

# Dynasty Wealth Management, LLC

SEC File Number: 801 – 71301

## **ADV-Part 2A Brochure September 28, 2015**

1350 Avenue of the Americas, 32nd Floor  
New York, New York 10019  
[www.dynastypwm.com](http://www.dynastypwm.com)

**This Disclosure Brochure provides information about the qualifications and business practices of Dynasty Wealth Management, LLC (“DWM”). If you have any questions about the contents of this Disclosure Brochure, please contact us at (212) 373-1000. The information in this Disclosure Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (“SEC”) or by any state securities authority.**

**Additional information about DWM is also available on the SEC’s Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**References herein to Dynasty Wealth Management, LLC or DWM as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.**

## **Item 2 - Material Changes**

This Disclosure Brochure has been updated since its last annual amendment filed with the SEC in March 2015 with respect to the following items:

Item 4: DWM has implemented an investment sub-advisory platform to assist the clients of the registered investment advisors in the Dynasty network. Please see Item 4.

Item 17: In limited circumstances, DWM may vote proxies for individual managed accounts for trust accounts when the trustee is not able to assume such responsibility. Please see Item 17.

**A copy of DWM's complete Disclosure Brochure and Brochure Supplement is available without charge by contacting Dynasty at (212) 373-1000. Additional information about Dynasty is also available on the SEC's website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

### Item 3 - Table of Contents

Title Page		1
Item 2	Material Changes	2
Item 3	Table of Contents	3
Item 4	Advisory Business	4
Item 5	Fees and Compensation	12
Item 6	Performance – Based Fees and Side-by-Side Management	15
Item 7	Types of Clients	15
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss	16
Item 9	Disciplinary Information	22
Item 10	Other Financial Industry Activities and Affiliations	22
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	24
Item 12	Brokerage Practices	26
Item 13	Review of Accounts	28
Item 14	Client Referrals and Other Compensation	28
Item 15	Custody	29
Item 16	Investment Discretion	29
Item 17	Voting Client Securities	30
Item 18	Financial Information	30

## **Item 4 - Advisory Business**

### **General Description**

Dynasty Wealth Management, LLC (“DWM”) is an investment adviser registered with the U.S. Securities and Exchange Commission (“SEC”) under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Dynasty Financial Partners, LLC (herein the “Parent” or “Dynasty”), is a financial services company that previously served as the investment adviser and registrant. As a limited liability company formed on March 2, 2010 in the State of Delaware, the Parent became registered as an investment adviser with the SEC on April 7, 2010. The Parent officially transferred its registration to DWM in March 2013.

The Parent’s core business is to offer business consulting and operational support services to independent registered investment advisors in the investment advisor community (each herein a “Network Advisor”). As a privately owned company, the Parent, either directly or through its subsidiaries, operates the following distinct businesses: 1) Private Wealth Management, 2) Investment Management and 3) Investment Services. DWM also has an affiliate adviser, Dynasty Fund Services, LLC, which serves as an adviser to a private fund (also referred to herein as Alternative Direct Solutions). Each business is described below.

As of March 31, 2015, DWM had \$492,397,373 in assets under management on a discretionary basis and \$1,363,765,603 on a non-discretionary basis for a total of \$1,856,162,976.

#### **A. Private Wealth Management**

DWM provides Private Wealth Management services to a limited number of high net worth and ultra high net worth clients. The client can determine to engage DWM to provide discretionary and/or non-discretionary investment advisory services on a *fee* basis. These services are offered to the clients on either a wrap fee basis or a non-wrap basis. It is up to the client as to which basis to use. (*See* discussion below). If services are being provided on a wrap fee basis, the client will pay a single fee for bundled services (i.e. investment advisory, brokerage, custody, etc.). The services included in a wrap fee agreement will depend upon each client’s particular need. Some of DWM’s clients are provided investment advisory services on a non-wrap fee basis and, in those cases, the client will select individual services on an unbundled basis, paying for each service separately (i.e. investment advisory, brokerage, custody, etc.).

- **NON-WRAP FEE BASIS**

The client can determine to engage DWM to provide discretionary and/or non-discretionary investment advisory services on a non-wrap fee basis. DWM generally charges a fixed annual investment management fee for these services that may range between a negotiable amount and 1.50% of the assets under management. This annual investment advisory fee is based upon various objective and subjective factors, including, but not limited to, the amount of the assets placed under DWM’s management, the type of management services to be rendered, the complexity of the engagement, and the level and scope of the overall investment advisory services to be rendered. (See also Fee Differentials below).

- DYNASTY'S WRAP PROGRAM

Clients who are provided investment advisory services on a wrap fee basis shall receive services in accordance with DWM's investment management wrap fee program (the "Program"). The services offered under, and the corresponding terms and conditions pertaining to, the Program are discussed in the Wrap Fee Program Brochure a copy of which is presented to all prospective Program participants. Under the Program, DWM is able to offer participants discretionary and/or non-discretionary investment management services, for a single specified annual Program fee, inclusive of trade execution, custody, reporting, and investment management fees. The current annual Program fee ranges from a negotiable amount up to 2.00%, depending upon the amount and type of the Program assets. The terms and conditions for client participation in the Program are set forth in detail in the Wrap Fee Program Brochure, which is presented to all prospective Program participants in accordance with the disclosure requirements of Part 2A Appendix 1 of Form ADV. The Wrap Fee Program Brochure is incorporated into this Brochure by reference. All prospective Program participants should read both DWM's Disclosure Brochure and the Wrap Fee Program Brochure, and ask any corresponding questions that they may have, prior to participation in the Program. DWM generally recommends that Fidelity Investments, Inc. ("*Fidelity*") or Charles Schwab & Co. ("*Schwab*") shall serve as the custodian for Program accounts.

As indicated in the Wrap Fee Program Brochure, participation in the Program may cost more or less than purchasing such services separately. As also indicated in the Wrap Fee Program Brochure, the Program fee charged by DWM for participation in the Program may be higher or lower than those charged by other sponsors of comparable wrap fee programs.

- FINANCIAL PLANNING AND CONSULTING SERVICES

To the extent specifically requested by a client, DWM *may* provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone separate fee basis. DWM's planning and consulting fees are negotiable, but generally range from \$250 to \$25,000 on a fixed fee basis, and from \$100 to \$1000 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s). Prior to engaging DWM to provide planning or consulting services, clients are generally required to enter into a *Financial Planning and Consulting Agreement* with DWM setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to DWM commencing services. If requested by the client, DWM may recommend the services of other professionals for implementation purposes, including DWM's representatives in their individual capacities as registered representatives of a broker-dealer and/or licensed insurance agents. The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from DWM. If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. Additionally, it remains the client's responsibility to promptly notify DWM if there is ever any change in the client's financial

situation or investment objectives for the purpose of reviewing, evaluating, and/or revising DWM's previous recommendations and/or services.

