

Item 1 - Cover Page

FORM ADV Part 2

**Empirical Wealth Management
9755 SW Barnes Rd #210
Portland, OR 97225
Phone: 503-808-9005
www.empiricalwm.com
Prepared on 03-28-2012**

This brochure provides information about the qualification and business practices of Empirical Wealth Management. If you have any questions about the contents of this brochure, please contact us. 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.

Empirical Wealth Management is a registered investment advisor. Registration of an Investment Advisor does not imply any level of skill or training. The oral and written communications of an Advisor provide you with information about which you determine to hire or retain an Advisor.

Additional information about Empirical Wealth Management is also available on the Internet at www.advisorinfo.sec.gov.

Item 2 - Material Changes

This Item will discuss only specific material changes that are made to the Brochure and provide you with a summary of such changes. Our last annual update of our brochure was April 4, 2011.

We have added a new referral source to solicit new business for us. They are SigFig Wealth Management LLC.

Jack Monteith is no longer an employee of Empirical Financial Services.

We have added a new service for outside account aggregation. If you would like us to link to and make recommendations for your outside account(s) through your employer or other investment adviser, you may sign up for our aggregation service which utilizes ByAllAccounts services. This will allow us to have a complete view of linked outside holdings. The fee for linking outside accounts is .25% per annum, billed quarterly in advance, of assets in your outside accounts which will be taken out of your managed fee account or invoiced upon request. Fees will not be deducted directly from outside accounts. We will offer advice and recommendations on the outside accounts but it will be your sole responsibility to implement allocation recommendations in these outside accounts linked to us for viewing purposes. We will report on the overall allocation including these outside accounts for reporting purposes.

We also have added services for business and research consulting and financial planning services. These services are charged on an hourly rate or a fixed fee depending on the size of the project and will be negotiated directly with the client.

Currently, our Brochure may be requested by contacting Melissa McDermott who can be reached at 503-808-9005 or at mel@empiricalwm.com.

Additional information about Empirical Wealth Management is also available via the SEC's website at www.advisorinfo.sec.gov. The SEC's website also provides information about any persons affiliated with Empirical Wealth Management who are registered, or are required to be registered, as investment advisor representatives of Empirical Wealth Management.

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Item 4 - Advisory Business

Empirical Wealth Management (EWM) is a privately held investment advisor organized as a Limited Liability Company in the State of Oregon. The company was opened on July 1, 2006. It is solely owned by Jack Monteith and Melissa McDermott.

We provide financial planning, investment planning and investment advisory services to our clients.

Financial planning services may include:

- retirement planning
- education planning
- charitable giving
- estate planning
- tax planning
- insurance coverage review
- long term care insurance review
- disability protection
- stock option and deferred compensation plan strategies
- 10b(5) -1 predetermined trading plans
- business planning
- small business retirement savings strategies
- pension consulting
- 401(k) recommendations
- Investment account aggregation advice
- Asset protection services
- retirement cash flow planning

You may not wish to engage in the financial planning portion of our service but these services are available to you as part of your quarterly fee or on a flat fee basis for non-advisory clients.

Investment advisory services include:

- risk tolerance assessment
- risk capacity assessment
- asset allocation strategies
- the creation of a mutually agreed upon investment plan (see description below), set up to comply with your goals and objectives
- the ongoing management and monitoring of your portfolio

Investment planning includes:

- your long term needs, objectives and values
- a mutually agreed upon definition of the level of risk that you are willing to accept
- the expected time horizon for your investments
- the asset classes to be used in your portfolio
- the investment methodology that will be used
- how taxes will be managed

- the approach taken to rebalance and trade your portfolio
- the implementation plan and the appropriate benchmarks to be used in measuring success
- quarterly meetings to review the progress of the investment plan

You may not engage in these services as often as quarterly but they are available as part of the standard quarterly fee.

We have ongoing and continuous discretionary authority for your accounts. We can execute our investment recommendations in accordance with the statement of Investment Policy on your behalf, without your prior approval of each specific transaction, unless specifically restricted by you. We will choose the investments to be placed into your accounts, based upon your signed asset allocation statement. We choose which model allocation is appropriate for you based upon the items discussed above. We offer several investment portfolios designed to meet various needs but portfolios are not designed specifically for each client.

