

**Item 1 – Cover Page**  
**Part 2A Appendix 1**  
**Wrap Fee Program Brochure**

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This Wrap Fee Program Brochure provides information about the qualifications and business practices of CWM, LLC (also referred to as we, us and CWM throughout this disclosure brochure). If you have any questions about the contents of this brochure, please do not hesitate to contact us at the telephone number listed above. 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 CWM is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view our firm's information on this website by searching for CWM, LLC or our firm's CRD number 154383.

\*Registration as an investment adviser does not imply a certain level of skill or training.

## **Item 2 – Material Changes**

In the future, this Item 2 will discuss only specific material changes that are made to this Wrap Fee Program Disclosure Brochure and will provide a summary of such changes. We will also reference the date of the last annual update of the Wrap Fee Program Disclosure Brochure.

We will ensure that you receive a summary of any material changes to this and subsequent Wrap Fee Program Disclosure Brochures within 120 days after our firm's fiscal year ends. Our firm's fiscal year ends on December 31, so you will receive the summary of material changes no later than April 30 each year. At that time we will also offer or provide a copy of the most current Wrap Fee Program Disclosure Brochure. We may also provide other ongoing disclosure information about material changes as necessary.

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

CWM is an investment adviser registered with the United States Securities and Exchange Commission (“SEC”) and is a limited liability company (LLC) formed under the laws of the State of Nebraska.

##### **Managed Asset Program**

We are the sponsor of the Strategic Wealth Management 2 Program (“SWM Program”), a wrap fee or non-wrap fee asset management program developed through an arrangement using LPL Financial Corporation’s (“LPL”) Strategic Wealth Management platform. Through the SWM Program, we provide investment management services, including providing continuous investment advice to and making investments for you based on your individual needs. Through this service, we offer a customized and individualized investment program. A specific asset allocation strategy and suitability profile is crafted to focus on your specific goals and objectives. The IPS defines your risk tolerance and investment objective. Your information should be updated regularly, but at a minimum every 2 years.

SWM Program accounts are custodied at LPL in its capacity as a registered broker/dealer, member FINRA/SIPC. LPL is also an investment advisor registered with the SEC, but does not serve as an investment advisor for you through the SWM Program. LPL provides clearing, custody and other brokerage services for accounts established through the SWM Program. Therefore, you are required to establish a brokerage account(s) through LPL’s Strategic Wealth Management platform. Separate accounts are maintained for you, and you retain all rights of ownership of you accounts (e. g., the right to withdraw securities or cash, exercise or delegate proxy voting, and receive transaction confirmations).

SWM Program accounts allow you to authorize us to purchase and sell, on either a discretionary basis or non-discretionary basis, portfolios consisting of securities and investments. We may limit our discretion with respect to your account and the securities eligible to be purchased for your account. *(See, Limits Advice to Certain Types of Investments at Item 6, Portfolio Manager Selection and Evaluation elsewhere in this Disclosure Brochure.)*

With discretionary authority, we make all decisions to buy, sell or hold securities, cash or other investments in the managed account in our sole discretion without consulting with you before implementing any transactions. You must provide us with written authorization to exercise this discretionary authority. Discretionary authority is limited. We do not have access to your funds and/or securities with the exception of having advisory fees deducted from your account and paid to us by the account custodian. Any fee deduction is done pursuant to your prior written authorization provided to the account custodian. You have the ability to place reasonable restrictions on the types of investments that may be purchased in an account. You may also place reasonable limitations on the discretionary power granted to us so long as the limitations are specifically set forth or included as an attachment to the client agreement. *(Please see Item 16, Investment Discretion, in the separate CWM Disclosure Brochure for additional information concerning discretionary authority.)*

During any month that there is activity in the SWM Program account, you receive a monthly account statement from LPL showing account activity as well as positions held in the account at month end. Additionally, you receive a confirmation of each transaction that occurs within the SWM Program account unless the transaction is the result of a systematic purchase, redemption or exchange. You also receive a detailed quarterly report showing performance, positions, and activity. All account data and statements are also available on-line through the account view portal through LPL.

The annual investment advisory fee charged will vary between 0.80 – 1.20 % of the assets held in the account and is negotiable depending on the market value of the account, asset types, complexity of your portfolio, your financial situation and trading activity. The annual fee is divided and paid quarterly in advance through a direct debit to your account. LPL is responsible for calculating and debiting all fees from your accounts. You must provide LPL with written authorization to debit advisory fees from your accounts and pay the fees to CWM. Fees are based on the account's asset value as of the last business day of the prior calendar quarter. Fees for accounts opened at any time other than the beginning of a quarter are prorated based on the number of days remaining in the initial quarter.