- **ADDITIONAL**

**Non-Investment Consulting/Implementation Services.** To the extent requested by the client, DWM *may* provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Neither DWM, nor any of its representatives, serves as an attorney or accountant, and no portion of DWM's services should be construed as such. To the extent requested by a client, DWM may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance agents, etc.), including representatives of DWM in their separate licensed/registered capacities, as discussed below. The client is under no obligation to engage the services of any such recommended professional and the client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from DWM. If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. Additionally, it remains the client's responsibility to promptly notify DWM if there is ever any change in the client's financial situation or investment objectives for the purpose of reviewing, evaluating, and/or revising DWM's previous recommendations and/or services.

**Inverse/Enhanced Market Strategies.** Where appropriate, DWM may utilize long and short mutual funds and/or exchange traded funds that are designed to perform in either an: (1) inverse relationship to certain market indices (at a rate of 1 or more times the inverse result of the corresponding index) as an investment strategy and/or for the purpose of hedging against downside market risk; and (2) enhanced relationship to certain market indices (at a rate of 1 or more times the actual result of the corresponding index) as an investment strategy and/or for the purpose of increasing gains in an advancing market. There can be no assurance that any such strategy will prove profitable or successful. In light of these enhanced risks/rewards, a client may direct DWM, in writing, not to employ any or all such strategies for their accounts.

Clients that determine to engage DWM on a non-discretionary investment advisory basis must be willing to accept that DWM cannot effect any account transactions without obtaining prior verbal consent to any such transaction(s) from the client. Thus, in the event of a market correction during which the client is unavailable, DWM will be unable to effect any account transactions (as it would for its discretionary clients) without first obtaining the client's verbal consent.

In performing its services, DWM shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains the client's responsibility to promptly notify DWM if there is ever any change in the client's financial situation or investment objectives for the purpose of reviewing, evaluating, and/or revising DWM's previous recommendations and/or services.

## **B. Investment Management Services**

- **MUTUAL FUND –SUB-ADVISORY SERVICES**

DWM provides discretionary investment management services to the JNF Dynasty Liquid Alternatives Portfolio (the “Portfolio”), an open-end registered investment management company organized as a series of the Northern Lights Variable Trust (herein the “Trust”). As the Fund’s investment Sub-adviser it is subject to supervision by JNF Advisors, Inc., the adviser to the Portfolio (the “Adviser”), and the Board of Trustees of the Trust (herein the “Board”).

The Portfolio is intended to be a funding vehicle for variable annuity contracts with flexible premium variable life insurance policies offered by the separate accounts of various insurance companies, including the Adviser's affiliate, Jefferson National Life Insurance Company (as applicable, "Jefferson National" or "Participating Insurance Company"). The Trust has received an exemptive order from the SEC ("Exemptive Order") that permits the portfolios of the Trust, including the Portfolio, to sell shares to separate accounts of unaffiliated insurance companies, and pension and retirement plans that qualify for special income tax treatment.

The Portfolio's investment objective is total return from income and capital appreciation. DWM seeks to achieve the Portfolio's investment objective through its "liquid alternatives" approach. This approach combines (1) multiple strategies, (2) multiple asset classes and (3) multiple managers that DWM believes will produce an alternative return profile that has lower correlation to traditional equity and fixed income markets and, over the long-run, a superior risk/return profile. DWM follows a flexible strategy allocation approach combining strategies including: equity long short, managed futures, global macro, relative value and global macro strategies.

A full description of the investment objectives and risks associated with the Portfolio is available in the current prospectus and statement of additional information (“SAI”) of the Fund. The prospectus and statement of additional information are available from the SEC website ([www.SEC.gov](http://www.SEC.gov)).

- **INVESTMENT MANAGEMENT PLATFORM**

DWM sponsors an investment management platform (the “Platform”) that is available to the Network Advisors supported by the parent. A Network Advisor may engage DWM through a Subadvisory Investment Advisory Agreement, also referred to as the “Program Agreement”, to provide access to unaffiliated investment managers to their clients. The Network Advisor will have the direct contractual relationship with each of their clients and obtain, through such agreements, the authority to engage DWM for services rendered through the Platform.

DWM shall have discretionary authority to engage unaffiliated investment managers and serve as an overlay portfolio manager to construct, allocate and reallocate investment portfolios for clients of the Network Advisors. DWM also provides the following services, either directly or through contractual relationships with third parties, with respect to the Platform:

- Investment model administration
- Manager facilitation services

- Advisor as Portfolio Manager (“APM”) functionality
- Account administration, billing and reconciliation
- Account aggregation, reconciliation and reporting
- Client account reporting
- Business management reporting
- Technology services

### **C. Investment Services**

#### **• INVESTMENT PROGRAMS**

The Parent (Dynasty) offers operational and back office support to investment advisers seeking to go independent through third party service providers and additional services it provides directly to the investment adviser. These services are typically funded through the fees charged by the investment adviser to its clients. As part of these services to the investment adviser community, DWM provides the investment advisers with access to a range of investment advisory services for use by advisers with their clients, including Separately Managed Accounts (“SMA”), Mutual Fund and Exchange Traded Fund (“ETF”) Asset Allocation Strategies and Unified Managed Accounts (“UMA”) (each an “Investment Program” and collectively, the “Investment Programs”). The Investment Programs are generally made available by Dynasty (through DWM) to independent advisers, who may recommend one or more Investment Programs to their clients. A client’s investment adviser determines which services and Investment Programs of DWM to use with its clients and may use the services of other third-party service providers in conjunction with the Investment Programs. Clients should therefore consult their individual investment advisers’ Form ADV Part 2A – Disclosure Brochure for a fuller description of that investment adviser’s specific uses of the Investment Programs.

With respect to the Investment Programs referenced above, the asset managers or funds available in the Investment Programs described above are accessed through the use of investment models (third party models whereby DWM, in its capacity as a Model Provider constructs an asset allocation and selects the underlying investments for each portfolio). DWM uses a third party provider to perform overlay management of the models by implementing trade orders and periodically updating and rebalancing each model pursuant to DWM’s direction.

#### **• PRIVATE FUND**

DWM’s affiliate, Dynasty Fund Services, LLC (“DFS”) serves as an investment adviser to a “Private Fund” which is an unregistered investment company organized as a limited liability company and sponsored by DFS.

In providing advisory services to the Private Fund, DFS directs and manages the investment and reinvestment of the Private Fund’s assets and provides reports to investors (through the Private Funds’ administrator). DFS manages the assets of the Private Fund in accordance with the terms of its governing documents.