You may restrict our services. Account restrictions are generally for tax purposes in situations where you may incur a large amount of taxable gain from the sale of your positions. In these cases, we may code the positions as “Legacy” and not to be traded, may determine a strategy with you for slowly getting out of the position over time, or may require you to transfer the assets into a separate “non-discretionary” account. We do not accept responsibility for non-standard positions inside your accounts either brought in or bought at your instructions but not generally purchased in client portfolios as part of our investment portfolio. We will allow these positions to be held inside your managed accounts and may charge fees for such but will not be held responsible for their performance or monitoring. Other account restrictions may be to invest only in specific portfolios, for example, our socially responsible allocation indicates and observes your wish to not invest in positions that support “sin stocks” and our sustainable portfolio invests into positions that are environmentally friendly. We endeavor to make all transactions in your accounts within the directions and preferences determined by the agreed upon investment plan.

We have added a new service for outside account aggregation. If you would like us to link to and make recommendations for your outside account(s) through your employer or other investment adviser, you may sign up for our aggregation service which utilizes ByAllAccounts services. This will allow us to have a complete view of linked outside holdings. We will offer advice and recommendations on the outside accounts but it will be your sole responsibility to implement allocation recommendations in these outside accounts linked to us for viewing purposes. We will report on the overall allocation including these outside accounts for reporting purposes.

We do not participate in a wrap fee program.

We manage \$173 million on a discretionary basis for our clients and \$8 million on a non-discretionary basis for a total of assets under advisement of \$182 million. This amount is as of March 22, 2012.

Item 5 - Fees and Compensation

The specific manner in which fees are charged by EWM is established in your written agreement with us. Fees are charged quarterly in advance. Fees are due and payable on the first day of each calendar quarter and are generally deducted directly from your accounts. In some cases, you may elect to be invoiced, in which case an invoice is delivered to you and payment is due upon receipt. We are compensated by you for our advisory services based upon your assets under management and our sliding fee schedule. The amount charged to your account will be 25% of the total annual

fee based on your assets under management on the last day of the previous calendar quarter. Fees are negotiable and some clients have fees dating to older fee schedules. We may modify these terms on at least 30 days prior written notification or upon execution of a new contract with you. Below is our current fee schedule:

Assets	Portfolio Annual Fee
First \$2,500,000	1.00%
\$2,500,001 - \$5,000,000	.80%
\$5,000,001 - \$10,000,000	.70%
Over \$10,000,000	.50%

The fee for linking outside accounts is .25% per annum, billed quarterly in advance, of assets in your outside accounts which will be taken out of your managed fee account or invoiced upon request. Fees will not be deducted directly from outside accounts.

We also have added services for business and research consulting and financial planning services. These services are charged at an hourly rate or a fixed fee depending on the size of the project and will be negotiated directly with the client.

If you join our management mid-quarter, regardless of the account size, the fee will be prorated to the number of days in the quarter the account was linked to us, beginning on the date of the first trade within any of your accounts.

For existing clients, contributions and withdrawals of \$100,000 or more, taking place within the first 10 weeks of the calendar quarter will also be rebated or billed on a prorated basis. However, margin debt is considered to be managed and will not be excluded from billing or offered prorated billing rebates. All unearned, pre-paid fees will be refunded upon termination of the advisory contract. Rebates for significant withdrawals or for terminated client accounts will be given within 10 business days of the event. Partial rebates or fees will be determined as the amount of assets to be billed or rebated times your current lowest billing tier divided by 4, divided by 90, times how many days are left in the quarter.

For example, if you deposit \$120,000 on May 15th and your lowest current billing tier is .75bps, the bill would be \$112.50:

$$\begin{array}{ccccccc}
 \$120000 & \nearrow & \$900/4 & \nearrow & \$225/90 & \nearrow & \$2.50 \\
 \underline{\times .0075} & & = \$225 & & = \$2.50 & & \underline{\times 45} \\
 \$900 & & & & & & \$112.50
 \end{array}$$

To determine the value of your assets for fee purposes, securities and other instruments traded on a market will be valued at the last reported sale price on the principal market in which they are traded. This value is reported to us by your custodian. If there were no sales on such date, then they will be priced at the mean between the closing bid and asked prices on such date. Other readily marketable securities and other instruments will be priced using a pricing service or through quotations from one or more dealers. All other assets will be valued on a best efforts basis at fair market value.

