

Item 1 – Cover Page

CWM, LLC
13321 California Street, Suite 100
Omaha, NE 68154
402-330-0808

Date of Brochure: July 9, 2012

This brochure provides information about the qualifications and business practices of Carson Wealth Management, LLC (herein CWM). This information should be considered before becoming a client. If you have any questions about the contents of this brochure, please contact us at the telephone number above.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC), or by any state securities authority. Additional information about CWM is also available on the Internet at www.adviserinfo.sec.gov. You can view CWM's information on this website by searching for Carson Wealth Management, LLC. You may also search for information by using CWM's CRD number, 155344.

CWM is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about whether you decide to hire or retain an Adviser. The advisory services described in this brochure are not insured or otherwise protected by the U.S. Government, the Federal Deposit Insurance Corporation, the Federal Reserve Board, or any other government agency and involves risk, including the possible loss of principal.

Item 2 – Material Changes

On July 9, 2012, Cornerstone Wealth Management Group (herein CSTN) became affiliated with Carson Wealth Management's Registered Investment Advisory firm, CWM, LLC. CSTN is located in Hagerstown, Maryland, and will continue to operate as a separate office for broker/dealer services through LPL Financial. CSTN will operate under the supervision of CWM.

In July 2012, CWM added Scott D. Ford of CSTN to be part of CWM's Investment Committee.

In 2011, CWM hired Rob Isbitts as Chief Investment Officer (CIO). As the CIO, Mr. Isbitts developed model portfolios and wrote articles for the company. Mr. Isbitts' employment with CWM ended on January 1, 2012.

CWM carried out a tiered fee schedule in April 2011. For a more detailed explanation of the fees, please see Item 5 below. LPL Financial, our custodian, notified all affected clients of the new fees in January 2012. CWM gave the clients time to respond to the changes prior to implementation.

In January 2012, CWM started a program called Carson Institutional Advisory (CIA). The program provides the opportunity for non-CWM advisors to have CWM manage their clients' money. For more information, please see page 10 below.

CWM ended the Tactical ETF, Hybrid, Concentrated and Global Equity Strategies. The company introduced three new model portfolios in 2012: Perennial Growth, Diversified, and Long-Term Trend. Through the relationship with CSTN, we have included two strategies: ETF Growth and Tactical Income. For more information, please see Item 8 below.

CWM joined LPL's Hybrid program in July 2011. This was the result of the firm converting 1,643 discretionary advisory accounts from LPL to CWM. CWM advisors are registered with LPL's broker/dealer.

In 2011, CWM added two Certified Financial Analysts (CFA's) and two CFA candidates to the Investment Committee.

CWM intended to provide sub-advisory services to the EAS Funds starting in July 2011. CWM management made the decision not to move forward with this service and never carried out the agreement.

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Item 4 – Advisory Business

CWM, LLC is an Investment Advisor registered with the U.S. Securities and Exchange Commission (SEC). CWM was formed in November 2010 as a Limited Liability Company (LLC) under the laws of the State of Nebraska. CWM has been registered as an Investment Advisor since January 2011.

Principal Owners

MTAC, Inc. owns CWM. MTAC, dba Carson Wealth Management Group, operates as a branch office of LPL Financial (herein LPL). The sole owner of MTAC, Inc. is Ronald L. Carson, Jr.

Primary Advisory Services

Asset Management Services

CWM and our advisors, or Investment Advisor Representatives (IARs) provide financial planning and investment advisory services for individual clients, high net-worth families, foundations, endowments, and institutional investors. This service involves providing a client with constant management of their investment funds. CWM develops investment plans to work toward a client's goals, objectives and risk tolerances.

CWM has discretionary authority of clients' advisory accounts. This allows us to decide what securities to buy or sell without needing client approval. See Item 15 below.

Custodians selected by CWM or by the client (if mutually agreed upon) hold all advisory accounts. Currently, CWM uses the following Custodians: Charles Schwab Institutional Services, TD Ameritrade Institutional Services, and LPL Financial Services. The client must designate CWM as its Investment Advisor on their accounts. The client's qualified Custodian will maintain actual custody of all client funds and securities.

Regardless of which Custodian you select, you will retain the right to: (1) withdraw securities or cash; (2) vote on shareholder proposals of beneficially owned security issues, or delegate the authority to vote on shareholder proposals to another person; (3) be provided, in a timely manner, with a written confirmation or other notification of each securities transactions, and all other documents required by law, to be provided to security holders.

Since these Custodians are also broker/dealers, they may have different account fees, execution charges and execution capacities. Clients using a Custodian selected by CWM may pay higher account-related fees and execution charges than if CWM used a different Custodian. This may occur because custodial services are based on several factors. Factors we consider include cost, expected level of asset safety,

client confidentiality, communication and reporting. We base all decisions on the individual investment circumstances of each client.

Our services encompass the following: exchange-listed securities, over the counter securities, exchange-traded funds (ETFs), warrants, corporate debt securities (other than commercial paper), commercial paper, certificates of deposit, municipal securities, variable annuities (but not the evaluation of any non-investment management aspects of annuities or other insurance products), mutual fund shares, United States government securities, option contracts on securities and commodities, futures contracts on tangibles and intangibles, interests in partnerships, investing in real estate and oil and gas interests, managed futures, shorting, and private equity.

CWM avoids market timing, but may increase cash holdings when necessary. This is based on the client's risk tolerance and our expectations of market behavior.

As a minimum criterion for providing advisory services, we typically require a college degree or satisfactory past business experiences for our Wealth Advisors, plus the required industry examinations and registrations, if any. Unless they possess equivalent satisfactory portfolio management experience, Wealth Advisors must attain established firm or industry experience levels. For further information on our Wealth Advisors, please see their individual brochures, identified as Form ADV Part 2B.