Prior to engaging CWM to provide investment management services, you are required to enter into a formal investment advisory agreement with us setting forth the terms and conditions, including the amount of investment advisory fees, under which we manage your assets and a also separate custodial/clearing agreement with LPL.

You can open a SWM Program I or SWM Program II account. A SWM Program I account is a non-wrap or traditional account. This means in addition to our investment advisory fee, you also certain pay transaction charges to defray the costs associated with trade execution. These costs are set out in the LPL Strategic Wealth Management platform brokerage account and application agreement. The SWM Program II account is a wrap fee account, meaning you do not pay transaction charges associated with trade execution.

The minimum account size to open any SWM Program account is \$10,000, although exceptions may be granted upon request. Factors considered when granting an exception include the total value of the overall engagement, the types of assets in the account, the time and resources expended on the services and the relationship between the adviser providing services and the client.

You may incur certain charges imposed by third parties other than CWM in connection with investments made through the account including, but not limited to, 12b-1 fees and surrender charges, and IRA and qualified retirement plan fees. Our management fees (which include transaction and execution fees charged by LPL for SWM Program II accounts) are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to you. A description of these fees and expenses are available in each investment company security's prospectus. Our representatives, in their separate capacity as registered representatives of LPL, may retain a portion of

the commissions charged to you. These commissions may include 12b-1 fees, surrender charges and IRA and qualified retirement plan fees.

The SWM Program I and SWM Program II may cost you more or less than if the assets were held in a traditional brokerage account. In a brokerage account, you are charged commissions for each transaction, and the representative has no duty to provide ongoing advice with respect to the account. If you plan to follow a buy and hold investment strategy for the account or do not wish to purchase ongoing investment advice or management services, you should consider opening a brokerage account rather than a SWM Program I or SWM Program II account.

We do not always charge a lower advisory fee for SWM Program I accounts versus SWM Program II accounts. The cost for a SWM Program II account is typically higher than a SWM Program I. This is because transaction costs are passed along to you in SWM Program I accounts while the transaction costs are covered under the overall fee charged for SWM Program II accounts.

When making the determination of whether one of the advisory programs available through CWM is appropriate for your needs, you should bear in mind that fee-based accounts, when compared with commission-based accounts, often result in lower costs during periods when trading activity is heavier, such as the year an account is established. However, during periods when trading activity is lower, the fee-based account arrangements may result in a higher annual cost for transactions. Thus, depending on a number of factors, the total cost for transactions under a fee account versus a commission account can vary significantly. Factors which affect the total cost include account size, amount of turnover, type and quantities of securities purchased or sold, commission rates and your tax situation. It should also be noted that lower fees for comparable service may be available from other sources. You should discuss the advantages and disadvantages of fee-based and commission-based accounts with your adviser representative.

Either party may terminate the agreement for services at any time. If services are terminated within five business days of executing the agreement, services are terminated without penalty and a full refund of all fees paid in advance is provided. If services are terminated after the initial five day period, we provide you with a prorated refund of fees paid in advance. The refund is based on the number of days service is actually provided during the final billing period. Termination is effective from the time the other party receives written notification or such other time as may be mutually agreed upon, subject to the settlement of transactions in progress and the final refund of advisory fees. There is no penalty charge on termination.

#### **Additional Compensation, Economic and Non-Economic Benefits**

Our representatives are also registered representatives of LPL, a securities broker-dealer. You may work with your investment adviser representative in his or her separate capacity as a registered representative of LPL. When acting in this separate capacity as a registered representative, your investment adviser representative may sell, for commissions, general securities products such as stocks,

bonds, mutual funds, exchange-traded funds, and variable annuity and variable life products to you. As such, your investment adviser representative may suggest that you implement investment advice by purchasing securities products through a commission-based brokerage account in addition to or in lieu of a fee-based investment-advisory account. This receipt of commissions creates an incentive to recommend those products for which your investment adviser representative will receive a commission in his or her separate capacity as a registered representative of a securities broker-dealer. Consequently, the objectivity of the advice rendered to you could be biased.

You are under no obligation to use the services of our representatives in this separate capacity or to use LPL and can select any broker/dealer you wish to implement securities transactions. If you select our representatives to implement securities transactions in their separate capacity as registered representatives, they must use LPL.