We receive fees based on assets under management. However, other fees may be required from other companies, such as custodians, brokers or investment products, involved with the assets or trading of the assets. These fees are your responsibility and are separate and in addition to our management fees (see Item 12 “Brokerage Practices, Your Brokerage and Custody Costs”). We

endeavor to use investment products with the most competitive internal expenses within their asset class, and custodians with competitive pricing and services (see Item 12 “Brokerage Practices”).

The following fees are paid directly from your account:

- mutual funds and index fund internal expenses
- margin interest (if applicable)
- Wire transfer fees
- Custodial fees for holding non-standard assets (i.e. alternative investments)
- Brokerage commissions
- Custodial fees
- Service charges
- Stock transfer fees

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

We do not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of your assets). Therefore, we do not have side-by-side management.

Item 7 - Types of Clients

EWM provides portfolio management services to:

- individuals
- high net worth individuals
- pension and profit sharing plans
- trusts
- estates

Some clients may require and/or receive more service than others, not all clients will require/receive the same amount of time from us. We require a minimum portfolio balance of \$500,000 although in certain cases this minimum may be waived at our discretion.

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

Our investment philosophy is based upon Modern Portfolio Theory (MPT). MPT states that assets should be selected on the basis of how they interact with one another, rather than how they perform in isolation. Capital markets are composed of many classes of securities, including stocks and bonds, both domestic and international. A group of securities with shared economic traits is commonly referred to as an asset class. There are several asset classes, all with average price movements, that are distinct from one another. According to MPT, investors can benefit by combining the different asset classes in a structured portfolio.

We typically incorporate 15-21 distinct asset classes when building client portfolios. When determining which asset classes to use in our model portfolios, we incorporate correlation research conducted by Eugene Fama and Kenneth French dating back to The Great Depression.

Our goal is to choose investments that offer good asset class diversification at a low price. We then determine the amount to allocate to each asset class based upon each asset class's risk characteristics and the investment goal of the model portfolio. We invest in mutual funds and exchange traded funds chosen based upon their diversification characteristics, internal expenses and tax efficiency. We often choose institutional funds (investments available only through an investment advisor) and investments that fall in the lowest quartile of expenses for their category.

We may offer advice on a multitude of security types including:

- equities
- corporate debt
- commercial paper
- certificates of deposit
- municipal securities
- investment company securities
- United States government securities
- options contracts
- futures contracts
- partnerships and others (including limited partnerships, and third party money managers)

We do not generally recommend all of these options but may recommend some or none of the above to you depending on your unique situation and current market conditions.

We use the following as sources of information and methods of analysis:

- fundamental data
- cyclical data
- research materials prepared by other corporate rating services
- annual reports
- prospectuses
- filings with the SEC
- company press releases
- financial newspapers and magazines
- academic journal and articles
- historical return information

The investment strategies that we may use to implement investment advice given to you includes:

- long term purchases
- short term purchases
- trading
- short sales
- margin transactions
- option writing

Some of these, including option writing and margin transactions, can result in a substantially increased risk to your account.

Our Targeted Premium Equity Portfolios are designed to offer varying levels of exposure to investment asset classes such as emerging markets, global exposure to small companies and global exposure to value companies. At times these segments of the global investment market may be more volatile and may present additional risks as related to a passively weighted global index portfolio.

Our Targeted Credit Portfolios are designed to offer varying levels of exposure to credit risks associated with investing in bonds that may include high yield or emerging markets debt. These bond asset classes will be more volatile than treasuries or a total bond market index.