Investment Management Strategies

CWM employs the following strategies as part of its investment management services:

- The CWM investment management process seeks to create a balance between reward and risk over a given time period. This typically involves using a mix of the securities highlighted below.
- CWM relies on quantitative, technical and fundamental analysis.
- CWM considers multiple time horizons, including long, medium, and short-term, when determining strategies. Depending on the client's needs, CWM may employ various risk-management strategies. CWM believes these risk-management tools distinguish it in the investment advisory marketplace.

Advisory Services for Individual Needs of Clients

CWM provides asset management services based on the specific needs of the individual client. The client has the ability to impose limits on investment selections and sectors.

Financial Planning Services

CWM provides financial planning services. The client selects these services in the financial planning agreement. They may include tax planning or investment planning. They may also include retirement planning, estate or business needs, education planning, life and disability insurance needs, long-term care needs, and cash flow/budget planning.

The services consider information collected from the client. Information may include financial status, investment objectives and tax status, among other data. The adviser delivers a written financial plan to the client. Except for the multi-year program described below, the engagement ends upon delivery of the financial plan. The adviser delivers a written financial plan to the client, to which the client will have planning-related consultations with the adviser to evaluate the financial plan and to review all recommendations.

Clients either receive consulting services in person or by telephone from the planning categories selected for the respective period. The planning services may include general observations, but not specific recommendations about investments or securities.

The first wealth plan fee is 20 basis points (.20%) of total assets. The minimum fee is \$3,500.00. Current CWM clients and new clients who transfer assets to CWM within 6 months of the wealth plan presentation receive a reduced fee of 10 basis points (.10%) of total assets.

Plan maintenance involves updating and preserving changes to a client's personal information and financial goals. CWM will charge an annual maintenance expense and deduct it from the stated account. The client can elect to be billed at \$1,250.00 per year.

Client Assets Managed by CWM

On March 6, 2012, CWM managed \$859,036,081.00 in discretionary assets for 2,085 accounts. Additionally, CWM has \$6,883,091.00 in non-discretionary assets for five accounts.

Item 5 – Fees and Compensation

This section provides details about the fees and compensation arrangements of each of CWM's services.

Asset Management Fees

CWM negotiates asset management fees individually. These fees will not exceed 3.0%. CWM charges fees based on the combined assets under management. CWM bases fees on a schedule similar to the schedule listed below. The following fee schedule is generic and is not specific to every client. Fees are

based on the client's financial situation, assets under management, and complexity of the services offered. CWM's fee will be included in the client agreement. CWM holds certain assets in the advisory accounts for performance calculation. These assets are excluded when calculating the client's fee.

Fee Schedule

The fee schedule identifies specific portions of the account value and charges at different fee rates. CWM compared the total account value to the fee schedule, and based on account size, we blend the different rates to decide the final quarterly account fee.

Tiered Billing Fee Schedule

| <u>Assets Under Management</u> | <u>Annual Fee</u> |
|--------------------------------|-------------------|
| First \$2,000,000 | 1.80% |
| \$2,000,000 - \$5,000,000 | 1.55% |
| \$5,000,000 - \$25,000,000 | 1.00% |
| \$25,000,000 - \$50,000,000 | 0.90% |
| \$50,000,000 Plus | 0.80% |

An example on how CWM bills is given for a typical account valued at \$5 million dollars. CWM bills the first \$2 million at 1.8% and bills the next \$3 million at 1.55%.

Please note that fees for CWM services might be higher or lower than fees charged by other financial professionals offering similar services.

CWM bills the annual fee quarterly in advance at the start of the calendar quarter. The fees are based on the value of the account on the last business day of the previous quarter. The fee will be pro-rated based on the number of days the account is open during the period as well as arrears for net deposit changes. CWM deducts fees from the client's account. The Custodian will send client statements at least quarterly, showing all payouts from the account including the advisory fee, if deducted from the account.

The Custodian will bill the client directly for brokerage fees. CWM does not receive these commissions. Clients may have third-party fees. These could include 12b-1 fees, surrender charges, variable annuity fees, and qualified retirement plan fees. For more information on CWM's brokerage practices, please see Item 12.

Advisory fees are separate from the investment fees and expenses that CWM will charge to clients. A description of these fees is available in each prospectus.

Clients hiring CWM for Asset Management Services must complete and sign an agreement for services. The agreement may be cancelled at any time. If either party cancels services within five (5) business days of signing the agreement, there will be no penalty or fees due. If services are cancelled after the first five days, then the final fee will be pro-rated. The amount is determined on the number of days of service provided during the current quarter period. CWM will promptly refund any refundable fee. Cancellation shall be effective when CWM receives written notice, or when agreed upon. This will be subject to the settlement of transactions in progress and the final payment of advisory fees.

There are no penalties for cancellation. If CWM cancels, the agreement will end on the thirtieth (30th) day after written notice is given to the client. This cancellation will be subject to the settlement of transactions in progress and the final payment of advisory fees.

Third Party Charges

CWM's fees do not cover custodial or execution charges from third parties. Some of these fees include odd-lot differentials and exchange fees. Other charges may include contingent deferred sales charges (CDSC fees), and transfer taxes required by law. A third-party may also impose additional charges for special customized services elected by their clients. These services would include electronic fund and wire transfer fees, certificate delivery fees, and reorganization fees.

Trades in fixed income securities with broker/dealers may involve transaction charges. Other fees may include mark-ups, mark-downs, commissions, and dealer profits. Any dealer profit, commission, mark-up or mark-down on principal trades will be separate from CWM's fee.

CWM's fees do not cover other third-party charges, including mutual fund transaction fees. Charges might also include certain contingent short-term redemption fees, American Depositary Receipt fees, exchange fees, and transfer taxes mandated by law.

Retirement Plan Providers

CWM's fees do not cover costs of servicing a qualified retirement plan. Third parties charge these fees under separate agreements with the plan or plan sponsor.