#### **• ALTERNATIVE DIRECT SOLUTIONS**



DFS serves as the investment adviser to an affiliated Private Fund managed by Alternative Direct Solutions LLC (“ADS”). The Fund operates under what is known as the Section 3(c)(7) exemption which requires that all of the eligible investors be “qualified purchasers” as such term is defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended. As a feeder fund vehicle, it allows sophisticated investors to construct customized alternative asset portfolios by allocating capital among one or more Platform Funds, each of which invests all or substantially all of its assets in private investment vehicles or managed accounts (collectively, “Underlying Funds”) managed by alternative asset managers (“Underlying Managers”) made available by the manager and DFS in its capacity as the investment adviser. The terms and conditions for participation in ADS, including management and incentive fees, conflicts of interest, and risk factors, are set forth in the fund’s offering and constituent documents. DWM’s clients are under no obligation to consider or make an investment in the Private Fund.

Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund’s offering documents, which will be provided to each client for review and consideration. Unlike other liquid investments that a client may maintain, private investment funds do not provide daily liquidity or pricing. Each prospective client that elects to invest in the Private Fund will be required to complete a Subscription Agreement, pursuant to which the client shall establish that the client is qualified to invest in the Private Fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

Because the Parent indirectly earns compensation from the Affiliate Private Fund, DWM’s advisory fee may, indirectly, exceed the fee that it would earn under its standard “assets under management” fee schedule referenced in Item 5A below. The recommendation that a client become an investor in an Affiliated Private Fund could present a conflict of interest. No client is under any obligation to become an investor in *any Dynasty-sponsored fund*. **Dynasty’s Chief Compliance Officer remains available to address any questions regarding this potential conflict of interest.**

- OTHER MATTERS

**Valuation.** In the event that DWM references private investment funds owned by the client on any supplemental account reports prepared by DWM, the value(s) for all such private investment funds shall reflect either the initial purchase and/or the most recent valuation provided by the fund sponsor. If the valuation reflects the initial purchase price (and/or a value as of a previous date), the current value(s) (to the extent ascertainable) could be significantly more or less than the original purchase price.

**Fee Differentials.** As indicated above, DWM may price its services based upon various objective and subjective factors. As a result, DWM’s clients could pay diverse fees based upon the market value of their assets, the complexity of the engagement, and the level and scope of the overall investment advisory and/or consulting services to be rendered. As a result of these

factors, the services to be provided by DWM to any particular client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly.

**Independent Managers.** DWM may allocate (and/or recommend that the client allocate) a portion of a client's investment assets among unaffiliated investment managers in accordance with the client's designated investment objective(s) (collectively, "Independent Managers"). In such situations, the Independent Manager[s] shall have day-to-day responsibility for the active discretionary management of the allocated assets. DWM shall continue to render investment advisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. Factors which DWM shall consider in recommending Independent Manager[s] include the client's designated investment objective(s), and an Independent Manager's management style, performance, reputation, financial strength, reporting, pricing, and research.

**Administrative Support Services.** A component of the Parent's business is providing back-office and administrative support services to unaffiliated registered investment advisers. These services are provided pursuant to a Service Agreement. With respect to these Administrative Support Services, neither the Parent nor DWM is involved in the client investment management and/or suitability processes relative to such unaffiliated advisers. Such responsibilities remain exclusively with the unaffiliated investment advisers.

**Disclosure Statement.** A copy of DWM's written Disclosure Brochure as set forth on Part 2A of Form ADV shall be provided to each prospective client prior to, or contemporaneously with, the execution of the *Investment Advisory Agreement or Financial Planning and Consulting Agreement*.

- A. DWM shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, DWM shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at anytime, impose reasonable restrictions, in writing, on DWM's services.
- B. DWM primarily offers its investment advisory services on a non-wrap fee basis. However, upon the specific request of a client, DWM may offer its services on a wrap fee basis. There is no significant difference between how DWM manages wrap fee accounts and non-wrap fee accounts. However, as stated above, if DWM determines to make its investment advisory services available to a client on a wrap fee basis, the client will pay a single fee for bundled services (i.e. investment advisory, brokerage, custody, etc.) (*See* Item 4B). The services included in a wrap fee agreement will depend upon each client's particular need. The majority of DWM's clients shall be provided investment advisory services on a non-wrap fee basis and the client will select individual services on an unbundled basis, paying for each service separately (i.e. investment advisory, brokerage, custody, etc.). **Please Note:** When managing a client's account on a wrap fee basis, DWM shall receive as payment for its investment advisory services, the balance of the wrap fee after all other costs incorporated into the wrap fee have been deducted.

- C. As of March 31, 2015, DWM had \$492,397,373 in assets under management on a discretionary basis and \$1,363,765,603 on a non-discretionary basis for a total of \$1,856,162,976.

## Item 5 - Fees and Compensation

### A. Private Wealth Management

The client can determine to engage the Registrant to provide discretionary and/or non-discretionary investment advisory services. Private Wealth Management offers its clients the option of selecting discretionary and/or non-discretionary investment advisory services on a wrap or on a non-wrap fee basis. DWM's fees generally range between a negotiable amount and 1.5% for a non-wrap program and up to 2% for a wrap program. This annual investment advisory fee, which is billed quarterly, is based upon various objective and subjective factors, including, but not limited to, the amount of the assets placed under DWM's management, the type of management services to be rendered, the complexity of the engagement, and the level and scope of the overall investment advisory services to be rendered. (**See Fee Differentials** above). Clients who are provided investment advisory services on a wrap fee basis shall receive services in accordance with DWM's investment management wrap fee program (the "Program"). The services offered under, and the corresponding terms and conditions pertaining to, the Program are discussed in the Wrap Fee Program Brochure, a copy of which is presented to all prospective Program participants. Under the Program, DWM is able to offer participants discretionary and/or non-discretionary investment management services, for a single specified annual Program fee, inclusive of trade execution, custody, reporting, and investment management fees. The current annual Program fee ranges from negotiable to 2%, depending upon the amount and type of the Program assets.

To the extent specifically requested by a client, DWM *may* determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone fee basis. DWM's planning and consulting fees are negotiable, but generally range from \$250 to \$25,000 on a fixed fee basis, and from \$100 to \$1000 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s).

- Clients may elect to have DWM's advisory fees deducted from their custodial account. Both DWM's *Investment Advisory Agreement* and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of DWM's investment advisory fee and to directly remit that management fee to DWM in compliance with regulatory procedures. In the limited event that DWM bills the client directly, payment is due upon receipt of DWM's invoice. DWM shall deduct fees and/or bill clients quarterly in advance, based upon the market value of the assets on the last business day of the previous quarter.
- As discussed below, unless the client directs otherwise or an individual client's circumstances require a different broker-dealer, DWM shall generally recommend that *Schwab, Fidelity, Pershing, LLC ("Pershing"), J.P. Morgan, Deutsche Bank*, and/or *TD Ameritrade ("TD")* (or any other broker-dealer/custodian to clients) serve as the broker-dealer/custodian for client investment management assets. Broker-dealers/custodians such as *Schwab, Fidelity, Pershing, J.P. Morgan, Deutsche Bank* and *TD* charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for

individual equity and fixed income securities transactions). Account transaction fees are generally assessed on a fixed percentage of assets held by the custodian. The asset-based fee arrangement is evaluated by DWM on an ongoing basis to determine if the arrangement remains beneficial to the client. In addition to DWM's investment management fee, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses). When beneficial to the client, individual fixed-income and/or equity transactions may be effected through broker-dealers with whom DWM and/or the client have entered into arrangements for prime brokerage clearing services (in which event, the client generally will incur both the transaction fee charged by the executing broker-dealer and a "tradeaway" fee charged by the broker-dealer with custody. Participants in the DWM Private Wealth Management Wrap Program **will not** incur brokerage commissions and/or transaction fees in addition to the Program fees.