Investing in securities involves risk of loss that you should be prepared to bear. We will use our best judgment and good faith efforts in rendering services to you. We cannot warrant or guarantee any particular level of account performance, or that an account will be profitable over time. Not every investment decision or recommendation made by us will be profitable. You assume all market risk involved in the investment of account assets under the Investment Advisory Agreement. You understand that investment decisions made for your accounts are subject to various market, currency, economic, political and business risks. Other risks involved in our investment strategy include the following:

- Equities: market risk, small premium risk, value premium risk, foreign currency risk, emerging markets risk, real estate risk, tracking error risk, liquidity risk;
- Commodities: issuer risk, commodities risk, futures risk, liquidity risk;
- Fixed Income: interest rate risk, reinvestment risk, corporate risk, municipal credit risk, inflation risk, tracking error risk, liquidity risk;
- Options hedging: options risk, liquidity risk

You should be aware that all investing involves the risk that investments may decline or be lost. No investments are guaranteed. All investments contain risk and volatility should be expected. Over a long period of time, it is reasonable to expect higher returns from stocks than from bonds. Our strategy relies on the belief that this pattern should hold true in the future because investors demand a higher return from stocks due to the increased risk stocks present over bonds.

We attempt to manage risk in several ways:

- by designing our portfolios for the long term investment horizon
- by mixing stocks with bonds in order to lower volatility
- by investing in multiple asset classes that are not correlated to each other (asset classes that do not move up and down in tandem)
- by investing in highly diversified mutual funds and ETFs that provide access to a large number of investments within each asset class
- by investing in short term bonds when interest rates are low and longer term bonds when interest rates are higher
- by investing in inflation protection bonds and highly rated corporate and government bonds
- by minimizing investment costs including taxes and internal fund expenses

However, our strategy does not alleviate all investment risk and depending on your allocation, your portfolio may not contain all of these risk management components. Stock investments generally have a higher risk of loss than bonds. Some of the stock asset classes we invest in have higher than average volatility (example: small cap and growth stocks) and some may experience extreme volatility (example: emerging markets stocks). Bond investments generally have a risk

of not outperforming inflation and are affected by changing interest rates. Lower rated bonds have a higher risk of default by issuers. US investments have the risk that the dollar may not outperform other international currencies. International investments have the risk that their currencies may not outperform the dollar. Emerging markets stocks often contain the risk of unstable governing countries. You should understand that the higher the expected return of a portfolio, the higher the risk of volatility and loss.

Except as may otherwise be provided by law, we will not be liable to you for:

- any loss that you may suffer by reason of any investment decision made or other action taken or omitted in good faith by us with that degree of care, skill, prudence and diligence under the circumstances that a prudent person acting in a fiduciary capacity would
- any loss arising from our adherence to your instructions
- any act or failure to act by a custodian of your account
- the insolvency of the custodian
- any acts of the agents or employees of the custodian whether any amount of such loss is covered by the Securities Investor Protection Corporation (SIPC) or any other insurance which may be carried by the custodian

You understand that SIPC provides only limited protection for the loss of property held by the custodian.

Item 9 - Disciplinary Information

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of EWM or the integrity of our management. We have no information applicable to this Item.

Item 10 - Other Financial Industry Activities and Affiliations

Empirical Wealth Management has a partner, Jack Monteith, who also operates a separate CPA business, Jack D. Monteith, CPA. Some clients of ours may also be clients of the CPA firm. Jack spends less than 5% of his time on the CPA business. Jack will occasionally be unavailable or less available to our clients because of this venture.

Members of Empirical Financial Services, LLC (EFS) sit on the investment committee of Empirical Wealth Management and EFS will act as a sub-advisor on certain client accounts. EFS provides marketing material, research data, investment strategies and portfolio rebalancing services to us for a fee. We engage EFS to invest and rebalance some client accounts. In doing so, EFS follows and is held accountable to maintaining portfolios in line with your signed investment policy statements. In order to effectively manage the investment of client accounts, EFS will have the power and authority to supervise and direct any investments for the accounts designated by us. You do not pay additional fees for these services, but rather we pay EFS directly.