Mutual Fund & Exchange Traded Funds (ETFs) Fees

Funds are subject to investment advisory, administrative, distribution, transfer agent, custodial, legal, audit, and other fees and expenses set forth in the various Funds' prospectuses. Funds typically pay these expenses. However, since they are included in the expense ratio, the fund shareholders usually pay them. These fees are separate from CWM fees. The prospectus or annual report describes them. If the fund has a sales charge, a client may pay an initial or deferred sales charge (CDSC). CWM only

recommends funds with no sales charges. CWM does not receive any added compensation if there is a sales charge.

Mutual Funds recommended by CWM may be available directly from the Fund Company. Please read the Funds' prospectus. Clients may be able to purchase recommended funds elsewhere. If so, there could be additional costs. CWM may offer funds or share classes of funds that clients may not be qualified to purchase outside of CWM. If an account leaves, CWM may liquidate or exchange these investments for the share class corresponding to the size of a client's individual investment in the Fund. To the extent that cash is used for investment in a recommended strategy, comes from redemptions of fund shares outside of CWM's management, there may be tax consequences or additional costs from sales charges previously paid and redemption fees incurred. Such redemption fees would be in addition to CWM's fee.

Some or all of the services available through CWM may be available from other companies. Factors that affect cost include the type and size of the account, number of trades for an account, and the range of advisory services provided to an account. Accordingly, the client should review all fees to understand the total amount.

Clients may keep the services of more than one adviser on their assets. It is the responsibility of the client to agree to services via a separate agreement. This fee is separate from CWM's fee. CWM's fee does not cover services provided by another adviser or broker unless specifically disclosed in our agreement.

Managed Variable Annuity Program

Clients may engage the services of CWM to provide management services to their clients with respect to previously purchased variable annuity subaccounts. The client will authorize CWM on a discretionary basis to reallocate subaccounts within the client's variable annuity pursuant to investment objectives chosen by the client.

CWM will assist the client in setting an appropriate investment objective for the management of the assets as well as determining suitability. The minimum account size is \$25,000.00. Please be aware that client withdrawals may cause the subaccount value to fall below the required minimum and may impair the achievement of the client's stated investment objectives.

Conflicts of Interest

Clients will be paying ongoing fees for discretionary management services (Advisory Fees) and that the ongoing fee would not be imposed if ongoing discretionary advice and monitoring, with respect to the variable annuity subaccounts were not being provided by CWM. If the client plans to follow a buy and hold strategy for the subaccount assets, or does not wish to purchase ongoing management services,

client should consider maintaining solely a brokerage relationship, rather than entering into an Investment Advisory relationship.

The Advisory Fee paid by the client represents compensation for the subaccount management services provide.

CWM may perform advisory services for various other clients, and that it may give advice or take actions for those clients that differ from the advice given, or the timing or nature of any action taken for the client. In addition, CWM may, but is not obligated, to purchase or sell or recommend for purchase of sale, any security which CWM may purchase or sell for its own accounts or the account of any other client.

CWM and its employees may receive additional non-cash compensation from the variable annuity product sponsor. Such compensation may not be tied to the sale of any products. Compensation may include such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings or marketing or advertising initiatives. Variable annuity product sponsors may also pay for education or training events that may be attended by CWM employees.

Fees and Charges

For services provided, client will pay an annualized investment advisory fee as stated in the client's original agreement. The advisory fee is negotiable, may not exceed 2.0% annually, and is payable quarterly in arrears. The advisory fee will be calculated based on the contract value of the variable annuity on the last day of the calendar year. All advisory fees will be deducted from the client's LPL account number specified in the agreement. For more information on fees and charges, please refer to the Investment Advisory Agreement.

Carson Institutional Advisory (CIA)

CIA is a program designed to allow CWM to manage money for non-CWM advisors. The program has three levels of participation: (1) Alliance Advisory Council Members; (2) Alliance Members; and (3) Non-Alliance Members.

Alliance Advisory Member clients pay a fee of 60 basis points (0.60%) on assets under management. Alliance and Non-Alliance Member clients pay a fee of 65 basis points (0.65%) on assets under management. Please refer to Item 10 for additional information.

Manager Select (MS)

Manager Select (MS) is an investment program provided by LPL. MS offers LPL clients access to the investment advisory services of professional portfolio management firms. A minimum account value of \$100,000 is required for the programs. In some cases, the minimum account size may be set higher or lower.

LPL allows advisors to charge a maximum fee of 3.0% on MS accounts though CWM charges 60 – 65 basis points as described earlier. LPL will deduct the Manager Fee, Custody and Clearing fees, and Administrative fees from the client fee. LPL pays the balance to the advisor per their payout agreement.

Manager Access Network (MAN)

The MAN program is operated on a dual contract basis, which means that the clients contract directly with CWM for investment management and directly with LPL for custody, execution and related administrative services. LPL's services under MAN are solely for brokerage, custody and related administrative services. The Registered Investment Advisors (RIA) sets their advisory fees, and LPL charges a Program fee. These fees, along with Portfolio Manager Fees, are debited from the client's account and the remainder is paid to the RIA.

Referral of Unaffiliated Third-Party Investment Advisors

Third-party investment advisors may compensate CWM for referrals. These fees may come in the form of marketing or referral fees paid to CWM by the investment advisor. The exact compensation arrangement will vary depending on the arrangement with the investment advisor firm. The fees are a portion of the management fees charged by third-party investment advisors to clients. Regardless, the CWM agreement will adhere to the Cash Solicitation Rules established by the SEC and its client disclosure requirements.

Third-party investment advisory firms typically charge no more than 2.5% annually on their assets under management. The portion of the management fee paid to CWM may reach as high as 50% of the overall fee received by the third-party investment advisor. Fees paid to CWM may be on a sliding fee schedule, and may increase based on client assets. For example, CWM could receive a higher percentage of the fee from the third-party investment advisor as assets to the third-party investment advisor increase.