- When beneficial to the client, individual fixed-income and/or equity transactions may be effected through broker-dealers with whom DWM and/or the client have entered into arrangements for prime brokerage clearing services (in which event, the client generally will incur both the transaction fee charged by the executing broker-dealer and a "tradeaway" fee charged by the broker-dealer with custody. In addition, DWM's affiliated broker dealer may receive a portion of the revenue from the executing broker dealer for facilitating the transaction.
- DWM's annual investment advisory fee is prorated and paid quarterly, in advance, based upon the average daily balance of the assets under management of the previous quarter. DWM generally requires a minimum asset level of \$5,000,000 for investment advisory services. DWM, in its sole discretion, may reduce or waive its minimum asset requirement based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

The *Investment Advisory Agreement* between DWM and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*. Upon termination, DWM shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

## **B. Mutual Fund Sub-Advisory Services**

Fees charged to mutual fund clients are set by the Board and shareholders of the Portfolio and are subject to review and approval by the Board as required under the Investment Company Act of 1940. For its sub-advisory services to the Portfolio, the DWM receives a sub-advisory fee paid by JNF Advisors from the management fee charged to the Portfolio.

The Portfolio will incur other operating expenses payable to the Portfolio's other service providers. Fees are negotiated separately on behalf of each series and approved annually at an in-person meeting of the Board. Additional information regarding the fees and expenses of the Portfolio are detailed in the Fund's prospectus and SAI.

### C. Investment Services

DWM is compensated for providing investment models to other investment advisers through a basis point fee paid by the adviser's clients. DWM's current fees range from 15 to 45 basis points for each account that chooses DWM's investment model depending on the program and the model chosen. This would include the program, sponsor and manager fees and will vary on a per client basis. Billing is handled by the program manager and remitted to DWM. For additional information regarding fees for these WRAP and UMA programs please consult the applicable wrap and UMA program brochure prepared by the wrap program manager.

### D. Investment Management Platform

Fees shall include the Platform fee and fees payable to the unaffiliated money managers selected. Fees shall vary based on the services selected and fees charged by the unaffiliated investment managers utilized to implement a particular investment portfolio. Fees are billed quarterly, in advance of each calendar quarter based on the assets under management in each account. Fees in the first quarter of service are prorated from the account opening date to the end of the first quarter.

Fees are as follows:

- Manager Access Services ("MAP"): Up to 0.18% annually
- Advisor as Portfolio Manager ("APM") Services: Up to 0.04% annually \*

The above fees do not include securities transaction fees, third party platform fees, or manager fees, which may be charged if they are borne by each account and charged by the custodian, the platform or unaffiliated money manager[s].

\* APM fees are subject to a minimum account fee of \$25 per quarter.

### E. Other Matters

**Securities Commission Transactions.** In the event that the client desires, the client can engage DWM's representatives, in their individual capacities, as registered representatives of *Purshe Kaplan Sterling ("PKS")*, an SEC-registered and FINRA member broker-dealer, to implement investment recommendations on a commission basis and only in those cases where DWM is not exercising discretionary authority. In the event the client chooses to purchase investment products through *PKS*, *PKS* will charge brokerage commissions to effect securities transactions, a portion of which commissions *PKS* shall pay to DWM's affiliated broker-dealer Dynasty Securities, LLC (formerly PPS Securities LLC), pursuant to a revenue sharing agreement. The brokerage commissions charged by *PKS* may be higher or lower than those charged by other broker-dealers. In addition, *PKS*, as well as DWM's representatives, relative to commission mutual fund purchases, may also receive additional ongoing 12b-1 trailing commission compensation directly from the mutual fund company during the period that the client maintains

the mutual fund investment. DWM has also entered into an arrangement with PKS to allow certain of its clients that are qualified and seek to participate in initial public offerings to execute trades through PKS with respect to their assets held at third party custodians.

1. **Conflict of Interest:** The recommendation that a client purchase a commission product from *PKS* may present a potential ***conflict of interest***, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from DWM's representatives. **DWM's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the potential conflict of interest described above.**
2. **Please Note:** Clients may purchase investment products recommended by DWM through other, non-affiliated broker dealers or agents.
3. DWM does not receive more than 50% of its revenue from advisory clients as a result of commissions or other compensation for the sale of investment products DWM recommends to its clients.
4. When DWM's representatives sell an investment product on a commission basis, DWM does not charge an advisory fee in addition to the commissions paid by the client for such product. When providing services on an advisory fee basis, DWM's representatives do not also receive commission compensation for such advisory services (except for any ongoing 12b-1 trailing commission compensation that may be received as previously discussed on a fully disclosed basis). **However**, a client may engage DWM to provide investment management services on an advisory fee basis and separate from such advisory services purchase an investment product from DWM's representatives on a separate commission basis.

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

Not applicable.

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

- A. Private Wealth Management.** Clients shall generally include individuals, trusts, family offices, and business entities related to those clients. DWM generally requires a minimum investment asset level of \$5,000,000 for investment advisory services. DWM, in its sole discretion, may reduce or waive its minimum asset requirement based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.). Investments in the Portfolio are subject to the account minimums set for the in Portfolio's prospectus.
- B. Investment Services.** The financial intermediaries utilizing this service generally include independent advisers, and break away brokers. As noted above, with respect to sub-advisory engagements, clients may also include registered investment companies.

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

### ***Investment Strategies and Methods of Analysis***

DWM's methods of analysis and investment strategies have their own inherent risks. To perform an accurate market analysis, DWM must have access to current/new market information. DWM has no control over the dissemination rate of market information; therefore, unbeknownst to DWM, certain analyses may be compiled with outdated market information, severely limiting the value of DWM's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

#### **A. Private Wealth Management**

DWM may utilize the following methods of security analysis:

- a. Charting - (analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices)
- b. Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
- c. Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)

DWM may utilize the following investment strategies when implementing investment advice given to clients:

- d. Long Term Purchases (securities held at least a year)
- e. Short Term Purchases (securities sold within a year)
- f. Short Sales (contracted sale of borrowed securities with an obligation to make the lender whole)
- g. Margin Transactions (use of borrowed assets to purchase financial instruments)
- h. Options (contract for the purchase or sale of a security at a predetermined price during a specific period of time)

From time to time, and only in those cases where the client is eligible to do so, DWM may recommend participating in initial and secondary public offerings ("IPOs"). In addition to the risks set forth below regarding investing in equities, given the nature of such offerings they may have more volatility in price than existing equities that are currently traded and have a trading history.