We may, on occasion, recommend that all or a portion of the assets in your account be managed by an outside investment manager or sub-advisor. Sub advisory fees are paid by us from our advisory fees and will not result in increased fees to you. In all discretionary accounts, except to the extent that you direct otherwise, we are authorized to use our discretion in selecting or changing a sub-advisor and/or outside money manager to the account without prior approval from

you. You may be required to execute a limited power of attorney with a sub-advisor selected by us.

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

We have adopted a Code of Ethics for all access persons (any director, officer, general partner, employee or intern) of Empirical Wealth Management describing our high standard of business conduct, and fiduciary duty to you. The Code of Ethics includes provisions relating to the confidentiality of your information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts, the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All access persons at EWM must acknowledge the terms of the Code of Ethics annually, or as amended.

Our employees may buy or sell securities for their personal accounts identical to or different than those recommended to you. It is our expressed policy that no person employed by us will prefer his or her own interest to that of you or make personal investment decisions based upon your investment decisions. Our Code of Ethics prohibits the use of material non-public information and requires all access persons to act with the fundamental principles of openness, integrity, honesty, diligence, respect, trust, competence, dignity and in an ethical manner when dealing with the public, clients, prospects, employers and fellow employees. We will act as the fiduciary that owes each of our clients, duties of care and loyalty with respect to all services undertaken on your behalf. We will use reasonable care and exercise independent judgment when conducting investment analysis, making investment recommendations, taking investment actions and engaging in other professional activities. We will maintain knowledge of and comply with all applicable laws, rules and regulations and not knowingly participate or assist in any violations of such. Employees will report any known violations of the Code of Ethics to the compliance department immediately. Any individual not in observance of the above may be subject to termination.

The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of EWM will not interfere with (i) making decisions in the best interest of you and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code of Ethics, certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of our clients. In addition, the Code of Ethics requires pre-clearance of many transactions, and in some cases restricts trading in close proximity to client trading activity. Employee trading is continually monitored by our compliance department under the Code of Ethics, to reasonably prevent conflicts of interest between EWM and you and a system is in place to prevent abuse. However, because the Code of Ethics, in many circumstances, permits employees to invest in the same securities as you, there is a possibility that employees might benefit by capitalizing on the market fluctuations caused by trading in your accounts.

Certain affiliated accounts may trade in the same securities with your accounts on an aggregated basis when consistent with our obligation of best execution. In such circumstances, the affiliated and your accounts will share commission costs equally and receive securities at a total average price. We will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders

will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

It is our policy that we will not affect any principal or agency cross securities transactions for your accounts. Principal transactions are generally defined as transactions where an advisor, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to you. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment advisor in relation to a transaction in which the investment advisor, or any person controlled by or under common control with the investment advisor, acts as broker for both you and for another person on the other side of the transaction. Agency cross transactions may arise where an advisor is dually registered as a broker-dealer or has an affiliated broker-dealer. We will also not cross trade between client accounts. This means we will not sell securities in your account to another client or vice versa.

You may request a copy of the firm's Code of Ethics by contacting Melissa McDermott who can be reached at 503-808-9005 or email her at mel@empiricalwm.com.

Item 12 - Brokerage Practices

Except to the extent you direct otherwise, we will use our discretion in recommending the broker-dealer and therefore the commissions charged. In selecting or recommending a broker-dealer, we will comply with our fiduciary duty to obtain best execution and with the Securities Exchange Act of 1934. We will take into account such relevant factors as:

- price
- the broker-dealers facilities, reliability and financial responsibility
- the ability of the broker-dealer to effect transactions, particularly with regard to such aspects as timing, order size and execution of order
- the research and related brokerage services provided by such broker-dealer to us, notwithstanding that the Account may not be the direct or exclusive beneficiary of such services
- any other factors we consider to be relevant

The Custodian and Brokers we use

We do not maintain custody of your assets (that we manage/or which we advise), although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account (see Item 15-Custody). Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or a bank. We request that you use Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, as your qualified custodian. We are independently owned and operated and are not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we request that you use Schwab as your custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so. If you do not wish to place your assets with Schwab, then we cannot manage your account. Not all advisors require their clients to use a particular broker-dealer or other custodian selected by them. Even though your account is maintained at Schwab, we have the option to use other

brokers to execute trades for your account as described below (see “Your Brokerage and Custody Costs”).

