

## **Cain, Watters & Associates, PLLC**

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**March 31, 2015**

### **Form ADV Part 2A Brochure**

Cain, Watters & Associates, PLLC is an investment adviser registered with the Securities and Exchange Commission (hereinafter "SEC"). An "investment adviser" means any person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities, or who, for compensation and as part of a regular business, issues or promulgates analyses or reports concerning securities. Registration with the SEC or any state securities authority does not imply a certain level of skill or training.

This brochure provides information about the qualifications and business practices of Cain, Watters & Associates, PLLC. If you have any questions about the contents of this brochure, please contact us at (972) 233-3323. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Cain, Watters & Associates, PLLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Material Changes - Item 2**

**Revised: March 31, 2015**

The purpose of this page is to inform you of any material changes since the last annual amendment submitted March 2014.

In March 2015 we submitted our annual updating amendment filing and amended the following:

- Item 4 of this brochure to reflect total assets under management of \$1,377,576,195

An amendment was submitted on January 28, 2015 updating Item 5 (Fees and Compensation) reflecting a new fee effective January 28, 2015 for the following programs:

- **Personal Financial Planning (New Financial Plan):** The new fee is \$9,500 per year for one professional and \$11,500 per year for two Professionals/same family increased from \$9,000 and \$11,000 respectively.
- **New Doctor Program:** The new fee range is \$8,500 - \$9,500 per year increased from \$7,000 to \$9,000 previously.

An amendment was submitted on July 15, 2014 updating Item 5 (Fees and Compensation) reflecting a new fee effective July 1, 2014 for the following programs:

- **Monitoring Program:** The new fee is \$8,880 per year increased from \$8,580 previously.
- **Separately Managed Account Program ("SMA"):** For SMA accounts custodied at Fidelity, the annual Cain Watters & Associates, PLLC ("CWA") Advisory Fee is increasing to 38 basis points, previously 15 basis points.
- **Multiple Manager Account Program ("MMA"):** The CWA portion of the annual base fee is increasing to 38 basis points, previously 15 basis points.

We review and update our brochure at least annually to make sure that it remains current. If you would like to receive a copy of the most recent version of our ADV Part 2 Brochure, please call us at (972)-233-3323.

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

Cain, Watters & Associates, PLLC ("CWA") is a registered investment advisor based in Plano, Texas. We are a Professional Limited Liability Company organized under the laws of the State of Texas. We have been providing investment advisory services since 1984.

We provide comprehensive financial planning services geared toward dental healthcare professionals. CWA teaches a philosophy of consistently investing money for the long term. CWA provides the following services:

- **Financial Planning Services**
- **Portfolio/Asset Management Services**

The following paragraphs describe what we do and what we charge. Each investment advisory service is listed below and describes how we tailor our advisory services to our clients' individual needs. Also, clients may see the term Associated Person throughout this Brochure. As used in this Brochure, this term refers to anyone from our firm who is an officer, employee, and all individuals providing investment advice on behalf of our firm.

#### **Financial Planning Services**

##### **Personal Financial Planning (New Financial Plan)**

This comprehensive service begins by preparing the client for a one-day meeting at our office located in Plano, Texas. The meeting is structured to review the client's objectives and financial status both personally and professionally, and together with the client formulate a financial plan. Depending on the client's situation and circumstances, the meeting may focus on the following topics:

##### **Business Planning**

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- |                                      |   |
|--------------------------------------|---|
| • Production analysis & goal setting | • Design of efficient pension plan                                  |
| • Practice overhead & profitability  | • Tax planning strategies   |
| • Practice breakeven analysis        | • Corporate entity structure  |
| • Efficient debt structure           | • Planning for practice expansion, transition or possible associate |
| • Fee structure review               |   |

##### **Personal Planning**

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- |                                      |   |
|--------------------------------------|---|
| • Asset allocations                  | • Insurance coverage                                      |
| • Management of dental school debt   | • Educational savings for children                        |
| • Management and refinancing of debt | • Estate planning review                                  |
| • Investment portfolio analysis      | • Analysis of other critical issues defined by the client |
| • Planning and goals for retirement  |   |
| • Income tax planning                |   |

For the next ninety days after this meeting, we will continue to assist the client by answering questions, addressing issues in the financial plan and assisting in the implementation of the financial strategies which have been determined as a result of the meeting. There may be situations where the follow-up period is longer than 90 days.

### **Monitoring Program & Annual Planning Review and Update for Individuals and Professional Entities**

We provide periodic assistance to monitor the client's financial progress, conferring with the client regarding financial objectives and actions. The services provided under this arrangement are as follows:

- Annual meeting with client to review and update client financial objectives and status;
- Continuing review throughout the year of additional financial information as it relates to the financial plan and objectives via periodic telephone conferences, including investment advice on any new or alternative investment opportunities;
- Continuing assistance in implementation of client financial strategies determined at the initial or a subsequent annual financial planning meeting;
- Tax Planning;
- Monitoring the progress of issues, particularly as it relates to financial goals;
- Online access to financial planning, accounting and tax data;
- Asset allocation review; and
- Review of investment portfolio balances compared to financial plan goals.

### **Basic Services for Pension & Retirement Plans**

We will advise the Trustee and/or sponsor, by conferring periodically, no less than annually, or as often as requested, regarding the following services:

- Review the Plan design, and if needed, make recommendations on changes to design of Plan;
- Review overall allocation of investments and assets of Plan;
- Make specific recommendations on changes to investments and assets held in the Plan;
- Reconcile contributions to the Plan, and balances due, based on annual administration of Plan provided by third party administrators;
- Make recommendations to the Plan Representative, on estimated annual funding, to the Plan;
- Monitor the Plan's investments and assets performance, on a periodic basis;
- Specifically, as requested only, plan timing of distributions to retired plan trustees of the Plan, especially as to the "rollover" of pension assets;
- Assist in processing investment documentation related to the Plan, including, documentation to open new accounts, to transfer accounts, or to withdraw from an account, and;
- Act as liaison between the Plan's attorneys and third party pension administrators.

### **Global Services Provided to Pension & Retirement Plans Invested in Certain Recommended Investment Programs**

We will provide additional services which are more global in nature to pension and retirement plans invested in certain recommended investment programs. These services generally impact, affect and benefit all of the pension and retirement plan clients with investments and assets in these investment programs. The services are as follows:

- Perform periodic investment and asset manager review (quarterly and intra-quarterly);
- Periodically, perform holdings analysis;
- Build relationships with investment and asset managers;
- Perform new investment and asset manager searches, and advise custodians as to results;
- Provide asset selection analysis and allocations among asset classes;
- Perform research on markets, trends, investments, and alternative investment classes, and;

- Analyze performance of investments.

For a complete description of fees and charges please refer to the section titled Fees and Compensation within this disclosure Brochure.

The above global services are provided for all clients invested in our Pooled Investment Program, Unified Managed Account Program ("UMA"), Multiple Manager Account Program ("MMA") and the Separately Managed Account Program ("SMA"). These programs are discussed in further detail below:

**The above services only apply to plans that are not participant directed plans.**

**Investment Advisory and Consulting Services - Participant Directed Pension and Retirement Plans**

We will advise the Trustee and/or sponsor, by conferring periodically, no less than annually, or as often as requested, regarding the following services:

- Review the Plan design and, if needed, make recommendations on changes to the design of the Plan;
- Assist in processing documentation to be executed by the Plan Representative (and/or the entity that established the Plan and which is responsible for the maintenance of the Plan (the "Plan Sponsor")) related to Plan investments;
- Review the Plan's investment structure, and recommend any investment changes needed for the Plan's fiduciaries to comply with Section 404(c) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA");
- Assist in the design and implementation of the Plan's investment policy statement and investment objectives;
- Act as liaison among the Plan's attorneys, third party pension administrator and the record keeper and provide assistance to the Plan Representative in the overall management of the Plan;
- Serve as an on-going guide for the Plan Representative or Plan committee in selecting and evaluating the designated investment alternatives and monitoring their performance;
- Make specific recommendations of investment options, asset categories and designated investment alternatives to be offered to Plan participants and held in the Plan, and, as necessary, make recommendations regarding changes to the designated investment alternatives offered under the Plan;
- Make specific recommendations regarding the "qualified default investment alternative(s)" ("QDIAs") to be made available under the Plan;
- Design sample investment allocation models utilizing the CWA recommended investments that were selected to be designated investment alternatives by the Plan's fiduciaries;
- Provide non-advisory explanation and education of the Plan's designated investment alternatives and sample investment allocation models to Plan participants when requested;
- Monitor the performance of the Plan's investment alternatives, the sample investment allocation models, and the fees and expenses of the Plan's designated investment alternatives, and on a periodic basis, but no less frequently than semi-annually, make specific recommendations for any changes;
- On a semi-annual basis, provide the Plan Representative with a written monitoring report summarizing and benchmarking the performance of each of the Plan's investment alternatives, the sample investment allocation models, and the fees and expenses of each of the Plan's

- designated investment alternatives; and
- Provide oversight and continuing review of custodians, designated investment alternatives, and other investment service providers to the Plan.

### **Other Financial Planning Services Offered**

#### **Financial Plan Monitoring Service for Retirees & Others**

Financial plan monitoring services will vary depending on the complexity of the client's individual situation. Those clients with more complex or special circumstances may be required to return annually for a meeting and review of their plan. For clients with a less complicated financial plan it may be appropriate to meet less frequently.

#### **New Doctor Program**

Initial financial plan preparation services will vary depending on the needs of the client and the overall complexity of the client's individual situation. The service starts with a financial planning meeting and covers a period up to twelve months from engagement. During this time, CWA assists the client in implementing their financial plan. Under a separate engagement, clients are offered monitoring services for the same structure as traditional CWA monitoring clients.

Financial plans are based on the client's financial situation and the financial information provided to our firm. If the client's financial situation, goals, objectives, or needs change, the client must notify us promptly.

Clients may choose to accept or reject our recommendations. Clients who decide to proceed with our recommendations may do so either through our investment programs or by using the advisory/brokerage firm of their choice.