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

### **Minimum Account Size**

The minimum account size to open any SWM Program account is \$10,000, although exceptions may be granted upon request. Factors considered when granting an exception include the total value of the overall engagement, the types of assets in the account, the time and resources expended on the services and the relationship between the adviser providing services and the client.

### **Types of Accounts**

CWM generally provides investment advice to the following types of clients:

- Individuals
- High net worth individuals
- Banks or thrift institutions
- Pension and profit sharing plans
- Trusts, estates, or charitable organizations
- Corporations or business entities other than those listed above

You are required to execute a written agreement with CWM specifying the particular advisory services in order to establish a client arrangement with CWM.

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

We select and review portfolio managers based on many criteria including, but not limited to, performance, holdings, track record, turnover, manager tenure, expense ratio, peer group rating and historical consistency of all of the above.

We rely on third party performance calculations. These third party services utilize standard performance calculation methods. We as a firm cannot confirm or deny the accuracy of these performance measures but rely on them based on their national reputation and standard methods of calculation. We believe them to be fair and accurate representations but do not verify or confirm their accuracy.

None of our related persons act as a portfolio manager for our wrap fee program. We/they do, however, choose managers with respect to the following: asset class, percentage of portfolio, when to add/subtract them from the portfolio, etc. Managers are chosen based on your best interests.

### **Other Advisory Services**

In addition to the management services described above, we provide the following services:

- Financial Planning & Consulting Services
- Referral of Third-Party Money Managers
- Retirement Plan Services
- Variable Sub-Account Management Services
- Newsletters
- Seminars

A description of all fee-based investment advisory services that we provide is available in our Form ADV Part 2A Disclosure Brochure.

### **Limits Advice to Certain Types of Investments**

CWM provides investment advice on the following types of investments:

- Mutual Funds
- Exchange Traded Funds (ETFs)
- Exchange-listed Securities
- Securities Traded Over-the-Counter
- Foreign Issues
- Warrants
- Corporate Debt Securities
- Commercial Paper
- Certificates of Deposit
- Municipal Securities
- Variable Annuities
- Variable Life Insurance
- US Government Securities
- Options Contracts on Securities
- Options Contracts on Commodities
- Futures Contracts on Tangibles



- Futures Contracts on Intangibles
- Interests in Partnerships Investing in Real Estate
- Interests in Partnerships Investing in Oil and Gas Interests

Although we generally provide advice only on the products previously listed, we reserve the right to offer advice on any investment product that may be suitable for each client's specific circumstances, needs, goals and objectives.

It is not our typical investment strategy to attempt to time the market, but we may increase cash holdings modestly as deemed appropriate based on your risk tolerance and our expectations of market behavior. We may modify our investment strategy to accommodate special situations such as low basis stock, stock options, legacy holdings, inheritances, closely held businesses, collectibles, or special tax situations.

#### **Tailor Advisory Services to Individual Needs of Clients**

CWM's advisory services are always provided based on your individual needs. This means, for example, that when we provide asset management services, you are given the ability to impose restrictions on the accounts we manage for you, including specific investment selections and sectors. We work with you on a one-on-one basis through interviews and questionnaires to determine your investment objectives and suitability information.

We will not enter into an investment adviser relationship with a prospective client whose investment objectives may be considered incompatible with our investment philosophy or strategies or where the prospective client seeks to impose unduly restrictive investment guidelines.

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

Performance-based fees are defined as fees based on a share of capital gains on or capital appreciation of the assets held in a client's account. **CWM does not charge or accept performance-based fees.**

#### **Methods of Analysis**

CWM may use the following methods of analysis in formulating investment advice:

Charting - This is a set of techniques used in technical analysis in which charts are used to plot price movements, volume, settlement prices, open interest, and other indicators, in order to anticipate future price movements. Users of these techniques, called chartists, believe that past trends in these indicators can be used to extrapolate future trends.

Charting is likely the most subjective analysis of all investment methods since it relies on proper interpretation of chart patterns. The risk of reliance upon chart patterns is that the next day's data can always negate the conclusions reached from prior days' patterns. Also, reliance upon chart patterns bears the risk of a certain pattern being negated by a larger, more encompassing pattern that has not shown itself yet.

Fundamental – This is a method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of a company). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). Fundamental analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

The risk associated with fundamental analysis is that it is somewhat subjective. While a quantitative approach is possible, fundamental analysis usually entails a qualitative assessment of how market forces interact with one another in their impact on the investment in question. It is possible for those market forces to point in different directions, thus necessitating an interpretation of which forces will be dominant. This interpretation may be wrong, and could therefore lead to an unfavorable investment decision.