Client Directed Brokerage

We seek to achieve best execution for all your accounts. In the event that you direct us to use a particular broker, we may not be authorized under those circumstances to negotiate commissions and may not be able to obtain volume discounts or best execution. In addition, under these circumstances, a difference in commission charges may exist between commissions charged to those clients who direct us to use a particular broker and other clients who do not direct us on the broker to use. We may also trade directed brokerage accounts after non-directed brokerage accounts which could make the trades more or less favorable to certain clients.

How We Select Brokers/Custodians

We seek to use a custodian/broker who will hold your assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including among others:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange traded funds (ETFs), etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength and stability
- Prior service to us and our other clients
- Availability of other products and services that benefit us as discussed below (see “Products and Services Available to Us from Schwab”)

All trades are documented by the trader and then confirmed either via an electronic download, or by written confirmation. Traders send all trades through your custodian's electronic communication network. We test the best execution of custodians trading platforms periodically to see if you are receiving competitive execution of your securities, but because of our relationship with Charles Schwab and Co., who serves as both custodian and referral source to us, there may be a reduced ability for us to seek best execution, negotiate trade commissions among various brokers and block trade all client trades.

Your Brokerage and Custody Costs

For your accounts that Schwab custodies, Schwab generally does not charge you separately for custody service but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. In addition to commissions, Schwab charges you a flat dollar amount as a “prime-broker” or “trade away” fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the

securities sold are deposited (settled) into your Schwab account. We generally do not “trade away”, therefore, these fees typically do not affect our clients. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account. We have determined that having Schwab execute most trades is consistent with our duty to seek “best execution” of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see “How We Select Brokers/Custodians”).

Products and Services Available to Us from Schwab

Schwab Advisor Services TM (formerly called Schwab Institutional) is Schwab’s business serving independent investment advisory firms like us. They provide us and you with access to their institutional brokerage – trading, custody, reporting, and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us to manage or administer your accounts, while others help us manage and grow our business. Schwab’s support services generally are available on an unsolicited basis (we don’t have to request them) and at no charge to us as long as our clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. If our clients collectively have less than \$10 million in assets at Schwab, Schwab may charge us quarterly service fees of \$1,200. Following is a more detailed description of Schwab’s support services:

Services That Benefit You

Schwab’s institutional brokerage services include access to a broad range of investment products, execution of securities transactions and the custody of your assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by you. Schwab’s services described in this paragraph generally benefit you and your accounts.

Services That May Not Directly Benefit You

Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering your accounts. They include investment research, both Schwab’s own and that of third parties. We may use this research to service all or a substantial number of our client’s accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to your account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from your accounts
- Assist with back-office functions, recordkeeping and client reporting

Services that Generally Benefit Only Us

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefit providers, human capital consultants, and insurance providers

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits, such as occasional business entertainment of our personnel.

Our Interest in Schwab's Services

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services so long as our clients collectively keep a total of at least \$10 million of their assets in accounts at Schwab. Beyond that, these services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. The \$10 million minimum may give us an incentive to request that you maintain your account with Schwab, based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as a custodian and broker is in your best interests. Our selection is primarily supported by the scope, quality and price of Schwab's services (see "How We Select Brokers/Custodians") and not Schwab services that benefit only us. We have over \$100 million in client assets under management and we do not believe that requesting our clients to collectively maintain at least \$10 million of those assets at Schwab in order to avoid paying Schwab quarterly service fees presents a material conflict of interest.

Referrals Received from Schwab

We received client referrals from Charles Schwab and Co., Inc (Schwab) through participation in Schwab Advisor Network ("The Service") in the past. Although no longer directly enrolled in this program, the terms of our previous enrollment require a continued payment to Schwab on referred clients and a monetary penalty for moving those clients out of Schwab custody.

The Service is designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with us. Schwab does not supervise us and has no responsibility for our management of your portfolios, other advice or services. We paid to Schwab a fee to receive client referrals through The Service. This fee is ongoing and does not stop with our exit from the program. Although no longer enrolled in the service, our participation in the Service may raise potential conflicts of interest discussed below.