#### **Resident Program**

Personal and business planning consultation services with the primary purpose to assist residents start their dental professional career with a solid financial foundation. The scope of services will vary depending on the client's individual situation but generally will focus on areas related to business planning (compensation structure, corporate entity, debt structure, analyses of practice purchase opportunities, tax planning) and personal planning (budgeting, debt management, insurance, basic estate planning, tax planning and investment advisory services). Services include a half day consultation in the CWA offices as well as two scheduled calls to follow-up and review status of planning recommendations, financial goals and any investment recommendations.

Fees charged for Financial Planning services are described under the heading - **Fees and Compensation**.

#### **Investment Advisory Services**

Investment Advisory or Asset management refers to the management of money, including investments. Assets are usually held in what is called a portfolio.

We offer non-discretionary investment advisory services to our clients. Non-discretionary services mean that we do not have authority to decide which securities to purchase and sell on behalf of a client..

Currently, we offer the following asset management programs:

**Pooled Investment Program through a National Bank**

Investment advisory clients have the option to invest personal trust assets and qualified plan trust assets in a pooled investment program, offered through a national bank. The bank's Trust Department will act as trustee for personal asset accounts and custodian for qualified plan assets accounts established with the bank. The bank offers eight (8) investment funds for personal trust assets and eight (8) investment funds for qualified plan trust assets.

Each fund is managed by one or more managers or invested in mutual funds. The investment managers are recommended to the bank by Tectonic Advisors LLC (hereafter "Tectonic Advisors"), an affiliate of CWA. (See Other Financial Industry Activities and Affiliations). The bank has contracted Tectonic Advisors to provide advisory services with respect to due diligence and selection of investment managers and mutual funds for the pooled investment program. Under the terms of the agreement between Tectonic Advisors and the bank, Tectonic Advisors shall advise the bank on the selection of investment managers and mutual funds to the program.

Tectonic Advisors does not exercise any discretionary authority over the investments of the Pooled Funds. Decisions related to the purchase and sale of securities are made by the individual money managers or mutual funds. From time to time, Tectonic Advisors may recommend to the bank a change in managers for the Funds. Manager changes require approval by the bank's trust committee before implementation. The bank can remove any investment manager without the recommendation or approval of Tectonic Advisors.

Investment advisory clients, in conjunction with advice and recommendations from an Associated Person of CWA, will generally select from one of eight investment models that contain various ranges of risk tolerance and asset allocations. The models range from capital preservation to all equity. The client can also customize an allocation to fit their needs and risk tolerance. Such asset allocation recommendation is based upon the client's risk tolerance, financial planning goals, investment objectives and client instructions. The bank requires a signed trust or custodial instrument from the client, appointing the bank as trustee or custodian under the pooled investment program, depending on the type of assets to be invested (personal or qualified plan) as well as other account opening documents. All documents are collected by CWA who forwards such documents to the bank, for the purpose of establishing the trust/custodial account(s).

Purchase of pooled investment funds must be made in cash or wire transfer, and will appear on the client's bank statement. In-kind transfers of securities cannot be invested in the pooled investment funds, but may be held in the same bank account with the pooled fund investment. This security information will also appear on the client's bank statement. Tax issues relating to the client's liquidation of an investment in a previous investment program are considered during the financial planning and tax planning advice that the client receives from us. Withdrawals of cash can occur up to, and including, the amount of the free cash balance in the trust or custodial account. To the extent that additional cash is required by a client, an appropriate amount of assets held in the fund will then have to be liquidated. It is important to note that liquidation in a qualified plan can occur daily; in a personal trust account can only occur once a week, generally on Fridays. Our investment advisory clients should consider this liquidity timing when investing in the pooled investment funds.



The qualified plan trust assets are valued by the bank daily, and the personal trust assets are valued once a week, generally on Fridays. This is the time admissions and withdrawals are processed. Units of the funds can only be purchased or sold on valuation dates. The cash credit balance will earn a market rate of interest until such balance is invested.

**Unified Managed Account Platform for Individuals, Trusts, Retirement Plans, Corporations, Partnerships and other Legal entities ("UMA")**

CWA, in conjunction with Placemark Investments, Inc., offers its clients access to the Unified Managed Account ("UMA") Platform. The UMA Platform provides clients with access to a diversified suite of one or more professional money managers to manage different components of a client's targeted asset allocation based upon the client's financial circumstances, goals and investment objectives. We will monitor the performance of any accounts managed by the sub-advisors. The sub-advisors may use one or more of their own model portfolios to manage your account. CWA has contracted with Tectonic Advisors to provide due diligence services as well as recommend managers for the program. Additionally, Tectonic Advisors serves as one of the Model Portfolio Managers available to CWA clients via the UMA Platform. (See Other Financial Industry Activities and Affiliations)

UMAs at CWA are single accounts in which a client will have multiple managers and asset classes. Depending on a variety of factors, including but not limited to client risk tolerance and client asset size, a UMA account could include one or more money managers in the equity and/or fixed income space that are run in a separate account. The rest of the UMA will be invested with mutual funds and exchange traded funds (ETFs). The resulting portfolio will be a mixture of individual equities and/or individual bonds, ETFs, and mutual funds, and will represent a complete asset allocation for the client based upon their risk tolerance and investment needs.

The transactions in Client accounts will be executed by TD Ameritrade Institutional, a division of TD Ameritrade, Inc. ("TD Ameritrade") which will also receive a portion of the fee for trade execution services.

CWA clients have the opportunity to allocate their investment monies among three to five investment models, depending on account size, managed by a selection of money managers and/or mutual funds, within a UMA account. Models are recommended based on a client's risk profile, investment goals and objectives. The UMA program requires the approved money managers to meet certain due diligence criteria established by CWA and to operate pursuant to certain operational and technological constraints as prescribed by Placemark Investments, Inc. and custodian. Given differences in the ways in which particular clients' individual circumstances are identified and in which those circumstances are interpreted by different Associated Persons of CWA, different clients having the same or closely related personal circumstances and risk profiles may receive somewhat different asset allocation recommendations and, as a result, different investment manager or mutual fund recommendations.

**Multiple Manager Account Program for Individuals, Trusts, Retirement Plans, Corporations, Partnerships and other Legal entities**

CWA is the co sponsor of a wrap fee program with Envestnet Asset Management, Inc. (Envestnet), a federally registered investment adviser and overlay manager to the program. A wrap fee program combines portfolio management, advisory services and trade execution for a single fee. The MMAs are comprised of asset allocation models created by Envestnet and approved by CWA. Envestnet offers

clients access to a diversified suite of two or more professional money managers to manage different components of a client's targeted asset allocation based upon the client's financial circumstances, goals and investment objectives.

MMAs at CWA are single accounts in which a client will have multiple managers and asset classes. Depending on a variety of factors, including but not limited to client risk tolerance and client asset size, a MMA account could include one or more money managers in the equity and/or fixed income space that are run in a separate account. The rest of the MMA will be invested with mutual funds and exchange traded funds (ETFs). The resulting portfolio will be a mixture of individual equities and/or individual bonds, ETFs, and mutual funds, and will represent a complete asset allocation for the client based upon their risk tolerance and investment needs.

The transactions in Client accounts will be executed by Fidelity Brokerage Services ("Fidelity"), which will also receive a portion of the fee for trade execution expenses. CWA is responsible for client investment advice and communications, suitability analysis, and required disclosures to the client. CWA has contracted with Tectonic Advisors to provide due diligence services and recommend managers from Investnet's group of money managers. Investment allocation models / recommendations are made by CWA's investment committee to Investnet.

The terms and conditions under which a Client participates in CWA's wrap fee program will be set forth in a written agreement between the Client and CWA. The overall cost incurred from participation in our wrap fee program may be higher or lower than if the services were purchased separately from other advisers.

The wrap fee accounts are managed by the money managers on a discretionary basis (that is, the money managers do not obtain the Client's approval for each transaction) and are based on a long-term investment strategy. Clients may place reasonable restrictions on portfolio holdings by setting a limit on the type of securities that can be purchased for the account. All restrictions must be provided in writing.

#### **Separately Managed Account Programs ("SMA")**

For CWA clients with investment assets over \$100,000, the alternative exists for their portfolios to be managed by individual money managers. Individual stock and bond investment managers require various investment minimums generally \$100,000 - \$250,000 per manager. Each stock and bond investment manager requires a separate custodial account. Fees for each manager will be separately identified and deducted from the client's custodial account.

The SMA programs also offer a select group of mutual funds for additional investing options. Generally, the same criteria of investment due diligence, screening and monitoring processes used in the UMA and MMA programs to review and to monitor the money managers are used in the SMA programs.

The client pays CWA (as applicable based on services performed), the Custodian, and the Provider(s) of investment research, due diligence, performance monitoring and performance reporting, including fees charged by separate account manager(s). Depending upon the program the client will authorize CWA, managers, and/or trustees/custodians to deduct fees from the client's accounts at the custodian.

#### **Participant Directed Pension and Retirement Investment Program**

CWA provides investment advisory and consulting services to the Plan trustee/sponsor. These services will be non-discretionary in nature, and will include recommendation of third-party mutual funds and/or other investment alternatives to be offered pursuant to the Plan and to the Plan participants and sample asset allocation models. In addition, CWA will make a representative available to all Plan participants to contact CWA with any questions they may have with respect to the investment options. The information provided by CWA will be educational and informational in nature. CWA will not provide any investment advice to the Plan participants and will not be an investment advisor or investment manager under ERISA with respect to such Plan participants.

A limited set of mutual funds and ETF's will be recommended as Investment Options to represent the asset categories designated for the Plan. One of the services CWA provides is to recommend and monitor specific Investment Options, based on its research and due diligence. CWA may contract with an affiliate to perform research and due diligence of the Investment Options and the available investment alternatives. As designed, the Program will not include as Investment Options the entire set of mutual funds available through TD Ameritrade, the custodian. However, CWA does utilize the whole set of mutual funds or ETF's made available by the custodian as the population from which to make recommendations. Each mutual fund or ETF selected by the Plan Sponsor and adopted for the Plan will be considered an Investment Option. Plan participants may choose to allocate the assets held by their accounts among the Investment Options made available under the Plan.