Item 6 – Performance-Based Fees and Side-by-Side Management

CWM does not charge performance-based fees in any of our investment advisory programs. We define performance-based fees as those fees based on a share of capital gains or on the capital appreciation of the assets held within an investor's account. We do not have any side-by-side management situations.

Item 7 – Types of Clients

CWM offers advisory services to individuals, trusts, estates, 401(k) plans and Individual Retirement Accounts (IRA, SEP, ROTH IRA, etc.), high net-worth individuals (an individual who is a “qualified client” under Rule 205-3 of the Investment Advisers Act of 1940, or is a “qualified purchaser.”), pension and profit sharing plans (other than plan participants), charitable organizations, corporations and other business entities, including sole proprietorships. In addition, the Carson Institutional Advisory program manages client accounts for non-CWM advisors.

Minimum Investment Amounts Required

CWM recommends a minimum investment of \$1,000,000 for its asset management services. CWM occasionally allows exceptions to this requirement. All clients must complete and sign a formal written contract when signing up for Asset Management Services.

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

Advisor uses the following methods of analysis in developing investment advice.

The CWM Investment Committee uses industry-standard techniques. This includes technical analysis – sometimes referred to as “charting,” cyclical analysis, and fundamental analysis. The Investment Committee may also use the following types of tactics: Long-term buys, short-term buys, tactical asset allocation, shorting, and the use of options. Sources of data include Thomson Reuters, Telemet Orion, Dow Jones News, New York Stock Exchange (NYSE), NASDAQ, AMEX, and other publications.

Overview of CWM’s Investment Strategy

CWM’s Investment Committee actively manages the model strategies. Ronald L. Carson, Jr., is the Co-Investment strategist. The Committee meets bi-weekly to evaluate market conditions, trends and individual securities. Based on technical analysis, macro-economic trends, industry analysis, and company performance, the Committee will recommend investments in the models outlined below.

Strategy Summaries:

The four primary strategies are: Advance & Protect Core Strategy, Perennial Growth, Diversified, and Long-Term Trend. The Committee uses the 4 Step Investment Process which is as follows:

1. Create portfolios based on asset and sector classes believed to be in a long-term uptrend,
2. Discover the best way to invest in asset classes using non-proprietary investments and strategies,

3. Use multiple analytical tools to aid in buying or selling investments, and to decide weightings among the portfolio theses and positions,
4. Track and review investment trends such as legal insider trading activity, mutual funds, and ETF inflows and outflow to decide when to buy or sell securities.

Advance and Protect Core Strategy:

The Advance and Protect Core Strategy is for clients with irreplaceable capital who are seeking capital preservation over appreciation. The objective is to secure gains in advancing markets and to protect capital in sideways to negative markets. The tactical nature of Advance & Protect allows the Investment Committee to incorporate a wide range of styles and strategies with a focus on low-volatility and total return over market cycles – both short-term and long-term.

Advance & Protect is a long-only strategy managed to the 4 Step Investment Process. By focusing first on themes and then on the individual security, the Investment Committee first seeks to identify the causes that will lead to an increasing or lowering investment tide. Once the CWM Investment Committee identifies a trend, the focus then becomes the best way to invest in the theme. If individual securities are used, then the financial analysts shift from a top-down to a bottom-up approach in a selected industry or theme. Fundamentally, a bottom-up research is the foundation of all individual security holdings. Our analysts analyze individual companies to understand their intrinsic or unrecognized value.

With fundamental intrinsic values, we introduce a technical overlay in our third step. Once a buy or sell price for a security is identified, technical analysis aids in deciding good entry and exit positions for each individual positions.

We incorporate Step 4 in making the final buy decision. Insider buying or selling and sentiment indicators provide the Investment Committee with a picture of how persons who know the most about a company invest in the company.

Finally, the Committee keeps a watch list of companies that we may buy. The Committee updates the list regularly and reviews changes that may affect the value of the company and stock prices.

The minimum investment necessary for the Advance & Protect model is \$100,000.

Perennial Growth Strategy

Perennial Growth is a concentrated stock portfolio, (may consist of 10 – 20 securities) for clients with longer investment time periods that seek capital appreciation over preservation. The objective is to outperform the S&P 500 on the upside and limit downside moves. For long strategies, Perennial Growth mostly invests in stocks that are under-appreciated compared to their long-term potential (3 – 5 years) and is subject to positive near-term catalysts. This strategy looks to invest in companies that will benefit

from unique secular trends that can drive growth even during times of weak economic conditions. It also seeks companies that have strong balance sheets and high returns on capital. These companies may have advantages allowing them to gain market share and sustain returns.

The short-term strategy focuses on broadening investment opportunities and those that may be more favorable in poor investment climates. It also seeks to capitalize on companies exposed to negative near-term market and industry factors.

The minimum investment necessary for the Perennial Growth Strategy is \$10,000.

Diversified Strategy

This strategy is a portfolio of up to 13 actively managed no-transaction fee mutual funds. The model's objective is to achieve a long-term risk adjusted growth of principal with an added focus on current income through full market cycles.

Selected funds represent a specific market sector, for example, bonds, or themes. Each mutual fund will represent between 8 – 12% of the total amount invested. CWM will diversify fixed income allocations through bond funds, inflation adjusted bond funds, and emerging market debt. The CWM Investment Committee quarterly screens all Funds. Some holdings in Diversified may be found in the Advance and Protect holdings.

There is a \$10,000 minimum investment necessary for the Diversified Strategy model.

Long-Term Trend

This strategy consists of a concentrated portfolio of equities that are selected based upon attractive fundamentals and are positioned to benefit from long-term secular trends identified by the Investment Committee.

Positions are taken with the idea that they can be held over prolonged time frames (a minimum of 3 – 5 years). Turnover and taxes should be kept to a minimum; the positions will be sold if they become significantly over-valued or if the fundamental picture has considerably changed.