We pay Schwab a participation fee on all referred clients' accounts that are maintained in custody at Schwab and a non-Schwab custody fee on all accounts that are transferred to another custodian.

The participation fee paid by us is a percentage of the value of the assets in the client's account. We pay Schwab Participation fees for as long as the referred client's account remains in custody at Schwab. Participation Fees are billed to us quarterly and may be increased, decreased, or waived by Schwab from time to time. Participation Fees are paid by us and not by you. We do not charge clients referred through the Service fees or costs greater than the fees or costs we charge clients with similar portfolios who were not referred through the Service.

We generally pay Schwab a non-Schwab custody fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from Schwab. This fee does not apply if the client was solely responsible for the decision not to maintain custody at Schwab. The non-Schwab custody fee is a one-time payment equal to the percentage of assets placed with a custodian other than Schwab. The non-Schwab custody fee is higher than the participation fees we generally would pay in a single year. Thus, we will have an incentive to recommend that client accounts be held in custody at Schwab.

The participation and non-Schwab custody fees are based on the amount of assets in accounts of our clients who were referred by Schwab and those referred client's family members living in the same household. Thus, we will have incentives to encourage household members of clients referred through the Service to maintain custody of their accounts and execute transactions at Schwab and to instruct Schwab to debit our fees directly from the accounts.

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above. The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for you.

Aggregation of Orders

We may aggregate orders when performing the same trades across many accounts, which typically occurs only when making a broad change to the investment strategy. We rarely have the opportunity to aggregate trade orders as most trading is done at the individual level, considering your specific needs. When transactions are so aggregated, the actual prices applicable to the aggregated transactions will be averaged, and the your account will be deemed to have purchased or sold its proportionate share of the securities or instruments involved at the average price so obtained. Stock exchange regulations may in certain instances prevent the executing broker-dealer from delivering to your account a confirmation slip with respect to its participation in the aggregated transaction.

Item 13 - Review of Accounts

We use portfolio software that allows us to enter specific trading restrictions for each account using this software. The restrictions include:

- amount of cash to keep available
- asset allocation parameters (what percentage of stocks and bonds the account is to be invested into and the amount of deviation that is allowable from this allocation)
- taxable status and tax restrictions
- gains restrictions
- legacy stock restrictions (positions not to be traded per your instructions)

The software then analyzes each account every day to determine if the accounts are in line with their restrictions. If the software notices any items that need to be addressed, it will alert the trader of these items and suggest trades to be placed.

In addition, your accounts are reviewed by a Portfolio Manager and your Adviser according to your review schedule which has been determined between you and your Adviser. We recommend quarterly reviews for most clients. Account reviews may include but are not limited to:

- review of your cash needs
- analysis of account allocation targets
- review of tax goals
- realized gain/loss for the year
- Non-taxable accounts are reviewed for deposit and withdrawal qualifications
- All taxable accounts are also reviewed for tax purposes

Your accounts are also reviewed as special situations arise such as:

- a change in strategy by the Investment Committee
- a change in your risk tolerance or capacity
- material flow of funds
- client directed allocation changes
- material market movements
- when a new position is added to our model portfolios

A quarterly report is sent to you following the end of each quarter. This written report includes a portfolio appraisal, which contains a description of all securities and the amounts held in each account, a performance report outlining the performance of your individual and consolidated accounts, a description of the management fees for the current quarter and a letter updating you on our current investment strategies and thoughts for the future. Frequency and content of other reporting will generally vary with your needs and requests.

Generally, portfolio review meetings are offered to you on a quarterly basis unless you request a differing review frequency and include a written report which reviews:

- account objectives
- performance – consolidated and individual, both year to date and from inception
- investment allocation details
- individual appraisals
- realized gain and loss year to date

During the portfolio review meetings, a verbal discussion with you includes:

- your financial status
- your tax status
- your current cash needs
- your past portfolio and potential future portfolio changes
- any changes in your life that may materially affect your investment objectives
- a review of your beneficiaries
- a review of your current investment allocation and time horizon

- contributions and withdrawals, both existing and needed
- your portfolio performance

Item 14 - Client Referrals and Other Compensation

We receive client referrals from Focus Financial Services (Focus Financial) to whom we pay a fee of 25% of the collected client fee to act as solicitor. Focus Financial is a registered investment advisor independent of us. Focus Financial does not supervise us and has no responsibility for our management of your portfolios or our other advice or services. We pay Focus Financial a portion of the client management fee to receive client referrals. While Focus Financial endeavors to act in its' client's best interests, their recommendation of our services to you may be based in part on the benefit to Focus Financial of a portion of the ongoing management fee and not solely on the nature, cost or quality of our services This creates a conflict of interest.