#### **Assets Under Management**

As of 12/31/2014, we manage \$1,377,576,195 in client assets on a non-discretionary basis.

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

CWA charges fixed fees, hourly charges and a percentage of assets under management for its advisory services. At the sole discretion of CWA these fees are negotiable.

#### **Personal Financial Planning (New Financial Plan)**

The fee for Personal Financial Planning is as follows:

<b>Type</b>	<b>Total</b>	<b>Fee Deposit</b>
One Professional	\$9,500	\$4,750
Two Professionals/same family	\$11,500	\$5,750

We may recommend other professionals in the financial industry to assist the client in the implementation of the financial plan and to carry out its objectives. The fees or charges for their services are paid directly by the client to the professional. These professionals may include third party pension administrators, attorneys, financial institutions, and healthcare practice consultants.

CWA requires one-half of the planning fee to be paid upon execution of a letter of engagement. The remaining balance is due and payable at the initial meeting with CWA. If the client wishes to cancel the appointment after it has been scheduled, the deposit will be returned, pro-rated based on any work already performed on the client's behalf.

### **Monitoring Program & Annual Planning Review and Update for Individuals and Professional Entities**

The fee for the Monitoring Program is \$ 8,880 per client, per year. This covers all of the services discussed under the Monitoring Program and Annual Planning Review heading (see Advisory Services – Financial Planning). The annual fee will be paid in advance, either monthly (\$740 per month) or quarterly (\$2,220 per quarter) installments. Payments may be made by check or credit card. There may be cases where the fee may be in excess of \$8,880 due to complexity of client's issues. There may be special circumstances where an hourly fee may be charged. This will be discussed with the client prior to billing.

If the individual client is a trustee/sponsor of established pension plan or becomes one during the course of engagement, the annual monitoring program and fee described below applies.

### **Basic Services for Pension & Retirement Plans**

This service to Trustees of non participant directed pension and retirement plans is \$300 annually, billed to the plan sponsor and not paid out of plan assets, for each trustee that is a client of CWA. The same billing policy as monitoring stated above applies for pension and retirement plans.

### **Global Services Provided to Pension & Retirement Plans Invested in Certain Recommended Investment Programs**

The fee related to the above global services to non participant directed pension and retirement plans is an annual Assets Under Management (AUM) fee of 0.20% for the Pooled Investment Program based on the most recent valuation of investments and assets of the Plan, which the Plan owns, and holds in the investment program. The AUM Fee will be billed, and collected, monthly, in arrears, and will be pro-rated if the Plan's investments and assets are initially contributed other than at the beginning of a month. Also, adjustments will be made, as contributions to, and withdrawals from, the Plan's accounts are made, on a pro-rated basis. The prorated AUM Fee will be deducted from the Plan's accounts on a monthly basis, calculated in arrears, as the annual fee divided by twelve (12).

The AUM fee to client accounts of 0.20% is paid to CWA out of the 1.05% investment program fee charged by the custodian to the account under the terms of the custodian's custody agreement with the plan trustee. Plan trustees authorize the 1.05% fee to be paid from plan assets.

For pension accounts invested in the Unified Managed Account Program (UMA) CWA receives an annual fee of .20%. It is collected and billed as described on page 15 under the UMA program fee description.

### **Investment Advisory and Consulting Services - Participant Directed Pension and Retirement Plans**

In exchange for its services, CWA will charge an annualized [forty-five (45) basis points (0.45%)] on the assets invested through the Program (the "CWA Fee"). The CWA Fee will be billed in advance and collected monthly or quarterly based on the most recently available market value or valuation of the assets invested through the Program. CWA shall strictly rely on the market values of the investments and assets the Plan owns and holds through the Program, as such market values have been determined by the record keeper or custodian. The Plan Representative authorizes CWA to instruct the designated custodian or record keeper, as applicable, to debit the CWA Fee from the Plan participant's accounts pro-rata. The Plan Representative additionally authorizes the custodian of the Plan's assets to debit from the Plan participant's accounts the CWA Fee and to pay such fee to CWA. In any partial month, the CWA Fee will be pro-rated, based on the number of days in which assets were invested pursuant to the

Program during the month. From time to time, the CWA Fee may, of necessity, be increased. However, CWA will notify the Plan Representative in writing prior to any such change. All fees charged by CWA may vary from client to client because of the different type and nature of services, including investment advisory services or consulting services, to be performed by CWA for various clients and different methods of computing fees. In most cases, the CWA Fee will be paid utilizing Plan assets, but the Plan Representative may elect to have CWA Fees billed to the Plan Sponsor monthly or quarterly.

In addition to the CWA Fee and the fees that may be charged by the other service providers (*e.g.*, the record keeper, trustee/custodian, third-party administrator, etc.), Plan participants will incur indirect investment fees related to the Investment Options held in his or her Plan account. Each mutual fund incurs costs related to the administration and the investment management of the mutual fund. These costs are paid directly by the mutual fund itself and not by investors in the fund. Mutual fund costs and expenses reduce the net asset value of the mutual fund and are reported as a percentage of the mutual fund's assets, and referred to as the mutual fund's "expense ratio." Each mutual fund reports its expense ratio (and how it affects investment value) in documents filed with the Securities and Exchange Commission, including the prospectus, the annual report and the statement of additional information prepared by the mutual fund. Each class of shares/units of the mutual fund carries its own expense ratio, and may change from year to year (or earlier). The indirect cost incurred by each Plan participant will differ, depending on how their portfolio is allocated among the Investment Options.

Some mutual funds offer revenue sharing for certain share/unit classes. These revenue sharing amounts are specific cash payments made by the mutual fund company, based on pre-determined formulas. In all cases, revenue sharing amounts are used to reduce expenses charged to the Plan by its service providers, for the overall benefit of the Plan and its participants. Notwithstanding any revenue sharing arrangements, CWA will not receive any compensation, directly or indirectly, greater than the amount of the CWA Fee as set forth above.

### **Other Financial Planning Services Offered**

#### **Financial Plan Monitoring Service for Retirees & Others**

Financial plan monitoring services and related fees will vary depending on the client's individual situation and complexity. Those clients with complicated circumstances will be required to return annually for meeting and review of their plan. For clients with a less complicated financial plan it may be appropriate to alternate every other year for the meeting at a slightly reduced fee. The annual financial plan monitoring fee will range up to \$10,000. The fees will be billed on a monthly or quarterly basis.

#### **New Doctor Program**

Initial financial plan preparation fees will vary depending on the needs of the client and the overall complexity of the client's individual situation. The initial fee ranges from \$8,500 to \$9,500. A 50% deposit is due upon execution of a letter of engagement. The remaining balance is due and payable at the initial meeting with CWA. Our fee will be earned on a pro-rata basis from the date of the engagement letter based on the work performed. The term includes services for a period up to twelve months from engagement. Should you terminate our services prior to your consult; any unearned fee will be refunded to you. A calculation of the refund amount will be provided to you.

### **Resident Program**

The fee for the Resident Program will be \$100.00 per month (total \$1,200.00 annually) billed at the first of each month in advance. Payment will be accepted by authorized credit card only. Fees are considered earned as billed monthly.

### **Pooled Investment Program through a National Bank**

Client accounts invested in the pooled investment program will be charged by the bank, an annual fee of 1.05%, based upon the total value of the assets committed to the pooled investment program (including cash allocation). Such fees will be billed monthly, in arrears, based on that month's average daily balance and will be adjusted for significant contributions or withdrawals. The bank will pay a portion of this fee to Tectonic Advisors, Envestnet, investment managers, and qualified custodians engaged to provide services in the pooled investment program. Such payments are paid from the 1.05% fee. The total expense ratio may exceed 1.05% in instances where the fund is invested in mutual funds, and those fees are passed on to the investor or they are specific to the client such as wire fees, etc. Additionally, the bank charges a .10% fee at the fund level for investment services. This .10% is not charged to the account.

### **Fees for Participation in the Unified Managed Account Program (UMA) are as follows:**

With respect to the UMA Platform, clients will be charged the following fees: an overlay management fee payable to Placemark Investments, Inc., an advisory fee payable to CWA, and an asset-based fee (not based on the number of transactions in the client's account) payable to TD Ameritrade Institutional, a division of TD Ameritrade, Inc. ("TD Ameritrade") for custody and execution services.

Tectonic Advisors, an affiliate of CWA, in addition to providing due diligence services to CWA also serves as a model portfolio advisor. If the Tectonic Advisors model portfolio is chosen Tectonic Advisors will receive 35 basis points for the assets allocated to the Tectonic Advisors model portfolio. This 35 basis points is in addition to the 38 basis points that CWA receives.

CWA receives a fee of 38 basis points, or 0.38% (except .20% for pension) from the UMA accounts. The custodian holding the client's account deducts this fee at the instruction of Placemark Investments, Inc., which then forwards it to CWA. Additional fees will be deducted by other entities involved in servicing of the account. Such fees include a fee of 10 basis points to TD Ameritrade, a fee of 11 to 21 basis points to Placemark Investments, Inc., (negotiated in accordance to the management style of the account) and additional fees charged by Model Portfolio Advisors. If the client elects the Tax overlay management services offered by Placemark Investments, Inc., there will be an additional fee of 10 basis points. The cumulative fee deducted from the client's account will not exceed 1.00% of the client's assets under management in the account. The exact fee paid by the client will be clearly set forth in the New Account Enrollment Form and the Managed Account Agreement signed by CWA, the client and Placemark Investments, Inc.

Fees are billed quarterly, in advance, and are prorated if the advisory relationship commences otherwise than at the beginning of a calendar quarter. Adjustments for significant contributions to and withdrawals from a client's portfolio are prorated for the quarter in which the change occurs. The fee is debited from the client's account by the custodian at the beginning of each quarter based upon the value of assets at the end of the most recent quarter. If insufficient cash is available to pay such fees,

securities in an amount equal to the balance of unpaid fees will be liquidated to pay for the unpaid balance.