This strategy follows a three-step investment process: (1) identify long-term secular themes (see above as in the A&P strategy), (2) fundamental research on stocks (and possibly ETFs) that are best positioned to benefit from such trends, and (3) continually monitor price and fundamental developments.

You need to be aware that this strategy is not Advance and Protect. It does not use hedges, so downside risk is theoretically unlimited; it does not follow the 4-Step Investment Process and technical

indicators will not be used. It does not attempt to “time” the market and will not be as liquid (smaller market capitalizations could result in thinner trading volumes).

This strategy is not for client’s “irreplaceable capital.” It is not an Index Fund and does not invest in bonds. It may not have exposure to key sectors of the S&P 500. While the goal is to outperform the S&P 500 over a long time frame, performance may lag at times.

There is a \$10,000 minimum investment for this strategy.

Additional Strategies

We have also added an ETF Growth Strategy and a Tactical Income Strategy. They are described as follows:

ETF Growth Strategy

This strategy is a portfolio of Exchange-Traded Funds (ETFs) designed for a client with an investment objective of Growth. The portfolio can consist of ETFs in the domestic or international equities, currency, or commodity asset classes. The objective is to secure gains in advancing markets and to protect capital in sideways to negative markets. Additional objectives are to outperform the S&P 500 on the upside and to limit downside moves. This strategy has the ability to utilize heavy cash positions and inverse funds in negative markets.

The ETF Growth Strategy is tactical in nature; it attempts to invest in those asset classes and sectors that have outperformed the broad market and are currently in favor. The Investment Committee will only invest in those asset classes and sectors that have relative strength and have been identified as trading in a positive trend. The Investment Committee uses Dorsey Wright and Associates’ software and point-and-figure charting to help screen for these technical attributes.

There is a \$10,000 minimum investment required to invest in the ETF Growth Strategy.

Tactical Income Strategy

This strategy is a portfolio of Mutual Funds or ETFs (6 – 7 positions) designed for a client with an investment objective of Income with Capital Preservation. The portfolio is designed to generate income for the client while focusing on low volatility and total return over market cycles. The objective is to secure gains in advancing markets and to protect capital in sideways to negative markets.

The portfolio is tactical in nature and will attempt to invest in those assets classes and sectors that have outperformed the broad market and are currently in favor. Each Mutual Fund or ETF will represent between 10 – 15% of the total amount invested. The Investment Committee has the ability to invest

across multiple asset classes in the attempt to capture yield and total return. This strategy also has the ability to utilize heavy cash positions or market neutral funds to limit market risk.

The minimum investment necessary for the Tactical Income Strategy is \$50,000.00

Based on client need, CWM may develop other model portfolios throughout the year.

Risk of Loss

Clients must understand that past performance is not indicative of future results. Investing in securities (including stocks, mutual funds, and bonds) involves risk of loss. Further, depending on the different types of investments, there may be varying degrees of risk. Clients and prospective clients should prepare to bear investment loss including loss of original purchase.

Item 9 – Disciplinary Information

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of CWM's business or the integrity of CWM's management.

Item 10 – Other Financial Industry Activities and Affiliations

Affiliation with MTAC and Carson Wealth Management Group

CWM is owned by MTAC, Inc. MTAC, dba Carson Wealth Management Group, operates as a branch office of LPL. The sole owner of MTAC is Ronald L. Carson, Jr.

Bradley Grubb is the President of CWM and CWMG.

Carson Wealth Management Group (CWMG) is a registered dba of CWM. CWMG is a branch office of LPL Financial, a registered broker/dealer and an SEC registered investment advisory firm.

Some employees of CWMG, Inc., including Ronald L. Carson, Jr., and Bradley Grubb and all IAR's, are registered securities representatives of LPL Financial.

CWM and CWMG Inc., are not affiliated with LPL Financial.

CSTN is not affiliated with LPL Financial. CSTN has been in business since 2001 and is solely owned by Scott D. Ford. CSTN operates as a branch office of LPL Financial, a broker/dealer offering brokerage-clearing and other financial services to individuals and corporate clients.

CSTN has entered into an agreement with CWM, LLC, pursuant to which CWM will offer advisory services through CSTN registered investment advisors.

CSTN and CWM are separate legal entities; none of which is responsible for the obligations of the other.

Co-Management Activities

CWM, through Co-Managed account program offers to LPL Financial IARs the ability to access the Advance and Protect investment strategy for their clients' accounts. CWM charges a set fee, which it deducts from the advisor (client's) overall fee to the client.

Carson Institutional Advisory (CIA)

CIA is a program designed to allow CWM to manage money for non-CWM advisors. The program has three levels of participation: (1) Alliance Advisory Council Members; (2) Alliance Members; and (3) Non-Alliance Members. Alliance Advisory Member clients pay a fee of 60 basis points (0.60%) on assets under management. Alliance and Non-Member clients pay a fee of 65 basis points (0.65%) on assets under management.

CIA will offer a fee reduction for both Alliance Advisory Council Members and Alliance Members with \$100M or more under management using CIA strategies. This reduction will only be available to Advisors who fulfill the following two requirements: (1) Alliance Advisory Council Members and Alliance Members only, and (2) \$100 million AUM being managed by CIA strategies.

When the Advisor fulfills these two requirements, all of the Advisor's clients will receive a reduced rate of 45 basis points (0.45%), so long as the AUM of all Advisors' clients continues to exceed \$100M AUM. If AUM of Advisor's clients decrease below \$100M AUM, the fee reverts to the originally stated Alliance Member pricing (see above) without reduction for cumulative AUM.

Manager Select (MS) and Manager Access Network (MAN)

Both the MS and MAN programs provide clients of LPL Advisors access to the investment advisory services of professional portfolio management firms for the individual management of client accounts. A minimum account value of \$100,000 is required for the programs. In certain instances, the minimum account size may be set higher or lower.

