honesty, integrity, and professionalism, setting forth standards of conduct expected of the firm's personnel, promoting honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships, and promoting compliance with applicable government laws, rules, and regulations. The firm's investment advisers are fiduciaries who have the responsibility to render professional, continuous, and unbiased investment advice to clients. Advisers owe clients the duties of care, loyalty, honesty, good faith, and fair dealing, and must act at all times in the client's best interest. All personnel have the obligation to uphold these duties. A free copy of the firm's Code of Ethics is available to clients upon request.

The accounts of certain employees, or related persons, may be managed in a similar fashion to many clients' accounts. As a result, securities held in employees' portfolios may be substantially the same as securities owned by clients of the firm. In any purchase or sale by the firm and/or employees of the firm, client transactions are completed prior to the initiation of any transactions for employee or related person accounts. CIC has adopted a Code of Ethics for all supervised persons of the firm describing its

high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at CIC must acknowledge the terms of the Code of Ethics annually, or as amended.

Advisors of CIC may buy or sell securities that are recommended to clients. CIC's employees and persons associated with CIC are required to follow the Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of CIC and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for CIC's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of CIC will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would not materially interfere with the best interest of CIC's clients. In addition, the Code requires pre-approval of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client. Employee trading is continually monitored under the Code of Ethics to reasonably prevent conflicts of interest between CIC and its clients.

CIC's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting us at (704) 643-2455 or (800) 255-2904.

### ***Review of Accounts***

The Chief Compliance Officer will review accounts for which CIC provides supervisory services, discretionary investment advisory services or holds itself out as providing financial planning or some similarly termed service ("Investment Consulting Program") at least annually to determine the suitability of investments in relation to a client's objectives. The review process contains each of the following elements:

- a. Investment Policy Statement, where applicable, is reviewed as to any changes necessitated;
- b. Asset Allocation is reviewed and rebalanced as appropriate,
- c. Performance vs. appropriate selected indices are reviewed as are any variances on a current year-to-date and annual since inception basis; and
- d. All client comments and concerns are discussed and appropriately handled.

At least annually, the firm will contact the client and request current information to determine whether there have been any changes in the information provided in the questionnaire. Client agrees to inform the firm in writing of any material changes to the information included in the questionnaire or any other change in the client's financial circumstances that might affect the manner in which client's assets should be invested. Client may contact the firm during normal business hours to consult with the firm concerning the management of the client's account(s).

Clients will receive performance reports at least annually, or more frequently as agreed. These reports include:

- a. Consistency with policy statement;
- b. Current asset allocation;
- c. Beginning and ending valuation;
- d. Net flows;
- e. Returns on trailing 12 months as well as on a calendar basis since inception as compared to the appropriate indices and their corresponding variances;
- f. Up and down capture ratio as percent of index return;
- g. Market values and cash flows on quarterly basis since inception; and
- h. Measurement of volatility , which may include Alpha, Beta, R<sup>2</sup> calculations.

The client understands that it is his/her responsibility to review this material and report any discrepancies to CIC as soon as possible.

### ***Client Referrals and Other Compensation***

CIC, in some instances, may compensate third-party solicitors for client referrals. The solicitor's agreements entered into by CIC comply with Rule 206(4)-3 under the Investment Advisers Act of 1940. Currently CIC has agreements with Mary A. Ferguson, CPA, Martha Louise Ramage Lewis, PLLC and Ralph N. Strayhorn, III. Additional solicitor agreements may be initiated, or existing ones terminated at any time. Compensation will be based on a percent of referred clients' account value managed by CIC. Such fees are paid pursuant to a written agreement between CIC and the solicitor. A client who is solicited will receive an additional disclosure document specifically describing the arrangement and the compensation paid to the solicitor. Solicitor's fees will be based on CIC's normal fee schedule; clients will not be charged any additional fees or expenses as a result of the referral.

### ***Financial Information***

Registered Investment Advisers are required to provide clients with certain financial information or disclosures about CIC's financial condition. CIC has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of any bankruptcy proceeding.

### ***Custody***

Clients should receive statements at least quarterly from First Clearing, the qualified custodian that holds and maintains your investment assets. These reports include: (1) trade confirmations reflecting all transactions in securities (except money market mutual fund transactions) unless specifically waived by the client; (2) monthly and/or quarterly statements of the client's account itemizing all transactions in cash and securities, and all deposits and withdrawals of principal and income during the preceding calendar month; (3) statements of securities in custody, listing securities held in the account, submitted at least quarterly; and (4) an annual summary of transactions and dividend and interest statements.

CIC urges clients to carefully review such statements and compare the official custodial records to the account statements that we may provide. CIC's statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. CIC may furnish periodic statements of account activity in lieu of transaction-by-transaction confirmations as described above, to the extent and in the manner permitted by Rule 10b-10 under the Securities Exchange Act of 1934, as amended.

### ***Investment Discretion***

Through the Asset Advisor Program (“Asset Advisor account”), certain selected Financial Advisors of CIC provide investment advisory and brokerage services to client accounts on a non-discretionary basis. Through the Private Investment Management Program (“PIM”), certain selected Financial Advisors of CIC provide investment advisory and brokerage services to client accounts on a discretionary basis. When the client chooses to grant investment discretion to the Adviser, the Adviser will have authority to supervise and direct the investments of and for the client’s account(s) without prior consultation with the client. Pursuant to this discretionary authority, the Adviser will determine which securities are bought and sold for the account and the total amount of such purchases and sales. The Adviser will make investment decisions for client accounts in accordance with the investment objectives, risk tolerance, investment time horizon, and any investment policies, guidelines, or reasonable restrictions as the client may impose in writing, and to which the Adviser agrees. Pursuant to the client’s instruction, client money/cash may be invested in a money market mutual fund managed by their custodian who may charge a fee. Clients should contact their custodian for more information about this investment of their cash.

### **Privacy Policy**

CIC collects nonpublic personal information about clients from the following sources: Information we receive on applications or other forms and information about client transactions with affiliates, others, or us. CIC does not disclose any non-public information about current or former clients to anyone, except as permitted by law or in order to provide the current services. Employees have limited access to clients’ personal information based on their responsibilities to provide products or services. Be assured that we maintain physical, electronic and procedural safeguards in compliance with federal standards to protect client information.

If the Adviser servicing a client’s account leaves CIC to join another firm, he or she may be permitted to retain copies of client information so that they can assist with the transfer of client accounts and continue to serve the client at their new firm.

“Opting-out” of Third Party Disclosures: If you do not want your account Consultant to retain copies of your client sensitive information when he or she leaves us to join another firm, you may contact our Compliance Department by calling (704) 643-2455.