There may be additional fund fees for mutual funds and ETFs, depending on the model chosen. These fees are deducted at the mutual fund level or ETF level and are not directly invoiced to client accounts. They do, however, represent an additional cost to the performance of the account. Detailed information on acquired funds fees in each model is available to the client so that they can assess their true economic expense for CWA UMA accounts.

**Fees for Participation in the MMA Program (Wrap Program) are as follows:**

With respect to the MMA Platform, clients will be charged a base fee of 64 (0.64%) basis points (non-negotiable) based on the value of assets in the account. CWA receives 38 basis points (.38% out of the 0.64%) for investment advisory services provided under the terms of the Statement of Investment Selection and Terms and Conditions that each client is required to execute to set up a MMA. Envestnet receives 20 of the 64 basis points for its fee. Fidelity Brokerage Services ("Fidelity") receives 6 basis points for custodial and clearing fees. Certain actively managed models also include a direct manager fee. For these actively managed models, the total Program Fee includes the base fee plus a direct manager fee. The total Program Fee can range from 72 to 101 basis points (.72% to 1.01%).

For pension accounts the CWA Advisory Fee is 20 basis points; lowering the base fee to 46 basis points.

CWA pays a fee to Tectonic Advisors for due diligence services, investment research regarding investment managers, ETF product recommendation and general oversight of Envestnet's responsibilities as overlay manager related to the MMA program.

Fees are billed quarterly, in advance, and are prorated if the advisory relationship commences otherwise than at the beginning of a calendar quarter. Adjustments for significant contributions to and withdrawals from a client's portfolio are prorated for the quarter in which the change occurs. The fee is debited from the client's account by the custodian at the beginning of each quarter based upon the value of assets at the end of the most recent quarter. If insufficient cash is available to pay such fees, securities in an amount equal to the balance of unpaid fees will be liquidated to pay for the unpaid balance.

There may be additional fees to the client for wire transfers, special trades, etc. imposed by Fidelity as outlined in the Fidelity Account Application.

**Fees for Participation in the SMA Program are as follows:**

CWA offers two SMA programs for qualifying participants as described above. The custodians for these programs are Fidelity and TD Ameritrade. The platform provider and/or sub advisor are Envestnet and Beacon Pointe Wealth Advisors. The fees for participation in one of the two SMA programs are as follows: Custodian fees range from 6 to 10 basis points, Direct Manager Fees range from 30 to 60 basis points, platform provider and/or sub advisor, as applicable, range from 15 to 20 basis points and CWA Advisory Fee is 38 basis points, or 0.38% (except .20% for pension).

If mutual funds are chosen to be included in a SMA, mutual fund acquired fees are deducted at the mutual fund level. They do, however, represent an additional cost to the performance of the account.

Detailed information on acquired fund fees is available to the client so that they can assess their true economic expense.

Total fees for a SMA with individual managers only will range from 89 basis points to 124 basis points, depending on the manager chosen.

#### **Additional Disclosures**

CWA pays a contracted fee to Tectonic Advisors LLC, (Tectonic Advisors), an affiliate of CWA, for due diligence services, investment research regarding investment managers, mutual funds, ETF's product and investment model recommendations and general oversight of Providers to investment products or programs recommended by CWA to its clients. . Additionally, CWA can recommend clients include the Tectonic Advisors model portfolio in their UMA allocation. This recommendation presents a conflict of interest for CWA as Tectonic Advisors receives 35 basis points on the allocated assets. This creates an incentive for CWA to recommend Tectonic Advisors over other model portfolio advisors. To mitigate this conflict, CWA Investment Committee has established suitability parameters for the recommendation of the Tectonic Advisors model portfolio.

In situations where a CWA client is acting as a trustee under ERISA definitions for their pension plan and is an investor in Dental Community Financial Holdings, Ltd. ("DCFH"), the advisory fees paid by T Bank to Tectonic Advisors generated by those CWA client ERISA investments assets will not be paid by Tectonic to DCFH. A more detailed description of DCFH and the potential conflicts of interests are discussed in the (See Other Financial Industry Activities and Affiliations).

#### **Additional Fees and Expenses**

The fees CWA charges may be negotiable based on the amount of assets under management, complexity of client goals and objectives, and level of services rendered. As described above, the fees are charged as described and are not based on a share of capital gains of the funds of an advisory client.

All fees paid to CWA for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds to their shareholders. These fees and expenses are described in each fund's prospectus. These fees generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without the services of CWA. In that case, the client would not receive the services provided by CWA which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and the fees charged by CWA to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

There may be other limited services not detailed above where financial planning and/or investment advisory services are provided that have the assets under management component to the fee charged. The AUM fee ranges from 10 to 30 basis points based on the total assets under management. Services provided and fee charged are detailed in the client engagement letter. These fees are in addition to other fees charged for a particular investment program or fixed fee for financial planning services.



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

Performance based fees are based on a share of capital gains on or capital appreciation of the client's assets. CWA and its Associated Persons do not accept performance based fees.

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

We provide fee-only personal financial counseling and investment advisory services to individuals, professional entities and trustees/plan sponsors of pension and profit sharing plans; all involved either directly or indirectly with the healthcare profession.

We do not require an account minimum to retain our firm for advisory services. However, certain programs offered by our firm have their own account minimum requirements. For example, the SMA program has a minimum investment requirement of \$100,000.

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

As described under **Advisory Services** above, CWA offers Investment Management Services by referring clients to Pooled Investment, UMA, MMA, SMA, and Participant Directed programs. We will assist our clients in selecting an appropriate allocation and determining an investor profile. The investor profile and the entire financial planning process will help us recommend an asset allocation strategy.

Our affiliate, Tectonic Advisors provides a variety of financial management research services to us. All investment advice given to our clients shall be deemed to be investment advice rendered by us for the benefit of our clients. The financial management research services and due diligence includes but is not limited to the following:

- a. Asset allocation analysis;
- b. Research on investments and securities including alternative forms of investments (i.e. commodities or real estate, etc.);
- c. Due diligence research on investment, securities and asset management companies and managers;
- d. Periodic monitoring of investment, securities and asset management companies and managers;
- e. Assistance in selection of investment, securities and asset management companies and managers;
- f. Research on specific investments and securities in whatever form they may take;
- g. General research about investment, securities and asset allocation;
- h. Global investment services;
- i. Model portfolio

In addition, Tectonic Advisors will provide due diligence and ongoing monitoring of T Bank, N.A. (T Bank) and other third party providers utilized by Tectonic Advisors and/or CWA as applicable to ensure such providers meet certain minimum qualitative and quantitative standards adopted by Tectonic Advisors and/or CWA.

The investment advice provided along with the strategies suggested by CWA will vary depending on each client's specific financial situation and goals. This brief statement does not disclose all of the risks and other significant aspects of investing in financial markets. In light of the risks, clients should fully understand the nature of the contractual relationship(s) into which they are entering and the extent of their exposure to risk. Certain investing strategies may not be suitable for many members of the public. Clients should carefully consider whether the strategies employed will be appropriate for them in light of their experience, objectives, financial resources and other relevant circumstances.

**General Investment Risk:** All investments come with the risk of losing money. Investing involves substantial risks, including complete possible loss of principal plus other losses and may not be suitable for many members of the public. Investments, unlike savings and checking accounts at a bank, are not insured by the government to protect against market losses. Different market instruments carry different types and degrees of risk. Clients should familiarize themselves with the risks involved in the particular market instruments they intend to invest in.

**Accounts May Lose Value:** There can be no assurance that a Fund will achieve its investment objectives and past performance should not be seen as a guide to future returns. The value of investments and the income derived may fall as well as rise and investors may not recoup the original amount invested in a Fund. An investment in a Fund may also be affected by any changes in exchange control regulation, tax laws, withholding taxes, international, political and economic developments, and government, economic or monetary policies.

**Interest Rate Risk:** A Fund that invests in bonds and other fixed income securities may fall in value if interest rates change. Generally, the prices of debt securities rise when interest rates fall, and their prices fall when interest rates rise. Longer term debt securities are usually more sensitive to interest rate changes.

**Credit Risk:** A Fund that invests in bonds and other fixed income securities is subject to the risk that the issuer(s) may not make required interest payments. An issuer suffering an adverse change in its financial condition could lower the credit quality of a security, leading to greater price volatility of the security. A lowering of the credit rating of a security may also offset the security's liquidity, making it more difficult to sell. Funds investing in lower quality debt securities are more susceptible to these problems and their value may be more volatile.

**Futures and Options in Funds:** Funds may invest in options and futures on securities, indices and interest rates for the purpose of efficient portfolio management. Also, Funds may invest in futures, options or forward foreign exchange contracts to hedge market and currency risks. Transactions in futures carry a high degree of risk. The amount of the initial margin is small relative to the value of the futures contract so that transactions are "leveraged" or "geared". A relatively small market movement will have a proportionately larger impact which may work for or against the investor. The placing of certain orders which are intended to limit losses to certain amounts may not be effective because market conditions may make it impossible to execute such orders. Transactions in options also carry a high degree of risk. Selling ("writing" or "granting") an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obliged either to settle the option in cash or to acquire or deliver the

underlying investment. If the option is "covered" by the seller holding a corresponding position in the underlying investment or a future on another option, the risk may be reduced.

**Sector Risk:** Funds which concentrate their portfolio in a specific sector may carry a higher degree of risk due to lower diversification and sector-specific risks. Because these investments are limited to a relatively narrow segment of the economy, the Funds' investments are not as diversified as most funds. This means that these Funds tend to be more volatile than other funds and their portfolio values can increase or decrease more rapidly. The performance of each Fund may differ in direction and degree from that of the overall stock market.

**Small Capitalization:** Funds which include smaller capitalization companies, may involve greater risk than Funds investing in larger, more established companies. For example, small capitalization companies may have limited product lines, markets and financial or managerial resources. As a result, price movements in securities of smaller capitalization companies may be more volatile. Transaction costs in securities of smaller capitalization companies can be higher than those of larger capitalization companies and there may be less liquidity.