#### **B. Investment Management**

Information regarding the investment analysis methods for the Portfolio is detailed in the Fund's prospectus and SAI.



## C. Investment Services

As described above, DWM or the designated financial intermediary is responsible for creation of series of models with varying asset allocations and risk profiles. To implement the models, DWM conducts initial and ongoing due diligence on research providers that provide their own model portfolio allocations. In addition, DWM may select mutual funds and/or ETFs for each model. To implement the models, DWM has selected an Overlay Manager responsible for performing the buy/sell transactions.

### ***Potential Risks of Investing With Mutual Funds, ETFs and Bonds:***

*Redemption Fee Risk.* A mutual fund redemption fee, also referred to as a “redemption fee,” “market timing fee,” or “short-term trading fee,” is a charge by a mutual fund company to discourage investors from making a short-term purchases and sales of mutual fund shares. Clients may incur redemption fees in the event that a model update is implemented, as DWM and the Overlay Manager generally would not consider individual Client holding periods for existing Client portfolios. Redemption fees vary by mutual fund and are described in each mutual fund’s prospectus. Imposition of redemption fees can have a material impact on the performance of Program accounts.

*Stock Market Risk.* Mutual funds that invest in equity securities are subject to stock market risk. Stock market risk is the possibility that stock prices overall will decline over short or extended periods. Markets tend to move in cycles, with periods of rising prices and periods of falling prices.

Investing in small or medium-sized companies involves greater risk than is customarily associated with more established companies. Stocks of such companies may be subject to more volatility in price than larger company securities.

*Foreign Securities Risk.* Foreign securities are subject to the same market risks as U.S. securities, such as general economic conditions and company and industry prospects. However, foreign securities involve the additional risk of loss due to political, economic, legal, regulatory, and operational uncertainties; differing accounting and financial reporting standards; limited availability of information; currency conversion; and pricing factors affecting investment in the securities of foreign businesses or governments.

*Interest Rate Risk.* Bonds also experience market risk as a result of changes in interest rates. The general rule is that if interest rates rise, bond prices will fall and so will the mutual fund’s share price. The reverse is also true: if interest rates fall, bond prices will generally rise.

A bond with a longer maturity (or a bond fund with a longer average maturity) will typically fluctuate more in price than a shorter-term bond. Because of their very short-term nature, money market instruments carry less interest rate risk.

*Credit Risk.* Bonds and bond mutual funds are also exposed to credit risk, which is the possibility that the issuer of a bond will default on its obligation to pay interest and/or principal. U.S. Treasury securities, which are backed by the full faith and credit of the U.S. Government, have limited credit risk, while securities issued or guaranteed by U.S. Government

agencies or government-sponsored enterprises that are not backed by the full faith and credit of the U.S. Government may be subject to varying degrees of credit risk. Corporate bonds rated BBB or above by Standard & Poor's are generally considered to carry moderate credit risk. Corporate bonds rated lower than BBB are considered to have significant credit risk. Of course, bonds with lower credit ratings generally pay a higher level of income to investors.

*Liquidity Risk.* Liquidity risk exists when a particular security is difficult to trade. A mutual fund's investment in illiquid securities may reduce the returns of the mutual fund because the mutual fund may not be able to sell the assets at the time desired for an acceptable price, or might not be able to sell the assets at all.

*Call Risk.* Many fixed income securities have a provision allowing the issuer to repay the debt early, otherwise known as a "call feature." Issuers often exercise this right when interest rates are low. Accordingly, holders of such callable securities may not benefit fully from the increase in value that other fixed income securities experience when rates decline. Furthermore, after a callable security is repaid early, a mutual fund would reinvest the proceeds of the payoff at current interest rates, which would likely be lower than those paid on the security that was called.

*Objective/Style Risk.* All of the mutual funds are subject, in varying degrees, to objective/style risk, which is the possibility that returns from a specific type of security in which a mutual fund invests will trail the returns of the overall market.

*U.S. Government Agency Securities Risk.* Securities issued by U.S. Government agencies or government-sponsored entities may not be guaranteed by the U.S. Treasury. If a government-sponsored entity is unable to meet its obligations, the securities of the entity will be adversely impacted.

#### ***WRAP PROGRAM - General Investment Risks***

All investing involves a risk of loss and the Program offered by DWM could lose money over short or even long periods. Performance could be negatively impacted by a number of different market risks, including, but not limited to, that the portfolio management techniques used by DWM may not produce the desired results. This could cause accounts to decline in value. In addition, DWM may rely on information that turns out to be wrong. DWM selects investments based, in part, on information provided by issuers to regulators or made directly available to DWM by the issuers or other sources. DWM is not always able to confirm the completeness or accuracy of such information, and in some cases, complete and accurate information is not available. Incorrect or incomplete information increases risk and may result in losses.

DWM seeks research providers and funds with a variety of investment strategies in an effort to make a wide range of investment strategies available to financial intermediary firms and clients. Some strategies may be high-risk strategies. Such strategies usually have the potential for substantial returns; however, there are correspondingly significant risks involved in the strategies and they are not intended for all types of clients. Clients who choose to follow high-risk strategies should be aware that there is the possibility of significant losses up to and including the possibility of the loss of all assets placed in the strategies. It is strongly

recommended that clients diversify their investments and do not place all of their investments in high-risk investment strategies.

DWM also may receive material nonpublic information about an issuer that prevents it from trading securities of that issuer for a client when the client could make a profit or avoid a loss.

### ***Potential Risks of Investing with Research Providers***

DWM may, from time to time, replace existing research providers or hire others and cannot guarantee the continued availability of models utilizing particular research providers. In managing the model, certain research providers may pursue an investment strategy that utilizes underlying mutual funds or ETFs advised by the model or its affiliate(s) (“Proprietary Funds”). In such situations, the research provider or its affiliate(s) may receive fees from the Proprietary Funds for serving as investment advisers or other service providers to the Proprietary Fund (as detailed in the Proprietary Fund’s prospectus). These fees will be in addition to the management fees that a research provider receives for its ongoing management of the models and create a financial incentive for the research provider to utilize proprietary funds. Clients should discuss any questions with or request further information from their financial intermediary firm concerning the use of Proprietary Funds in models or the conflict of interest this creates.

### ***Potential Risks of Investing with Funds, Equities, and Bonds***

*Stock Market Risk.* Investments in equity securities are subject to stock market risk. Stock market risk is the possibility that stock prices overall will decline over short or extended periods. Markets tend to move in cycles, with periods of rising prices and periods of falling prices.