On occasion, we may act as sub-advisor on certain Focus Financial Services' client accounts. We will choose investments, manage client accounts, make trading decisions, handle all cash withdrawals and deposits, send quarterly reports to clients and take all fees from client accounts.

In the event of a sub-advisor relationship, we will collect the fee and disburse 50% of the fee to Focus Financial and retain 50% of the fee for our services. We will disclose to Focus Financial all information on the accounts we sub-advise for Focus Financial including performance information and assets held in the account. Focus Financial will manage the client advisory relationship.

The principals of Focus Financial do have custody of some client funds through another business and this creates a possible conflict of interest. We will not engage in services for those clients who the principals of Focus Financial have custody of funds, either as a soliciting prospect or as a sub-advisor, in order to avoid any possible conflict.

We receive client referrals from SigFig Wealth Management, LLC (SigFig) to whom we pay a fee of 20% of the collected client fee to act as solicitor. SigFig is a registered investment advisor independent of us. SigFig's service is designed to help investors find an independent investment adviser. SigFig does not supervise us and has no responsibility for our management of your portfolios or our other advice or services. We pay SigFig a portion of the client management fee to receive client referrals. We do not charge clients referred by SigFig fees greater than the fee we charge clients with similar portfolios who were not referred by SigFig. While SigFig endeavors to act in its' client's best interests, their recommendation of our services to you may be based in part on the benefit to SigFig of a portion of the ongoing management fee and not solely on the nature, cost or quality of our services This creates a conflict of interest.

Item 15 - Custody

Under government regulations, we are deemed to have custody of your assets if, for example, you authorize us to instruct Schwab to deduct our advisory fees directly from your account (or if you grant us authority to move your money to another person's account). Schwab maintains actual custody of your assets.

You should receive at least quarterly statements from your broker-dealer, bank or other qualified custodian that holds and maintains your investment assets. They will be sent to the email or postal

mailing address you provide to Schwab. We urge you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Item 16 - Investment Discretion

We usually receive ongoing and continuous discretionary authority from you at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. This is done by you signing a limited power of attorney on your accounts linking us to your investment accounts at the broker-dealer. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for your account.

Investment guidelines and restrictions must be provided to us in writing. We observe the investment policies, limitations and restrictions given by you when selecting securities and determining amounts. For registered investment companies, our authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

In some cases, you may instruct us not to trade certain positions without prior authorizations or to trade only under certain market or price conditions. In these cases, we will deem these funds to be “Legacy” and only to be traded under the restrictions placed by you. We prefer that “Legacy” positions or in some cases entire “Legacy” accounts be separated from the managed assets and be considered unmanaged. However, in certain circumstances, tax or financial planning needs or preferences of you require that we keep these positions co-mingled with managed assets, in which case we will be held to the investment guidelines and restrictions provided by you.

We do not have investment discretion on linked outside accounts. We will offer advice and recommendations on the outside accounts but it will be your sole responsibility to implement allocation recommendations in these outside accounts linked to us for viewing purposes. These accounts will be deemed as “Non-Managed” and non-discretionary.

Item 17 - Voting Client Securities

As a matter of our policy and practice, we do not have any authority to and do not vote proxies on your behalf. You retain the responsibility for receiving and voting proxies for any and all securities maintained in your accounts. We may provide advice to you regarding your voting of proxies if requested.

Item 18 - Financial Information

Registered investment advisors are required in this Item to provide you with certain financial information or disclosures about our financial condition. We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to you, and have not been the subject of a bankruptcy proceeding.