**Non-Investment Grade Debt:** Credit risk is more pronounced for investments in fixed-income securities that are rated below Investment Grade or which are of comparable quality. The risk of default may be greater and the market for these securities may be less active, making it more difficult to sell the securities at reasonable prices, and also making valuation of the securities more difficult. A Fund may incur additional expenses if an issuer defaults and the Fund tries to recover some of its losses in bankruptcy or other similar proceedings.

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

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to clients' evaluation of CWA or the integrity of CWA's management. There is no history of reportable legal or disciplinary events by CWA, our principals or advisory representatives.

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

CWA is also a Certified Public Accountancy firm and as such offers accounting and tax services to clients. It is expected that clients for whom accounting and tax services are offered are also financial planning and advisory clients. The fees for accounting and tax services are separate and distinct from the fees charged for financial planning and advisory services. CWA anticipates that 22% involves accounting services, 50% involves tax services, 2% involves other non-advisory services.

Darrell Cain was an organizer and is an investor in T Bank, N.A., a national bank, ("T Bank") located in Dallas, Texas. The capital for the bank was raised through a public offering of common stock. Mr. Cain, and other persons employed by or who are owners of CWA, are or have been investors in the Bank. Mr. Cain holds no position with T Bank. Although CWA believes T Bank to be an appropriate and suitable provider of trust services, please be advised that recommendations by CWA, their affiliates, officers, directors and employees to clients concerning T Bank and the pooled investment program may be

regarded as a conflict of interest, by virtue of their stock ownership in T Bank. CWA has performed appropriate due diligence of T Bank Trust services, including comparison pricing and has concluded that T Bank provides quality services and competitive pricing.

CWA's affiliate, Tectonic Advisors LLC (Tectonic Advisors), an SEC registered investment adviser, is contracted by T Bank to provide certain investment advisory services to T Bank. Specifically, Tectonic Advisors provides advisory services related to the Pooled Funds (Pooled Investment Program). Implicit in a CWA recommendation of T Bank is a recommendation of Tectonic Advisors. This represents a potential conflict in that a recommendation of T Bank may be regarded as being influenced by the affiliate relationship between Tectonic Advisors and CWA, and the contractual relationship between T Bank and Tectonic Advisors.

Additionally, CWA can recommend clients include the Tectonic Advisors model portfolio in their UMA allocation. This recommendation presents a conflict of interest for CWA as Tectonic Advisors receives 35 basis points on the allocated assets. This creates an incentive for CWA to recommend Tectonic Advisors over other model portfolio advisors. To mitigate this conflict, CWA Investment Committee has established suitability parameters for the recommendation of the Tectonic Advisors model portfolio.

The following is a list of entities in which either Mr. Cain, other managing members of CWA, CWA, its related persons or clients of CWA have an economic, management or other beneficial or contractual interest. Mr. Cain, other managing members of CWA, CWA's employees and/or related persons, may, at times participate in partnerships or other ventures, in which certain clients of CWA are investors or in which certain CWA clients may have been presented by the partnership or other venture to invest. Mr. Cain and other managing members, employees, or other parties related to CWA may act in one or more of the following capacities in other entities, (i) managing members (ii) general partners, (iii) limited partners, (iv) service providers, or (v) investors of these partnerships or other ventures..

**Tectonic Advisors LLC (Tectonic Advisors)** – Investment research and due diligence provider to CWA is owned by Darrell Cain and managed by Tectonic Services LLC. Mr. Cain is the Chairman, Manager and sole owner of Tectonic Services LLC. There is a conflict in that CWA clients were presented by DCFH an investment in the DCFH partnership and the DCFH partnership provides a lending facility to Tectonic Advisors LLC. Mr. Cain has an economic and controlling interest in Tectonic Advisors LLC and controls the activities of DCFH and Tectonic Services LLC. There is no CWA client investment in Tectonic Advisors or Tectonic Services.

**Intranet Dental Community** –Provider of consulting, web-site and internet services primarily to Tectonic Advisors. Tectonic Advisors pays a fee to this entity for these services. Mr. Cain is a managing member and investor in this company and has an economic interest in the company.

**III to I Foundation, Inc.** – Charitable foundation offering seminars and financial education. Annual and lifetime membership fees from individual donations and registrations fees; approximately 20% of CWA clients are subscribers or donors.

**III to I Emerging Market Partners, LLC** – Limited Liability Company formed for real estate development; provides real estate management services to the III to I Emerging Market Partners Real Estate

Investment Fund I, LP. Mr. Cain is an investor in this company and has an economic interest in the company. There is no CWA client investment in this entity.

**III to I Property Management, LLC** – General Partner of III to I Emerging Market Partners Real Estate Investment Fund I, LP; there is no CWA client investment in III to I Property Management, LLC. There is a conflict in that III to I Emerging Market Partners Real Estate Investment Fund I presented to clients a possible investment in the III to I Emerging Market Partners Real Estate Investment Fund I, LP partnership. Mr. Cain is a managing member and investor in this company and has an economic interest in the company.

**III to I Emerging Market Partners Real Estate Investment Fund I, LP (EMP Fund I)** – is a limited partnership organized under the laws of Texas for the primary purpose of investing in commercial real estate properties. The Partnership activities may include the purchase, management, leasing, improvement and sale of commercial real estate. The Partnership is also authorized to engage in other activities if the General Partner believes such activities will benefit the Partnership's core business of real estate investment, including lending Partnership funds to a related entity of the General Partner. This partnership was presented to clients by EMP Fund I through a confidential private offering memorandum with related risk disclosures. Investors in this partnership should understand that this investment is not liquid and liquidation cannot occur. Approximately 15% of CWA clients are investors. EMP Fund I is no longer accepting new investors.

**SMD Investments, LLC** – Limited Liability Company formed for investment in real estate property; Mr. Cain is an investor in this company, and this company holds a Class B interest in III to I Emerging Market Partners Real Estate Investment Fund I, LP and has an economic interest in the company. There is no CWA client investment in this company.

**Dental Community Financial Holdings, Ltd (DCFH)** – Partnership formed to loan funds to or acquire equity or other financial interests in entities that will provide services to CWA clients. Special disclosure for advisory clients of CWA that were presented by DCFH an investment in this partnership: the above purpose was fulfilled and loans were made by DCFH to Tectonic Advisors for its operations. It is important to understand that the ability of Tectonic Advisors to meet its investment return objectives, including repayment of the loans from DCFH, and further for DCFH to provide a return to its investors, is conditioned upon sufficient assets being supervised by CWA. The ability to retain such a base of assets will be dependent upon the ongoing efficacy of CWA's investment advisory services platform, the ability of the investment managers, mutual funds, and exchange traded funds to generate adequate returns to keep clients assets from transferring elsewhere and the ability of CWA to attract and retain clientele. Clients should understand that in addition to the normal market risk associated with a securities investment in the pooled investment platform; those clients who invested in DCFH also depend upon client and third party assets staying with CWA. Thus, such clients' losses can be compounded in an environment where investment losses cause net outflows from the CWA investment advisory services platform. In situations where a CWA client is acting as a trustee under ERISA definitions for their pension plan and is an investor in Dental Community Financial Holdings, Ltd. ("DCFH"), the advisory fees paid by T Bank to Tectonic Advisors generated by those CWA client ERISA investments assets, will not be paid by Tectonic Advisors to DCFH.

This investment was presented by DCFH to clients through a confidential private offering memorandum which included risk disclosures, and approximately 14% of clients are investors. DCFH is no longer

accepting new investors. Investors in this partnership should understand that this investment is not liquid and liquidation cannot occur except as specified in offering memorandum.

Moreover, there is an inherent conflict in that the clients' ability to receive and sustain investment returns in DCFH may require the client to leave assets in the platform where there may be better investment alternatives available. In other words, if the client withdraws assets from the investment platform then it is possible that returns from an investment in DCFH may be negatively impacted. This conflict does not occur where a CWA client is defined as ERISA trustee for their firm's pension plan and is an investor in this partnership as the related fees will not be paid by Tectonic Advisors to DCFH.

**III to I Maritime Partners Cayman I, LP** (Maritime Partners)– is a limited partnership organized under the laws of the Cayman Islands for the primary purpose of acquiring, managing and operating vessels, primarily anchor handling tug supply vessels, through an investment in I-A Suresh Capital Maritime Partners Limited (I-A SCMP), its wholly owned subsidiary. This partnership was presented by Maritime Partners to clients through a confidential private offering memorandum with risk disclosures. Investors in this partnership should understand that this investment is not liquid and liquidation cannot occur. Approximately 29% of clients are investors. At this time Maritime Partners is not accepting new investors.

**III to I International Maritime Solutions Cayman, Inc.** – General Partner of III to I Maritime Partners Cayman I, LP; there is no CWA client investment in this entity. This entity is wholly owned by III to I IMS Holdings, LLC. There is a conflict in that this company is the General Partner of Maritime Partners. Maritime Partners presented to CWA clients an investment in this partnership. Gary V. Moore is on the Board of Directors of the General Partner of the partnership, III to I International Maritime Solutions Cayman, Inc., and serves on its audit committee. Mr. Moore is also General Manager and Chief Compliance Officer of CWA. Mr. Cain is the CEO and serves on the Board of Directors.

**III to I IMS Holdings, LLC** – Limited Liability Company formed to manage investment partnerships. Currently manages III to I Maritime Partners Cayman I, LP. Mr. Cain is a managing member of III to I IMS Holdings, LLC. The managing members of CWA, certain Investment Advisor Representatives and employees of CWA are investors in this company and have an economic interest. There is a conflict in that this company is the owner of the General Partner of Maritime Partners and CWA clients may have been presented by Maritime Partners to invest in this partnership.

**Dental Community Holdings, Inc.** – General Partner of Dental Community Financial Holdings, Ltd. Mr. Cain does not receive an economic benefit from this entity. There is no CWA client investment in this entity.

**Shrooms, LLC** - Limited Liability Company formed by certain managing members to invest in real estate, shipping and other opportunities. There is no CWA client investment in this entity.