Clients receive initial and ongoing assistance from their LPL Investment Advisor Representatives (IARs) with regard to the MS Portfolio Manager selection process or from the Registered Independent Advisor (RIA) with respect to the Managed Access Network Portfolio Manager selection process.

LPL allows advisors to charge a maximum fee of 3.0% on MS accounts; CWM's charges are described above. LPL will deduct the Manager Fee, custody & clearing fees, and administrative fees from the client fee. The remainder goes to the advisor per their payout agreement with LPL.

The MAN program is operated on a dual contract basis, which means that clients contract directly with CWM for investment management and directly with LPL for custody, execution and related administrative services. LPL's services under the MAN program are solely for brokerage, custody and related administrative services. The Registered Investment Advisors (RIA) sets their advisory fees and LPL charges a Program Fee. These fees, along with the Portfolio Manager Fee, are debited from the account and the remainder is paid to the RIA.

Other Programs

CWM has an Investment Manager Service Agreement with TD Ameritrade and Charles Schwab Institutional Services (Schwab) to allow Envestnet Asset Management, Inc., to have access to their electronic systems pertaining to client accounts and to allow Envestnet to give Schwab and TD Ameritrade instructions in relation thereto.

Envestnet and CWM have a contractual relationship whereby Envestnet has agreed to perform certain trading, operational and other administrative duties of CWM in managed account platforms in which CWM is a participant. Envestnet will conduct certain operational and administrative duties on behalf of CWM that involve interaction with Schwab and TD Ameritrade as stated in the Agreement, including the submission of trading instructions.

Affiliation with PEAK Productions

CWM is also under common ownership with Peak Advisor Alliance (PEAK). Peak provides coaching, consulting, training, and software services to financial advisors. Peak services focus on client and new business growth solutions. Peak is not an investment advisor, broker/dealer or other type of financial services company. However, Peak only offers services to individuals that work within the financial services industry.

Peak Advisor Alliance does not have an insurance agency through which CWM advisors offer life insurance, LTC and other insurance products.

CWM has an arrangement with Peak whereby CWM serves as sponsor of Peak events (i.e., workshops, seminars, etc.). Peak receives a fixed fee from CWM for its sponsorship. CWM may offer the opportunity to market its services and investments at Peak events. These services would be directed toward those advisors with whom CWM may have a referral or marketing agreement. Further, CWM will refer to financial professionals that use Peak services the platforms, investment strategies and products provided by such investment advisors.

Other Arrangements

CWM is not related to any company that is one of the following:

| | |
|---------------------------------|---|
| Broker/dealer | Municipal Securities Dealer |
| Government Dealer or Broker | Investment Company |
| Other Pooled Investment Product | Unit Investment Trust |
| Private Investment Company | Futures Commission Merchant |
| Commodity Pool Operator | Commodity Trading Advisor |
| Banking or Thrift Institution | Accountant or Accounting Firm |
| Lawyer or Law Firm | Pension Consultant |
| Real Estate Broker or Dealer | Sponsor or Syndicator of Limited Partnerships |

Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading

Code of Ethics Summary

CWM has developed a Code of Ethics that applies to all of its supervised personnel. An investment adviser's responsibility is to provide full disclosure of all material facts to his clients. Additionally, the adviser must act in the best interest of all clients at all times. We consider this fiduciary duty the core underlying principle for the Advisor's Code of Ethics, which also covers its Insider Trading and Personal Securities Transactions Policies and Procedures. CWM requires all supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws.

All supervised personnel will sign an acknowledgement form that states that they have read and will comply with the Advisor's Code of Ethics. CWM has the responsibility to place the interests of all clients ahead of its supervised personnel. CWM will disclose all material facts and potential conflicts of interest to clients prior to offering any services. CWM and supervised personnel must conduct business in an honest, ethical and fair manner. CWM must always avoid all situations that might negatively affect, or appear to affect, our duty of loyalty to all clients.

CWM provides this disclosure as a summary of its Code of Ethics. Clients may request a copy at any time.

Affiliate and Employee Personal Securities Transactions Disclosure

CWM and supervised persons may buy or sell securities or hold a position identical to clients. It is CWM's policy that no supervised person will put his/her interest before a client's interest. Supervised

persons may not trade ahead of any client. Also, they cannot trade for a better price than the price a client would obtain. It is the supervised person's responsibility to know which securities CWM is trading. Supervised persons can consult with CWM's Chief Compliance Officer (CCO) to decide whether a security is an acceptable purchase or sale. CWM prohibits all supervised persons from trading on non-public information and from sharing such information. CWM's supervised persons may not invest in an initial public offering (IPO) for their own accounts or those of related household members. CWM's supervised persons are required to obtain approval from the CCO prior to investing in a private placement. CWM does not allow "short-swing" trading or market timing. Before a supervised person places a personal trade, they should consider the following:

1. Will the transaction affect the market for the security?
2. Is the transaction likely to harm any client?
3. Is there an appearance or suggestion of impropriety?

As stated in Rule 204A-1 of the Advisers Act, all CWM access persons will be required to report all securities transactions to the CCO.

Reporting Requirements

Every access person must submit a report of all personal securities holdings at the time of affiliation with CWM and annually thereafter. Such reports must contain current information (not older than 45 days). Holding reports must contain the following information:

- The title and type of security;
- The security symbol or CUSIP number;
- The number of shares and the principal amount of each reportable security.
- The name of any broker, dealer, or bank with which the supervised person maintains an account;
- The date the report was submitted.

The CCO will review a copy of all confirms and statements for access persons accounts.

Item 12 – Brokerage Practices

Asset Management Services

CWM will recommend a custodian for clients who use our Asset Management Services. At least annually, CWM will review alternative custodians in the marketplace for comparison to the currently used broker/dealer qualified custodian. CWM will evaluate such criteria as expertise, cost competitiveness, and financial condition. CWM will review quality of execution for custodians through trade journal evaluations and broker/dealer scorecards.