Investing in small and medium-sized companies involves greater risk than is customarily associated with more established companies. Stocks of such companies may be subject to more volatility in price than larger company securities.

*Foreign Securities Risk.* Foreign securities are subject to the same market risks as U.S. securities, such as general economic conditions and company and industry prospects. However, foreign securities involve the additional risk of loss due to political, economic, legal, regulatory, and operational uncertainties; differing accounting and financial reporting standards; limited availability of information; currency conversion; and pricing factors affecting investment in the securities of foreign businesses or governments.

*Interest Rate Risk.* Bonds also experience market risk as a result of changes in interest rates. The general rule is that if interest rates rise, bond prices will fall and so will the mutual fund’s and ETF’s share price. The reverse is also true: if interest rates fall, bond prices will generally rise.

A bond with a longer maturity (or a bond fund with a longer average maturity) will typically fluctuate more in price than a shorter-term bond. Because of their very short-term nature, money market instruments carry less interest rate risk.

*Credit Risk.* Bonds and bond mutual funds and ETFs are also exposed to credit risk,

which is the possibility that the issuer of a bond will default on its obligation to pay interest and/or principal. U.S. Treasury securities, which are backed by the full faith and credit of the U.S. Government, have limited credit risk, while securities issued or guaranteed by U.S. Government agencies or government-sponsored enterprises that are not backed by the full faith and credit of the U.S. Government may be subject to varying degrees of credit risk. Corporate bonds rated BBB or above by Standard & Poor's are generally considered to carry moderate credit risk. Corporate bonds rated lower than BBB are considered to have significant credit risk. Of course, bonds with lower credit ratings generally pay a higher level of income to investors.

*Liquidity Risk.* Liquidity risk exists when a particular security is difficult to trade. A mutual fund's or an ETF's investment in illiquid securities may reduce the returns of the mutual fund because the mutual fund or ETF may not be able to sell the assets at the time desired for an acceptable price, or might not be able to sell the assets at all.

*Call Risk.* Many fixed-income securities have a provision allowing the issuer to repay the debt early, otherwise known as a "call feature." Issuers often exercise this right when interest rates are low. Accordingly, holders of such callable securities may not benefit fully from the increase in value that other fixed-income securities experience when rates decline. Furthermore, after a callable security is repaid early, a mutual fund or ETF would reinvest the proceeds of the payoff at current interest rates, which would likely be lower than those paid on the security that was called.

*Objective/Style Risk.* All of the mutual funds and ETFs are subject, in varying degrees, to objective/style risk, which is the possibility that returns from a specific type of security in which a mutual fund invests will trail the returns of the overall market.

*U.S. Government Agency Securities Risk.* Securities issued by U.S. Government agencies or government-sponsored entities may not be guaranteed by the U.S. Treasury. If a government-sponsored entity is unable to meet its obligations, the securities of the entity will be adversely impacted.

#### Participation in other WRAP/UMA Programs

#### ***Method of Analysis***

In providing models to wrap and UMA programs, DWM performs investment product searches, recommends investment products and monitors performance of those products for inclusion in the DWM models.

#### ***Alternative Strategy Mutual Fund Risks***

Some of DWM's models may include alternative strategy mutual funds which invest primarily in alternative investments and/or strategies. Investing in alternative investments and/or strategies may not be suitable for all investors and involves special risks, such as risks associated with commodities, real estate, leverage, selling securities short, the use of derivatives, potential adverse market forces, regulatory changes and potential illiquidity.

### ***Risks Specific to Private Wealth Management***

DWM's primary investment strategies - Long Term Purchases and Short Term Purchases - are fundamental investment strategies. Every investment strategy has its own inherent risks and limitations. For example, longer-term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter-term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer-term investment strategy.

In addition to the fundamental investment strategies discussed above, DWM may also implement and/or recommend – short selling, use of margin, and/or options transactions. Each of these strategies has a high level of inherent risk. (*See discussion below*).

Short selling is an investment strategy with a high level of inherent risk. Short selling, involves the selling of assets that the investor does not own. The investor borrows the assets from a third party lender (i.e., a broker-dealer) with the obligation of buying identical assets at a later date to return to the third party lender. Investors who engage in this activity shall only profit from a decline in the price of the assets between the original date of sale and the date of repurchase. Conversely, the short seller will incur a loss if the price of the assets rises. Other costs of shorting may include a fee for borrowing the assets and payment of any dividends paid on the borrowed assets.

Margin is an investment strategy with a high level of inherent risk. A margin transaction occurs when an investor uses borrowed assets to purchase financial instruments. The investor generally obtains the borrowed assets by using other securities as collateral for the borrowed sum. The effect of purchasing a security utilizing margin is to magnify any gains or losses sustained by the purchase of the financial instruments on margin. **Please Note:** to the extent that a client authorizes the use of margin, and margin is thereafter employed by DWM in the management of the client's investment portfolio, the market value of the client's account and corresponding fee payable by the client to DWM may be increased. As a result, in addition to understanding and assuming the additional principal risks associated with the use of margin, clients authorizing margin are advised of the potential ***conflict of interest*** whereby the client's decision to employ margin *may* correspondingly increase the management fee payable to DWM. Accordingly, the decision as to whether to employ margin is left totally to the discretion of client.

The use of options transactions as an investment strategy involves a high level of inherent risk. Option transactions establish a contract between two parties concerning the buying or selling of an asset at a predetermined price during a specific period of time. During the term of the option contract, the buyer of the option gains the right to demand fulfillment by the seller. Fulfillment may take the form of either selling or purchasing a security depending upon the nature of the option contract. Generally, the purchase or the recommendation to purchase an option contract by DWM shall be with the intent of offsetting/"hedging" a potential market risk in a client's portfolio. **Please Note:** Although the intent of the options-related transactions that may be implemented by DWM is to hedge against principal risk, certain of the options-related strategies (i.e. straddles, short positions, etc.), may, in and of themselves, produce principal volatility

and/or risk. Thus, a client must be willing to accept these enhanced volatility and principal risks associated with such strategies. In light of these enhanced risks, client may direct DWM, in writing, not to employ any or all such strategies for his/her/their/its accounts.

A. Currently, DWM primarily allocates client investment assets among various individual equity (stocks), debt (bonds) and fixed income securities, mutual funds and/or exchange traded funds (“ETFs”) (including inverse ETFs and/or mutual funds that are designed to perform in an inverse relationship to certain market indices), independent managers and private investments on a discretionary and non-discretionary basis in accordance with the client’s designated investment objective(s).