**Best New Patients, LLC (BNP)** – BNP is in the business of assisting dentists in the marketing of dental services of their practice primarily by selling dental related items and marketing pieces for dentist to give to their patients. BNP is owned equally (9.09% each) by the ten owners of CWA and one employee of CWA. Best New Patients primarily markets its services to clients of CWA.

**Briteva, LLC-(Briteva)-** Briteva is a technology company providing secure online data backup services to small to medium size businesses. Briteva intends to market its services to CWA clients. Briteva services are also available to customers that are not CWA clients. Briteva is owned equally (8.33%) by the ten owners of CWA and three employees of CWA.

**National Dental Placements, LLC (NDP)-**Formed in order to provide a variety of services related to the needs of dentists seeking to sell all or transition a portion of their practice. The major services provided by NDP include: placement (e.g., finding potential buyers for such practice sales); consulting services related to such practice sales; practice valuations; and sales of real estate in connection with practice sales. CWA may offer its services to clients of NDP, and CWA and NDP may at times share certain personnel. In addition, CWA Planners may refer CWA clients to NDP or to certain entities with which NDP has established a relationship, and in such cases, the Planners (which could include CWA owners) may receive a referral fee from NDP. These referral relationships may create a conflict in that the Planners would have an incentive to refer clients to NDP rather than one of NDP's competitors and it is possible that such a competitor could provide services to CWA clients at the same or preferable cost. CWA believes the services of NDP to be very competitive in price and quality. NDP is owned 50% by Charles Loretto, CWA's Director of New Client Services, 4.9% by each of the ten owners of CWA, and 1% by Scott Steenson, a managing member of Ill to I Property Management, LLC. There is no CWA client investment in this entity.

**Family Legacy Trust Company (FLTC)** – organized as an association in the state of Texas, and a wholly owned subsidiary of DCFH, discussed above. DCFH was created for the purpose of acquiring equity in or making loans to organizations that will provide services to clients of CWA. The general partner of DCFH is Dental Community Holdings, Inc., a Texas corporation which is 50% owned by Mr. Cain. FLTC has an agreement with CWA to provide services to CWA's clients and will also provide such services to other customers. The company is a Texas State Chartered Trust Company and provides traditional fiduciary services, estate and gift tax planning services, transfer tax consultation and compliance services, and sponsors an investment fund. Mr. Cain does not receive an economic benefit from this entity, but Mr. Cain serves as a board member and as the Chief Investment Officer.

**FLTC Fund I** – Family Legacy Trust Company has established this fund to invest in alternative investment asset classes for qualified pension assets such as shipping, real estate, energy and other industries through a private offering memorandum. CWA clients should completely read and understand the private offering memorandum and related risk of investment. CWA and its advisors cannot due to regulatory restrictions recommend or advise a CWA client to invest in this Fund. CWA clients should seek the advice of an independent advisor to evaluate this investment opportunity if considered necessary. Investors in this fund should understand that this investment is not liquid and liquidation cannot occur except at times specified in offering memorandum, and are subject to liquidity constraints of FLTC Fund I.

Our affiliates are separately compensated if clients use their services. While we believe that the compensation charged by our affiliates is competitive, the fees charged may be higher than other firms that provide similar services. Clients are not required to use our affiliates' services and may contract with other providers.

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

### **Description of Our Code of Ethics**

CWA has adopted a Code of Ethics (the “Code”) to address investment advisory conduct. The Code focuses primarily on fiduciary duty, personal securities transactions, insider trading, gifts, and conflicts of interest. The Code includes CWA’s policies and procedures developed to protect client’s interests in relation to the following topics:

- The duty at all times to place the interests of clients first;
- The requirement that all personal securities transactions be conducted in such a manner as to be consistent with the code of ethics.
- The responsibility to avoid any actual or potential conflict of interest or misuse of an employee’s position of trust and responsibility;
- The fiduciary principle that information concerning the identity of security holdings and financial circumstances of clients is confidential; and
- The principle that independence in the investment decision-making process is paramount.

A copy of CWA’s Code of Ethics is available upon request to the Chief Compliance Officer at CWA’s principal office address on the cover of this brochure.

### **Participation or Interest in Client Transactions**

Clients of CWA, may have been presented investment by partnerships or other ventures in which CWA, its related entities, related persons, and Mr. Cain or other managing members may act in one or more of the following capacities, (i) managing members, (ii) general partners, (iii) limited partners, (iv) service providers, or (v) investors of these partnerships and other ventures. However, CWA clients and prospective CWA clients should understand there is an inherent conflict of interest in that Mr. Cain, other managing members or employees of CWA, and its related persons may have an ownership, controlling, beneficial, or managerial interest in the aforementioned entities, and may provide services to these entities for which they may be compensated. In addition, CWA clients should understand there may be other investment alternatives available free of this conflict of interest. As such, careful consideration should be applied as to how such an investment compares against other investments of similar composition and risk, how such an investment fits with the client's overall investment strategy, investment policy statement, and asset allocation.

### **Personal Trading Practices**

At times CWA and/or its Associated Persons may take positions in the same securities as clients, which may pose a conflict of interest with clients. We will not violate our fiduciary responsibilities to our clients. Front running (trading shortly ahead of clients) is prohibited. Should a conflict occur because of materiality (i.e. a thinly traded stock), disclosure will be made to the client(s) at the time of trading. Incidental trading not deemed to be a conflict (i.e. a purchase or sale which is minimal in relation to the total outstanding value, and as such would have negligible effect on the market price), would not be disclosed at the time of trading.

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

For CWA’s asset management programs, we recommend and request clients to implement trades and maintain custody of assets through discount brokers. Currently, we recommend the services of TD Ameritrade Institutional, a division of TD Ameritrade, Inc. (“TD Ameritrade”) for the UMA, SMA/MMA, and participant directed programs and the services of Fidelity Brokerage Services, LLC (“Fidelity”) for the



SMA and MMA Program. Fidelity and TD Ameritrade are members of the Financial Industry Regulatory Authority ("FINRA"), the Securities Investor Protection Corporation ("SIPC") and the National Futures Association ("NFA").

Fidelity and TD Ameritrade offer independent investment advisers services, which include custody of client securities, trade execution, clearance and settlement of transactions, and daily research and investment information.

We are not affiliated with Fidelity or TD Ameritrade. Our Investment Adviser Representatives are not registered representatives of Fidelity or TD Ameritrade and do not receive commissions or other compensation from recommending these services.

#### **Research and Other Soft Dollar Benefits**

Although not considered "soft dollar" compensation, we may receive benefits from Fidelity and/or TD Ameritrade for research services that include reports, software, and institutional trading support.

There is no direct link between the Firm's participation in the TD Ameritrade Institutional program and the investment advice it gives to its clients, although CWA receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving adviser participants; the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to CWA by third party vendors. Some of the products and services made available by TD Ameritrade through the program may benefit CWA but may not benefit its client accounts. These products or services may assist CWA in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help CWA manage and further develop its business enterprise. The benefits received by the Firm or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, the Firm endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by CWA or its related persons in and of itself creates a potential conflict of interest and may indirectly influence CWA's choice of TD Ameritrade for custody and brokerage services.

In recommending a broker dealer, CWA will endeavor to select those brokers or dealers that will provide the best services at the lowest commission rates possible. The reasonableness of commissions is based on several factors, including the broker's ability to provide professional services, competitive commission rates, volume discounts, execution price negotiations, the broker's reputation, experience and financial stability of the broker or dealer, and the quality of service rendered by the broker or dealer in other transactions.

Best execution is not measured solely by reference to commission rates. Paying a broker a higher commission rate than another broker might charge is permissible if the difference in cost is reasonably justified by the quality of the brokerage services offered.

**Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers and custodians in which we have an institutional advisory arrangement. Also, we do not receive other benefits from a broker-dealer in exchange for client referrals.

**Review of Accounts - Item 13**

Clients that have signed up for ongoing services are typically provided with periodic reviews of their investment accounts and a review of the overall financial objectives and situation. Annual reviews are held in CWA's office with clients for a complete review of their financial situation. Other items that may trigger a more frequent review of the client portfolios are changes in cyclical or market conditions and sudden changes in the client's financial situation. Each client is assigned a financial planning team, headed by an adviser that oversees the preparation of all reports, performs specific client reviews and is the primary contact with the client.

The reviews described above are conducted by the CWA financial planner/investment adviser representative assigned to the client. The financial planner/investment adviser representative is subject to the supervision by the Partner in Charge of Operations and the general authority of the Chief Compliance officer. Reviewers also are responsible for ensuring that any significant change in a client's investment strategy or concentration of a client's assets in a speculative or risky asset class is appropriate for, and has been reviewed with the client.

Clients are provided an annual performance review of their accounts at the time of the annual monitoring meeting. Custodians for the assets provide monthly and/or quarterly statements directly to the client.

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

CWA does not receive economic benefits from unaffiliated third parties for providing investment advice or other advisory services to clients. CWA, through its related persons and entities, indirectly participate in client referral arrangements. The conflicts of interest and specifics of these arrangements are fully described in Item 10 & 11.

**Custody - Item 15**

CWA does not have custody of client funds or securities. All of the custodians of assets held in the investment programs are third party custodians independent of CWA and Tectonic Advisors.

Fund assets are held in custody with the following T Bank approved Custodians: Fidelity Group Company (National Financial Services, LLC), US Bank and TD Ameritrade.

As a condition of participating in the Envestnet's investment program, clients will be required to use Fidelity Brokerage Services ("FBS") for trade execution and custodial services. As a condition of participating in the Unified Managed Account ("UMA") Platform, clients will be required to use TD Ameritrade for trade execution and custodial services. However, there is no guarantee that these custodians provide the best value or is the low cost solution.

Related persons to CWA act as General Partners to III to I Maritime Partners Cayman I, LP, III to I Emerging Market Partners Real Estate Investment Fund I, LP and Dental Community Financial Holdings, Ltd. CWA could be deemed to have custody over these partnerships because of the relationship between CWA and the General Partners to the partnerships. Please refer to Item 10 - Other Financial Industry Activities and Affiliations for further information about these partnerships.