CWM also receives benefits that it would only get by using services of such broker/dealers to implement the investment advice provided. These benefits include, but are not limited to, the receipt of duplicate client's confirmations and bundled duplicate statements. Additionally, benefits may include access to a trading desk or the ability to have investment advisory fees deducted directly from client accounts. Other benefits may include access to an electronic communications network for client order entry and account information. We may also receive compliance publications and access to mutual funds with higher minimum initial investment requirements. No single criteria will validate nor invalidate a custodian or service provider. Instead, CWM will review all criteria in evaluating the currently used custodian.

Clients are free to select any broker/dealer, mutual fund company, or variable annuity sponsor to serve as their qualified custodian. This selection is under the condition that CWM provides approval. When a client directs the use of a particular broker/dealer or other qualified custodian, CWM may not be able to obtain the best prices and execution for the transactions. Clients who direct the use of a particular broker/dealer or qualified custodian may receive less favorable prices. Further, CWM may place directed trades after effecting non-directed trades.

CWM does not have soft-dollar agreements with any broker/dealers and thus has not received any such benefits.

Investment Allocation and Trade Aggregation Policy

CWM's allocation and aggregation process requires fair and equitable treatment of all clients in the allocation of investments and the aggregation of client orders.

CWM used model strategies in the management of its separate accounts. The CWM trading department prioritizes the release of trading orders with respect to its advised separate accounts as follows:

Discretionary accounts with no restrictions that require manual trade adjustments such as deviations from the model for cash requirements or that hold non-model securities, etc. Accounts with restrictions that require manual intervention to process trades. Lastly, non-discretionary accounts that require pre-approval of trades.

Due to the sequence of placing trades for accounts, it is possible that accounts traded first will receive more favorable pricing than those traded last.

CWM provides investment management services to its clients. CWM provides non-discretionary investment research and market analysis to third-party investment professionals such as advisors and brokers.

Cross Transactions

A cross trade is a transaction between two accounts managed by the same investment adviser. It is CWM's policy to engage in cross transactions only when necessary. Cross transactions will thus only occur when in the client's best interest. All cross trades must receive the prior written approval of CWM's CCO and may not be applicable to all clients' accounts.

Client Participation in Transactions

In general, CWM makes investment decisions for each account independently from those of other accounts. CWM makes these decisions with specific reference to the circumstances and objectives of each account. Accounts may receive allocations of securities or investments different from other accounts. Through the allocation process, CWM bases these allocations on a number of factors including, but not limited to, the trade rotation policy, previous transactions, account restrictions, account size, tax status, risk tolerance, cash and liquidity. CWM will seek to be consistent in its investment approach for all accounts with the same or similar investment objectives, strategies and restrictions. However, the act of purchasing, selling or holding a security for one account does not mean that CWM will do the same for other accounts. CWM will transact for some accounts in securities already owned by other accounts. CWM may purchase (or sell) a security on behalf of some accounts that it has sold (or purchased) on behalf of other accounts.

Class Action Suits

A class action is a procedural device used in litigation to determine the rights of and remedies, if any, for large numbers of people whose cases involve common questions of law and/or fact. Class action suits frequently arise against companies that publicly issue securities, including securities recommended by investment advisers to clients.

With respect to class action suits and claims, the client (or his or her agent) will have the responsibility for class actions or bankruptcies, involving securities purchased for or held in the client's account. CWM's policy is not to undertake to provide such services and is not obligated to forward copies of class action notices it may receive to clients or their agents.

Item 13 – Review of Accounts

CWM provides account reviews in connection with Asset Management Services. CWM advisors will contact clients at least annually to review their account and to determine if there have been changes in their financial situation or investment objectives. Changes in the client's circumstances, client requests, or changes in the market may trigger reviews that are more frequent than annually. The CWM Investment Committee reviews model portfolio on a bi-weekly basis.

Statements and Reports

Asset Management clients will receive account statements at least quarterly from the qualified custodian. Clients may additionally received on-demand positions and performance reports from CWM for no additional fee. Clients are encouraged to compare reports provided by CWM against the account statements delivered from the qualified custodian, as the latter is the official record of the client's account.

Item 14 – Client Referrals and Other Compensation

Third-party investment advisors may compensate CWM for referral activities. These fees may come in the form of marketing or referral fees paid directly to CWM by the investment advisor. The exact compensation arrangement will vary depending on the arrangement with the investment advisor firm. These marketing or referral fees are based on a portion of the management fees charged by the third-party investment advisor to clients of financial professionals originally introduced to the third-party investment advisor by CWM. In all cases, the CWM agreement will adhere to the Cash Solicitation Rules established by the SEC and its client disclosure requirements.

Third-party investment advisory firms typically charge no more than 2.5% annually on their assets under management. The portion of the management fee paid to CWM may reach as high as 50% of the overall fee received by the third-party investment advisor. Fees paid to CWM may be in the form of a sliding fee schedule that increases as the amount of assets originally referred by CWM to the investment advisor (through third-party financial professionals) increases. For example, CWM could receive a higher percentage of the overall fee from the third-party investment advisor as assets to the third-party investment advisor increases.

Additional Compensation

Certain individuals who are associated with us, if properly registered and licensed to do so, may also receive compensation on non-managed business (i.e., commissions) related to the sale of securities or other investment products. Transaction-based compensation ("additional compensation") such as this is separate and distinct from the other fees we may receive in connection with our investment advisory services.

Several of the IARs from CWM will receive commissions from the sale of other non-managed investment products such as variable annuities, mutual funds, private placements and such non-investment related products as life insurance. Such commissions provide an individual with incentive to recommend these investment products based on the compensation they will receive from selling such products. This could conflict with the client's best interests and may generate a perceived conflict of interest. CWM does not allow advisors to earn commissions on products that are included within our managed accounts. The

CCO reviews all trade records on a daily basis to insure that CWM agents do not sell commissioned products within asset management accounts. This insures that within advisory (asset management accounts) only advisory fees are charged.