As disclosed above, DWM may utilize long and short mutual funds and/or exchange traded funds that are designed to perform in either an: (1) inverse relationship to certain market indices (at a rate of 1 or more times the inverse result of the corresponding index) as an investment strategy and/or for the purpose of hedging against downside market risk; and (2) enhanced relationship to certain market indices (at a rate of 1 or more times the actual result of the corresponding index) as an investment strategy and/or for the purpose of increasing gains in an advancing market. There can be **no assurance** that any such strategy will prove profitable or successful. In light of these enhanced risks/rewards, a client may direct DWM, in writing, not to employ any or all such strategies for the client’s accounts. (*See* Item 4.B).

**Independent Managers.** DWM may allocate (and/or recommend that the client allocate) a portion of a client’s investment assets among unaffiliated independent investment managers in accordance with the client’s designated investment objective(s). In such situations, the Independent Manager[s] shall have day-to-day responsibility for the active discretionary management of the allocated assets. DWM shall continue to render investment advisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. Factors which DWM shall consider in recommending Independent Manager[s] include the client’s designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research.

## **Item 9 - Disciplinary Information**

DWM has not been the subject of any disciplinary actions.

## **Item 10 - Other Financial Industry Activities and Affiliations and Other Conflicts of Interest**

DWM has affiliated entities that provide a variety of investment related services as further described herein.

**Registered Representatives of PKS.** As disclosed above in Item 5E, certain of DWM’s representatives are also registered representatives of PKS, an SEC-registered and FINRA member broker-dealer. The recommendation by DWM’s representatives, that a client purchase a securities commission product presents a **conflict of interest**, as the receipt of commissions may

provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from DWM's representatives. **DWM's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above conflicts of interest.**

**Affiliated Insurance Agency and Agents.** DWM is affiliated with Dynasty Insurance Services, a licensed insurance agency. In addition, certain of DWM's representatives, in their individual capacities, are licensed insurance agents and may recommend the purchase of certain insurance-related products on a commission basis. As referenced in Item 4B above, clients can engage certain of DWM's representatives to effect insurance transactions on a commission basis.

The recommendation by DWM's representatives that a client purchase an insurance-related product presents a potential *conflict of interest*, as the receipt of commissions may provide an incentive to recommend insurance products based on commissions received, rather than on a particular client's need. No client is under any obligation to purchase any insurance products from DWM's representatives. Clients are reminded that they may purchase insurance products recommended by DWM through other, non-affiliated insurance agencies and/or agents. **DWM's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

**Referral Agreements.** DWM *may* receive payments from one or more advisers or private fund managers in exchange for making referrals in conformity with Rule 206(4)-3 of the Investment Advisers Act of 1940 as applicable, and any corresponding state securities law requirements. At the time of the solicitation, DWM shall disclose the nature of its relationship with the adviser or private fund manager and provide the referred individual or entity with a copy of: a) the adviser's or private fund manager's ADV-Part 2 Brochure or the private fund offering or disclosure document where an exempt private fund manager is being referred and there is no ADV-2 Brochure available to provide; and b) the Solicitor Disclosure Statement describing the solicitation arrangement including the compensation paid from the adviser or private fund manager to DWM.

**Affiliated Broker-Dealer.** DWM's affiliate, Dynasty Securities, LLC (formerly PPS Securities LLC), a wholly-owned subsidiary of the Parent, is registered as with the SEC and FINRA as a limited use broker-dealer.

**Affiliated Commodity Pool Operator and Commodity Trading Advisor.** Dynasty Fund Services, LLC ("DFS"), an affiliate of DWM and a wholly-owned subsidiary of the Parent, is registered as a commodity pool operator and a commodity trading advisor with the Commodity Futures Trading Commission and is a member of the National Futures Association.

**Alternative Direct Solutions.** Dynasty Fund Services, LLC ("DFS"), an affiliate of DWM and a wholly-owned subsidiary of the Parent, serves as the investment adviser to an affiliated Private Fund managed by Alternative Direct Solutions LLC ("ADS"). The Fund operates under what is known as the Section 3(c)(7) exemption which requires that all of the eligible investors be "qualified purchasers" as such term is defined in Section 2(a)(51) of the Investment Company

Act of 1940, as amended. As a feeder fund vehicle, it allows sophisticated investors to construct customized alternative asset portfolios by allocating capital among one or more Platform Funds, each of which invests all or substantially all of its assets in Underlying Funds managed by Underlying Managers made available by the manager and DFS in its capacity as the investment adviser. The terms and conditions for participation in the Private Fund, including management and incentive fees, conflicts of interest, and risk factors, are set forth in the fund's offering and constituent documents. DWM's clients are under no obligation to consider or make an investment in the Private Fund.

Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike other liquid investments that a client may maintain, private investment funds do not provide daily liquidity or pricing. Each prospective client that elects to invest in the Private Fund will be required to complete a Subscription Agreement, pursuant to which the client shall establish that the client is qualified to invest in the Private Fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

Because DWM may indirectly receive compensation from the Private Fund through their common ownership by the Parent (Dynasty), DWM's advisory fee may, indirectly, exceed the fee that DWM would earn under its standard "assets under management" fee schedule referenced in Item 5.A herein. The recommendation that a client become an investor in the Private Fund could present a potential **conflict of interest**. No client is under any obligation to become an investor in the *any fund sponsored by DWM or any of its affiliates*. **DWM's Chief Compliance Officer remains available to address any questions regarding this potential conflict of interest.**

**Affiliated Lending Business.** Dynasty Advisors Financing Services, LLC ("DAFS") is owned by the Parent (Dynasty) and is an affiliate of DWM through their common ownership by the Parent. DAFS provides financing support for certain advisers launching their independent registered investment adviser ("RIA") firms on the Dynasty RIA investment platform. Providing a lending facility to an adviser that may elect to invest in investment models advised by DWM presents a potential conflict of interest. No adviser or client is under any obligation to utilize the lending facility or invest in the investment models advised by DWM.

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

- A. DWM and the Parent (Dynasty) maintain an investment policy relative to personal securities transactions. This investment policy is part of Dynasty's overall Code of Ethics, which serves to establish a standard of business conduct for all of Dynasty's supervised persons that are based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, DWM also



maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by DWM or any person associated with the Parent (Dynasty) or its affiliates.

B. As disclosed above, the Parent has an indirect financial interest in the Private Fund. DWM, on a non-discretionary basis, may recommend that qualified clients consider allocating a portion of their investment assets to the Private Fund. The terms and conditions for participation in the Private Fund, including management and incentive fees, conflicts of interest, and risk factors, are set forth in the fund's offering documents. DWM's clients are under absolutely no obligation to consider or make an investment in the Private Fund. **DWM's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding potential conflict of interest such arrangement may create.**

C. DWM and/or supervised persons of the Parent (Dynasty) and its affiliates *may* buy or sell securities that are also recommended to clients by DWM. This practice may create a situation where DWM and/or supervised persons of Dynasty and its affiliates are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if DWM, Dynasty and its affiliates did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed prior to those of DWM's clients) and other potentially abusive practices.