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

CWA provides portfolio management services to its advisory clients on a non-discretionary basis. Please see Item 4, Advisory Services for a full description of CWA's services.

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

##### **Proxy Voting**

CWA does not exercise the authority to vote proxies on behalf of client securities.

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

CWA does not have reportable financial disclosures in which CWA's financial condition would impair CWA's ability to meet contractual commitments to clients.

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

**This section is intentionally left blank- Our firm is SEC registered.**

#### **Miscellaneous**

##### *Privacy Policies*

CWA views protecting its customers' private information as a top priority and pursuant to the requirements of the federal Gramm-Leach-Bliley Act, CWA has instituted policies and procedures to ensure that customer information is kept private and secure.

CWA does not disclose nonpublic personal information about its customers or former customers to nonaffiliated third parties, except as permitted by law. In the course of servicing a client's account, CWA may share some information with its service providers, such as custodians or broker-dealers.

CWA restricts internal access to nonpublic personal information about clients to those employees or investment advisory representatives who need access to that information in order to provide services to the client. It is CWA's policy to never sell information about current or former customers or their accounts to anyone. It is also CWA's policy not to share information unless required to process a transaction, at the request of a customer, or as required by law.

A copy of CWA's privacy policy notice will be provided to each client prior to, or at the time the advisory agreement is executed. Thereafter, CWA will deliver a copy of the current privacy policy notice to its clients on an annual basis. Clients have questions about this policy, may contact us at the phone number listed on the cover of this brochure.

# **Cain, Watters & Associates, PLLC**

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**March 31, 2015**

## **Form ADV Part 2A, Appendix 1: Wrap Fee Program Brochure**

Cain, Watters & Associates, PLLC is an investment adviser registered with the Securities and Exchange Commission (hereinafter "SEC"). An "investment adviser" means any person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities, or who, for compensation and as part of a regular business, issues or promulgates analyses or reports concerning securities. Registration with the SEC or any state securities authority does not imply a certain level of skill or training.

This Wrap Fee program brochure provides information about the qualifications and business practices of Cain, Watters & Associates, PLLC. If you have any questions about the contents of this brochure, please contact us at (972) 233-3323. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Cain, Watters & Associates, PLLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Material Changes - Item 2**

**Revised: March 31, 2015**

The purpose of this page is to inform you of any material changes since the last annual amendment submitted March 2014.

An amendment was submitted on July 15, 2014 updating Item 4 (Services, Fees and Compensation) reflecting a new fee effective July 1, 2014 for the Program. The Cain Watters & Associates ("CWA") portion of the annual base fee is increasing to 38 basis points, previously 15 basis points.

We review and update our brochure at least annually to make sure that it remains current. If you would like to receive a copy of the most recent version of our ADV Part 2 Brochure, please call us at (972) 233-3323.

### **Table of Contents - Item 3**

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#### **Services, Fees and Compensation - Item 4**

Cain, Watters & Associates, PLLC (hereinafter "CWA") co-sponsors a Wrap Fee program with Envestnet Asset Management, Inc. ("Envestnet"), a federally registered investment adviser and overlay manager to the Multiple Manager Account ("MMA") Program. Client accounts for a single fee that includes portfolio management services, custodial services and the transaction/commission costs.

The MMAs are comprised of asset allocation models jointly created by Envestnet and CWA and ultimately approved by Envestnet. Envestnet offers client's access to a diversified suite of professional money managers to manage different components of a client's targeted asset allocation based upon the client's financial circumstances, goals and investment objectives.

MMAs at CWA are single accounts in which a client will have multiple managers and asset classes. Depending on a variety of factors, including but not limited to client risk tolerance and client asset size, a MMA account could include one or more equity money managers. The rest of the MMA will be invested with mutual funds and exchange traded funds (ETFs). The resulting portfolio will be a mixture of individual equities, ETFs, and mutual funds, and will represent a complete asset allocation for the client based upon their risk tolerance and investment needs.

The transactions in Client accounts will be executed by Fidelity Brokerage Services ("Fidelity") which will also receive a portion of the fee for trade execution expenses. CWA is responsible for client investment advice and communications, suitability analysis, and required disclosures to the client. CWA has contracted with Tectonic Advisors LLC ("Tectonic Advisors") to provide due diligence services and recommend managers from Envestnet's group of money managers.

The terms and conditions under which a Client participates in CWA's wrap fee program will be set forth in a written agreement between the Client and CWA. The overall cost incurred from participation in our wrap fee program may be higher or lower than if the services were purchased separately from other advisers.

The wrap fee accounts are managed by Envestnet on a discretionary basis (that is, Envestnet does not obtain the Client's approval for each transaction) and are based on a long-term investment strategy. Clients may place reasonable restrictions on portfolio holdings by setting a limit on the type of securities that can be purchased for the account. All restrictions must be provided in writing.

Investments and allocations are determined and based upon the Clients predefined objectives, risk tolerance, time horizon, financial horizon, financial information, and other various suitability factors. Further restrictions and guidelines imposed by Clients may affect the composition and performance of a Client's portfolio. For these reasons, performance of the portfolio may not be identical with the average Client of CWA. On an ongoing basis, CWA reviews the Client's financial circumstances and investment objectives and makes any adjustments to the Client's portfolio as may be necessary to achieve the desired results.

### **Program Fee**

MMA accounts will be charged a base fee of 64 (0.64%) basis points (non-negotiable) based on the value of assets in the account. CWA receives 38 basis points (.38% out of the 0.64%) for investment advisory services provided under the terms of the Statement of Investment Selection and Terms and Conditions that each client is required to execute to set up a MMA. Envestnet receives 20 of the 64 basis points for its fee. Fidelity Brokerage Services ("Fidelity") receives 6 basis points for custodial and clearing fees. Certain actively managed models also include a direct manager fee. For these actively managed models, the total Program Fee includes the base fee plus a direct manager fee. The total Program Fee can range from 72 to 101 basis points (.72% to 1.01%).

For pension accounts the CWA Advisory Fee is 20 basis points; lowering the base fee to 46 basis points.

CWA pays a fee to Tectonic Advisors LLC (Tectonic Advisors) an affiliate of CWA, for due diligence services, investment research regarding investment managers, ETF product recommendation and general oversight of Envestnet's responsibilities as overlay manager related to the MMA program.

Fees are billed quarterly, in advance, and are prorated if the advisory relationship commences otherwise than at the beginning of a calendar quarter. Adjustments for significant contributions to and withdrawals from a client's portfolio are prorated for the quarter in which the change occurs. The fee is debited from the client's account by the custodian at the beginning of each quarter based upon the value of assets at the end of the most recent quarter. If insufficient cash is available to pay such fees, securities in an amount equal to the balance of unpaid fees will be liquidated to pay for the unpaid balance.

There may be additional fees to the client for wire transfers, special trades, etc. imposed by Fidelity as outlined in the Fidelity Account Application.

In determining whether to establish a Program account, a Client should be aware that the overall cost to the Client of the Program may be higher or lower than the Client might incur by purchasing separately the types of securities available in the Program. In order to compare the cost of the Program with unbundled services, the Client should consider the turnover rate in CWA's investment strategies, trading activity in the account and standard advisory fees and brokerage commissions that would be charged at Fidelity, or at other broker-dealers and investment advisers.

### **Additional Fees and Expenses**

The fees are charged as described above and are not based on a share of capital gains of the funds of an advisory Client.

All fees paid to CWA for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds to their shareholders. These fees and expenses are described in each fund's prospectus. These fees generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a Client may pay an initial or deferred sales charge. A Client could invest in a mutual fund directly, without the services of CWA. In that case, the Client would not receive the services provided by CWA which are designed, among other things, to assist the Client in determining which mutual fund or funds are most appropriate to each Client's financial condition and objectives. Accordingly, the Client should review



both the fees charged by the funds and the fees charged by CWA to fully understand the total amount of fees to be paid by the Client and to thereby evaluate the advisory services being provided.

There may be other costs assessed, which are not included in the Program Fee, such as national securities exchange fees; charges for transactions with respect to assets not executed through the custodian, costs associated with exchanging currencies; wire transfer fees; or other fees required by law.

### **Termination**

The agreement between CWA and the Client will continue in effect until either party terminates in accordance with the terms of the agreement. CWA's fee will be pro-rated through the date of termination. In the event there are any prepaid unearned fees, CWA will return a pro rata share to the Client.

Upon termination of accounts held at Fidelity, Fidelity delivers securities and funds held in the account as instructed by Client, unless Client requests that the account be liquidated. After the Agreement has been terminated, transactions are processed at the prevailing brokerage rates. Client becomes responsible for monitoring their own assets and CWA has no further obligation to act or provide advice with respect to those assets.

### **Account Requirements and Types of Clients - Item 5**

Within each MMA model, the allocation directed to a particular asset class is implemented in one of two ways. Generally, if the account size is less than \$250,000, the account will be generally invested in exchange traded funds (ETFs), related to the specific asset class. The minimum investment for a MMA is \$4,000, which will be invested solely in ETFs.

If the account is in excess of \$250,000, the account may be invested in individual securities owned by the client based on model portfolios supplied by the portfolio managers and allocated to these model portfolios based on a predetermined allocation for a given MMA objective. For most options selected, multiple managers are used (i.e., one for each asset class) or are combined with ETFs.

Investnet facilitates the process by combining the manager's security selection through their portfolio accounting system. The accounts are traded by Investnet.

The types of clients that generally invest in the MMA program are individuals, pension and trusts.

### **Portfolio Manager Selection and Evaluation - Item 6**

Investnet employs a multi-phase approach to researching and selecting managers suitable for participation in the MMA program. Managers are evaluated using data and information from the respective investment manager and independent databases. Among the types of information analyzed are historical performance, investment philosophy, investment style, historical volatility and correlation across asset classes. Also reviewed are the manager(s) Form ADV Part 2A, as well as portfolio holdings report that help demonstrate the manager's security selection process.