Conflicts of Interest

The potential for additional compensation may give our supervised persons an incentive to recommend investment products based on the additional compensation received. Our objective as a firm is to place nothing before the client's best interests.

First, we address the conflicts inherent in *Additional Compensation* as noted above, by disclosing them to you in this Brochure and by providing an explanation in your representative's Brochure Supplement (Form ADV Part 2B). Additionally, we have instituted a supervisory process detailed in our Written Supervisory Procedures (WSPs) such things as conflicts of interest and additional compensation. We have also designated a CCO, as set forth in this Brochure, to be responsible for our oversight of our supervisory process and our WSPs.

Clients always have the option to purchase investment products that we recommend through other unaffiliated brokers or agents.

Item 15 – Custody

Regulators define custody as having access or control over client funds and/or securities. An investment advisor who has this ability has custody of client accounts and must ensure proper procedures.

CWM has "constructive custody" of client funds and securities whenever CWM has the ability to have fees deducted directly from client accounts. This is the only form of custody CWM maintains. Be aware that the authority to trade in client accounts is not custody. CWM has authority to deduct fees from a client's account when providing asset management services.

CWM has procedures for holding all client funds and securities at a qualified custodian. Separate accounts are opened for each client under that client's name. Clients know the name, address and account information at the time they open an account. Finally, the custodian will deliver account statements to each client at least quarterly. Clients should review statements from the custodians with statement/annual summaries from CWM. When clients have questions about their account statements, they should contact CWM or the qualified custodian preparing the statement. The official record of the client's account is the statement received from their qualified custodian.

Item 16 – Investment Discretion

CWM receives written agreement when trading on a discretionary basis for client accounts. With this Agreement, CWM has the authority to decide what securities are bought or sold in a client's account. In addition, the Agreement allows CWM this authority without requiring prior approval from the client.

Clients have the right to place reasonable restrictions on their accounts. Clients may also place reasonable restrictions on the discretionary power granted to the firm so long as the limitations are specifically set forth or included as an attachment to the Client Agreement.

Item 17 – Voting Client Securities

Asset Management Services

CWM will vote proxies on the investments under its Investment Company Management Services. Proxies will be voted in the best interest of the clients. CWM's proxy voting policy is to cast proxy voting in favor of proposals that are anticipated to enhance the long-term value for the client's shareholders and the company. Generally, this will mean voting "for" proposals that are to improve the management of a company, increase the rights or preferences of the voted securities, and/or increase the chance that a premium offer would be made for the company or for the voted securities. CWM's decision to vote in support or opposition of a proposal will always depend on the specific circumstances described in the proxy statement and other available information. CWM does not vote proxies for wealth management clients. It is the responsibility of the client to vote all securities held in managed accounts. However, if accounts are ERISA accounts, then CWM will vote proxies.

Item 18 – Financial Information

CWM does not require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance. Therefore, CWM is not required to include a balance sheet for its most recent fiscal year. CWM is not subject to a financial condition that is reasonably likely to impair its ability to meet contractual commitments. Finally, CWM has not been the subject of a bankruptcy petition at any time.

Privacy Policy – Our Commitment to You

CWM treats our clients' non-public personal financial information with confidentiality and respect. CWM's Privacy Policy defines the trust, privacy, and confidentiality we have with our clients. CWM's Privacy Policy is reasonably designed to:

1. Insure the security and confidentiality of clients' records and information;

2. Protect against anticipated threats or hazards to the security or integrity of client records and information; and,
3. Protect against unauthorized access to or use of client records or information that could result in substantial harm or inconvenience to clients.

Information We Collect About You

You typically provide personal information when you open an account with CWM. This information includes, you name and address, your assets, phone number, email address, income, investment experience, Social Security or Tax ID number, and other investment accounts.

Responsibility to Protect Non-Public Personal Information

CWM employees know that they have the responsibility to protect client confidential information. We restrict access to clients' non-public personal information to those employees on a need to know basis.

Non-public personal information includes all information a client provides to obtain a financial product or service. It also includes information resulting from any transaction or information otherwise obtained in providing a financial product or services. In addition, we maintain physical, procedural and electronic safeguards in an effort to protect the information from access by unauthorized parties.

Privacy on the Internet

CWM commits to preserving our clients' privacy on the Internet. If clients contact CWM via e-mail, we will use e-mail information only for the specific purpose of responding to requests or comments. CWM prohibits the sale of e-mail addresses. Only when required by law will we share e-mail addresses and information.

Sharing Information

CWM does not sell lists of client information. We do not disclose client information to marketing companies, unless we hire them to provide specific services as listed below. We do not disclose any of the information described above, except as provided by law.

CWM may share non-public personal information with our affiliates while processing transactions, managing accounts on your behalf, or to inform you of products or services that we believe may be of interest to you. Additionally, we may share non-public personal information with the following types of third parties: (a) our financial service providers, such as custodians, transfer agents and third-party

money managers; (b) non-financial companies under servicing or joint marketing agreements, such as printing firms and mailing firms.

These third parties are bound by law or by contract to use your information only for the services for which we hired them, and are not permitted to use or share this information for any other purpose.

Your non-public personal information may also be disclosed to persons we believe to be your authorized agent or representative. We are also required to disclose your information to various regulatory agencies in order to satisfy CWM's regulatory obligations and as otherwise required or permitted by law. In addition, we will disclose client information to third-party litigants when we are required to do so by lawful judicial process or by court order.

Former Customers

We do not disclose any non-public personal information about our former clients to anyone, except as required by law.

Keeping You Informed

We will send you a copy of our Privacy Policy annually for as long as you maintain a relationship with us. We will provide you with a revised policy if we make any material changes. We will not change the policy to permit the sharing of non-public personal information other than that provided in this notice unless we first notify you and allow you the opportunity to "opt out" or prevent information sharing.