As disclosed above, DWM has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of DWM's "Access Persons". DWM's securities transaction policy requires that an Access Person of DWM provide the Chief Compliance Officer or her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date in which the CCO selects.

D. DWM's representatives *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where DWM's representatives are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above, DWM has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of DWM's Access Persons.

E. As disclosed above, DWM may recommend participating in initial and secondary offerings to eligible clients. In such cases, such investments may not be appropriate in DWM's opinion for certain clients. In other cases, such offerings may be available in limited quantities wherein DWM may need to allocate shares to clients in a lesser

proportion than they requested. These situations create a potential conflict of interest and in such cases DWM will manage such conflicts through applicable policies and procedures.

## **Item 12 - Brokerage Practices**

In the event that the client requests that DWM recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct DWM to use a specific broker-dealer/custodian), DWM generally recommends that investment management accounts be maintained at *Schwab, Fidelity, Pershing, J.P. Morgan, Deutsche Bank* and/or *TD*. Prior to engaging DWM to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with DWM setting forth the terms and conditions under which DWM shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that DWM considers in recommending *Schwab, Fidelity, Pershing, J.P. Morgan, Deutsche Bank* and/or *TD* (or any other broker-dealer/custodian to clients) include historical relationship with DWM, financial strength, reputation, execution capabilities, pricing, research, and service, as well as the firm's ability to execute the type of anticipated activity. Although the commissions and/or transaction fees paid by DWM's clients shall comply with DWM's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where DWM determines, in good faith, that the commission/transaction fee is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although DWM will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, DWM's investment management fee. DWM's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

### **1. Research and Additional Benefits**

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, DWM may receive from *Schwab, Fidelity, Pershing, J.P. Morgan, Deutsche Bank* and/or *TD* (or another broker-dealer/custodian) without cost (and/or at a discount) support services and/or products, certain of which assist DWM to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by DWM may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events,

marketing support, computer hardware and/or software (such as a Bloomberg terminal) and/or other products used by DWM in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that *may* be received may assist DWM in managing and administering client accounts. Others do not directly provide such assistance, but rather assist DWM to manage and further develop its business enterprise.

DWM's clients do not pay more for investment transactions effected and/or assets maintained at *Schwab, Fidelity, Pershing, J.P. Morgan, Deutsche Bank* and/or *TD* as a result of this arrangement. There is no corresponding commitment made by DWM to *Schwab, Fidelity, Pershing, J.P. Morgan, Deutsche Bank* and/or *TD* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

**DWM's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding potential conflict of interest such arrangement may create.**

2. DWM may from time to time receive referrals from third-party broker-dealers, and where referral fees are paid to such broker-dealers, all referral payments will be made in accordance with Item 14.B below describing referral or solicitor arrangements.
3. DWM may accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will typically negotiate terms and arrangements for their account with that broker-dealer, and DWM will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by DWM. As a result, in cases of a directed brokerage arrangement the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

**Please Note:** In the event that the client directs DWM to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through DWM.

**DWM's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above arrangement.**

- A. To the extent that DWM provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless DWM decides to purchase or sell the same securities for several clients at approximately the same time. DWM may (but is not obligated to) combine or "bunch" such orders to obtain best

execution, to negotiate more favorable commission rates or to allocate equitably among DWM's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. DWM shall not receive any additional compensation or remuneration as a result of such aggregation.

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

- A. For those clients to whom DWM provides investment supervisory services, account reviews are conducted on an ongoing basis by DWM's Principals and/or representatives. All clients are reminded that it remains their responsibility to advise DWM of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with DWM on not less than an annual basis.
- B. DWM *may* conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. DWM may also provide a written periodic report summarizing account activity and performance.

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

- A. As referenced in Item 12.A.1 above, DWM may receive an indirect economic benefit from *Schwab, Fidelity, Pershing, J.P. Morgan, Deutsche Bank* and/or *TD*. DWM, without cost (and/or at a discount), and may receive support services and/or products from *Schwab, Fidelity, Pershing, J.P. Morgan, Deutsche Bank* and/or *TD*.

DWM's clients do not pay more for investment transactions effected and/or assets maintained at *Schwab, Fidelity, Pershing, J.P. Morgan, Deutsche Bank* and/or *TD* as a result of this arrangement. There is no corresponding commitment made by DWM to *Schwab, Fidelity, Pershing, J.P. Morgan, Deutsche Bank* and/or *TD* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

**DWM's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest any such arrangement may create.**

- B. If a client is introduced to DWM by either an unaffiliated or an affiliated solicitor, DWM *may* pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law

requirements. Any such referral fee shall be paid solely from DWM's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to DWM by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of DWM's written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between DWM and the solicitor, including the compensation to be received by the solicitor from DWM.

### **Item 15 - Custody**

DWM Private Wealth Management clients' assets are held in custody by unaffiliated broker/dealers and DWM has the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. DWM may also provide a written periodic report summarizing account activity and performance.

To the extent that DWM provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by DWM with the account statements received from the account custodian. The account custodian does not verify the accuracy of DWM's advisory fee calculation.

Assets of clients who have invested in the UMA and model portfolios are held in custody by unaffiliated broker/dealers. Clients should receive at least quarterly statements from the broker/dealer that holds and maintains the client's assets. DWM urges you to carefully review such statements and compare such official custodial records to the account statements provided to you by your financial intermediary. The financial intermediary performance reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

All Private Fund assets, other than interests in the Underlying Funds, are held in custody by unaffiliated broker/dealers or banks.

Investors in the Private Funds do not receive statements from the custodian of the activity within the Private Funds. Instead, the third party administrator to the Private Funds distributes periodic performance and net asset value statements to each investor, and the Private Funds are subject to an annual audit and the audited financial statements are distributed to each investor. The audited financial statements are prepared in accordance with generally accepted accounting principles and distributed to the investors.

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

Private Wealth Management clients can determine to engage DWM to provide investment advisory services on a discretionary basis. Prior to DWM assuming discretionary authority over a client's account, the client shall be required to execute an *Investment Advisory Agreement*, granting to DWM the power to make investment decisions on the client's behalf without prior

consultation, including the authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name on deposit in the discretionary account.

Clients who engage DWM on a discretionary basis may, at any time, impose restrictions, in writing, on DWM's discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe DWM's use of margin, etc.).

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

DWM generally does not vote client proxies for individual managed accounts. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact DWM to discuss any questions they may have with a particular solicitation. On a limited basis, DWM does vote proxies for certain trust accounts whereby the trust documents do not allow the trustee to take actions on proxies.

For certain Clients with trust accounts, DWM will vote proxies on behalf of the Portfolio based on the proxy voting guidelines approved by the Board and will report the voting record of the Portfolio to the Board and file the voting record with the SEC.

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

DWM has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.

**ANY QUESTIONS: DWM's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**