Ongoing monitoring consists of informal intra-quarter analysis and formal analysis on a quarterly basis which is supplemented by an annual on-site manager interview conducted by Envestnet. Aspects considered during the screening and selection process are reconsidered during the ongoing monitoring phase as well as any material changes that may occur between formal quarterly and annual evaluations. Any new material change or negative trend in portfolio characteristics that is inconsistent with historical results and original hiring rationale for an investment manager may be cause for termination and replacement.

In conjunction with Envestnet's due diligence, CWA has contracted with Tectonic Advisors to provide a parallel due diligence effort on an ad-hoc basis. Tectonic Advisors' approach is based on substantially similar data gathering and manager interview process as used by Envestnet in order to evaluate Envestnet's due diligence and to obtain information first hand regarding specific investment managers. While Envestnet's due diligence and Tectonic Advisors' due diligence may result in separate approved manager lists ("Approved Managers"), CWA's approved manager list is a subset of Envestnet's approved manager list. CWA's approved manager list serves as a source of investment managers available for use in the MMA program.

#### **Performance Data**

There are two levels of performance reporting and evaluation: (1) on a monthly basis, Envestnet provides CWA composite performance of all CWA MMA models, as well as individual manager performance within the models. The returns of the individual managers include the reinvestment of interest and dividends and are gross of fees (return on assets less direct trading expenses). Composite performance is not presented to individual clients. (2) CWA clients have access to their MMA through a secure website to review their accounts (net of fees). On a quarterly basis, performance reports detailing the performance of each manager and the account overall are made available by Envestnet.

Returns are believed to be accurate and calculated uniformly, but neither CWA nor Tectonic Advisors has independently calculated or verified the performance. Each manager's performance is compared to an index that has been determined by Tectonic Advisors to be the most appropriate benchmark.

#### **Client Information Provided to Portfolio Managers - Item 7**

CWA and its Associated Persons provide information about our Clients to third parties involved in the management or servicing of the MMA accounts.

#### **Confidentiality**

CWA views protecting its customers' private information as a top priority and, pursuant to the requirements of the Gramm-Leach-Bliley Act, the Firm has instituted policies and procedures to ensure that customer information is kept private and secure.

CWA does not disclose any nonpublic personal information about its customers or former customers to any nonaffiliated third parties, except as permitted by law. In the course of servicing a Client account, CWA may share some information with its service providers, such as transfer agents, custodians, broker-dealers, accountants, and lawyers.

CWA restricts internal access to nonpublic personal information about its Clients to those employees who need to know that information in order to provide products or services to the Client. CWA

maintains physical and procedural safeguards that comply with state and federal standards to guard a Client's nonpublic personal information and ensure its integrity and confidentiality. As emphasized above, it has always been and will always be the Firm's policy never to sell information about current or former customers or their accounts to anyone. It is also the Firm's policy not to share information unless required to process a transaction, at the request of the Client, or as required by law.

A copy of the Firm's privacy policy notice will be provided to each Client prior to, or contemporaneously with, the execution of the advisory agreement. Thereafter, the Firm will deliver a copy of the current privacy policy notice to its Clients on an annual basis. If you have any questions on this policy, please contact us.

#### **Client Contact with Portfolio Managers - Item 8**

Clients are free to contact us at any time. Client's primary contact regarding questions about the Program is their financial planning team. Clients may contact them at (972) 233-3323.

We do not restrict client contact with the other entities that are involved in the management of our client accounts.

#### **Additional Information - Item 9**

##### **Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of us or the integrity of our management. There is no history of reportable legal or disciplinary events by CWA, our principals or advisory representatives.

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

CWA is also a Certified Public Accountancy firm and as such offers accounting and tax services to clients. It is expected that clients for whom accounting and tax services are offered are also financial planning and advisory clients. The fees for accounting and tax services are separate and distinct from the fees charged for financial planning and advisory services. CWA anticipates that 22% involve accounting services, 50% involve tax services, 2% involve non-advisory services, and the remainder involves financial planning and investment advisory services.

Darrell Cain was an organizer and is an investor in T Bank, N.A., a national bank, ("T Bank") located in Dallas, Texas. The capital for the bank was raised through a public offering of common stock. Mr. Cain, and other persons employed by or who are owners of CWA are or have been investors in the Bank. Mr. Cain holds no position with T Bank. Although CWA believes T Bank to be an appropriate and suitable provider of trust services, please be advised that recommendations by CWA, their affiliates, officers, directors and employees to clients concerning T Bank and the pooled investment program may be regarded as a conflict of interest, by virtue of their stock ownership in T Bank. CWA has performed appropriate due diligence of T Bank Trust services, including comparison pricing and has concluded that T Bank provides quality services and competitive pricing.

CWA's affiliate, Tectonic Advisors is contracted by T Bank to provide certain investment advisory services to T Bank. Specifically, Tectonic Advisors provides advisory services related to the pooled funds (Pooled Investment Program). Implicit in a CWA recommendation of T Bank is a recommendation of Tectonic Advisors. This represents a potential conflict in that a recommendation of T Bank may be regarded as being influenced by the affiliate relationship between Tectonic Advisors and CWA, and the contractual relationship between T Bank and Tectonic Advisors.

Please see ADV Part 2A attached to this Appendix for information regarding a list of entities in which either Mr. Cain, other managing members of CWA, CWA, its related persons or clients of CWA have an economic, management or other beneficial or contractual interest. Mr. Cain, other managing members of CWA, CWA's employees and/or related persons, may, at times participate in partnerships or other ventures, in which certain clients of CWA are investors or in which certain CWA clients may have been presented by the partnership or other venture to invest. Mr. Cain and other managing members, employees, or other parties related to CWA may act in one or more of the following capacities in other entities, (i) managing members (ii) general partners, (iii) limited partners, (iv) service providers, or (v) investors of these investment partnerships or other ventures.

#### **Description of Our Code of Ethics**

CWA has adopted a Code of Ethics (the "Code") to address investment advisory conduct. The Code focuses primarily on fiduciary duty, personal securities transactions, insider trading, gifts, and conflicts of interest. The Code includes CWA's policies and procedures developed to protect client's interests in relation to the following topics:

- The duty at all times to place the interests of clients first;
- The requirement that all personal securities transactions be conducted in such a manner as to be consistent with the code of ethics.
- The responsibility to avoid any actual or potential conflict of interest or misuse of an employee's position of trust and responsibility;
- The fiduciary principle that information concerning the identity of security holdings and financial circumstances of clients is confidential; and
- The principle that independence in the investment decision-making process is paramount.

A copy of CWA's Code of Ethics is available upon request to the Chief Compliance Officer at CWA's principal office address on the cover of this brochure.

#### **Participation or Interest in Client Transactions**

Clients of CWA, may be presented investment by partnerships or other ventures in which CWA, its related entities, related persons, and Mr. Cain or other managing members may act in one or more of the following capacities, (i) managing members, (ii) general partners, (iii) limited partners, (iv) service providers, or (v) investors of these partnerships and other ventures. However, CWA clients and prospective CWA clients should understand there is an inherent conflict of interest in that Mr. Cain, other managing members or employees of CWA, and its related persons may have an ownership, controlling, beneficial, or managerial interest in the aforementioned entities, and may provide services to these entities for which they may be compensated. In addition, CWA clients should understand there may be other investment alternatives available free of this conflict of interest. As such, careful consideration should be applied as to how such an investment compares against other investments of

similar composition and risk, how such an investment fits with the client's overall investment strategy, investment policy statement, and asset allocation.

### **Personal Trading Practices**

At times CWA and/or its Associated Persons may take positions in the same securities as clients, which may pose a conflict of interest with clients. We will not violate our fiduciary responsibilities to our clients. Front running (trading shortly ahead of clients) is prohibited. Should a conflict occur because of materiality (i.e. a thinly traded stock), disclosure will be made to the client(s) at the time of trading. Incidental trading not deemed to be a conflict (i.e. a purchase or sale which is minimal in relation to the total outstanding value, and as such would have negligible effect on the market price), would not be disclosed at the time of trading.

### **Review of Accounts**

Clients that have signed up for ongoing services are typically provided with periodic reviews of their investment accounts and a review of the overall financial objectives and situation. Annual reviews are held in CWA's office with clients for a complete review of their financial situation. Other items that may trigger a more frequent review of the client portfolios are changes in cyclical or market conditions and sudden changes in the client's financial situation. Each client is assigned a financial planning team, headed by an adviser that oversees the preparation of all reports, performs specific client reviews and is the primary contact with the client.

The reviews described above are conducted by the CWA financial planner/investment adviser representative assigned to the client. The financial planner/investment adviser representative is subject to the supervision by the Partner in Charge of Operations and the general authority of the Chief Compliance officer. Reviewers also are responsible for ensuring that any significant change in a client's investment strategy or concentration of a client's assets in a speculative or risky asset class is appropriate for, and has been reviewed with the client.

Clients are provided an annual performance review of each of their accounts at the time of the annual monitoring meeting. Custodians for the assets provide quarterly statements directly to the client. More frequent reports may be requested by the client.

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

CWA does not receive economic benefits from unaffiliated third parties for providing investment advice or other advisory services to clients. CWA, through its related persons and entities, indirectly participate in client referral arrangements. The conflicts of interest and specifics of these arrangements are fully described in Item 10 & 11.

### **Financial Information**

CWA does not have reportable financial disclosures in which CWA's financial condition would impair CWA's ability to meet contractual commitments to clients.

### **Requirements for State-Registered Advisors - Item 10**

**This section is intentionally left blank- Our Firm is SEC registered**

### **Miscellaneous**

#### **Class Action Lawsuits**

From time to time, securities held in the accounts of Clients will be the subject of class action lawsuits. CWA has no obligation to determine if securities held by the Client are subject to a pending or resolved class action lawsuit. It also has no duty to evaluate a Client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, the Firm has no obligation or responsibility to initiate litigation to recover damages on behalf of Clients who may have been injured as a result of actions, misconduct, or negligence by corporate management of issuers whose securities are held by Clients.

Where the Firm receives written or electronic notice of a class action lawsuit, settlement, or verdict affecting securities owned by a Client, it will forward all notices, proof of claim forms, and other materials, to the Client. Electronic mail is acceptable where appropriate, and the Client has authorized contact in this manner.