Technical – This is a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

Technical analysis is even more subjective than fundamental analysis in that it relies on proper interpretation of a given security's price and trading volume data. A decision might be made based on a historical move in a certain direction that was accompanied by heavy volume; however, that heavy volume may only be heavy relative to past volume for the security in question, but not compared to the future trading volume. Therefore, there is the risk of a trading decision being made incorrectly, since future trading volume is an unknown. Technical analysis is also done through observation of various market sentiment readings, many of which are quantitative. Market sentiment gauges the relative degree of bullishness and bearishness in a given security, and a contrarian investor utilizes such sentiment advantageously. When most traders are bullish, then there are very few traders left in a position to buy the security in question, so it becomes advantageous to sell it ahead of the crowd. When most traders are bearish, then there are very few traders left in a position to sell the security in question, so it becomes advantageous to buy it ahead of the crowd. The risk in utilization of such sentiment technical measures is that a very bullish reading can always become more bullish, resulting in lost opportunity if the money manager chooses to act upon the bullish signal by selling out of a

position. The reverse is also true in that a bearish reading of sentiment can always become more bearish, which may result in a premature purchase of a security.

There are risks involved in using any analysis method. To conduct analysis, CWM gathers information from financial newspapers and magazines, inspection of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses and filings with the SEC, and company press releases.

### **Investment Strategies**

CWM uses the following investment strategies when managing client assets and/or providing investment advice:

Long term purchases. Investments held at least a year.

Short term purchases. Investments sold within a year.

Frequent trading. This strategy refers to the practice of selling investments within 30 days of purchase.

Our firm seeks to create a balance between risk and reward over a given time period by allocating client assets among our proprietary Model Portfolios. This typically involves employing a diverse mixture of securities within the Model Portfolios discussed below. Based on the information you provide us, we consider multiple time horizons (long, medium and short-term) when determining investment strategies. Depending on our clients' needs, we may engage in a variety of risk management strategies. We believe our risk management tools distinguish us from others in the investment advisory marketplace.

In the development and Management of our Model Portfolios, CWM's Investment Committee (Committee) uses industry standard techniques that include technical analysis and fundamental analysis. The Committee may engage various types of execution tactics like long-term buys, short-term buys, shorting stock and option strategies to achieve its objectives. Each model engages in its own type of techniques, execution tactics and use of research tools to enhance the ability to manage its assets effectively to its stated philosophy. Examples of industry research sources and publications used by the firm include Thomson Reuters, Telemet, Orion Advisor Services, Dow Jones News, New York Stock Exchange (NYSE), NASDAQ and AMEX.

For a more complete description of CWM's model portfolio strategies please refer to *Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss* of the CWM ADV Part 2A Brochure.

### **Risk of Loss**

Past performance is not indicative of future results. Therefore, you should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities

(including stocks, mutual funds, and bonds, etc.) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. You should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated with investing in securities through our investment management program, as described below:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This primarily relates to fixed income securities.
- **Equity (stock) market risk:** Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- **Company Risk:** When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- **Fixed Income Risk:** When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.

- **Options Risk:** Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.
- **ETF and Mutual Fund Risk:** When investing in a an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. You will also incur brokerage costs when purchasing ETFs.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if there is a high interest in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** The possibility that shareholders will lose money when they invest in a company that has debt if the company's cash flow proves inadequate to meet its financial obligations. When a company uses debt financing, its creditors will be repaid before its shareholders if the company becomes insolvent. Financial risk also refers to the possibility of a corporation or government defaulting on its bonds, which would cause those bondholders to lose money.
- **Management Risk:** Your investment with our firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.
- **Margin Risk:** If those securities in a margin account decline in value, the value of the collateral supporting this loan also declines, and as a result, the brokerage firm is required to take action in order to maintain the necessary level of equity in your account. The brokerage firm may issue a margin call and/or sell other assets in your account.

It is important that you fully understand the risks involved in trading securities on margin, which are applicable to any margin account that you may maintain, including any margin account that may be established as part of the Asset Management Agreement established between you and CWM and held by the account custodian or clearing firm.

These risks include the following:

- You can lose more funds than you deposit in your margin account.
- The account custodian or clearing firm can force the sale of securities or other assets in your account.
- The account custodian or clearing firm can sell your securities or other assets without contacting you.
- You are not entitled to choose which securities or other assets in your margin account may be liquidated or sold to meet a margin call.

- The account custodian or clearing firm may move securities held in your cash account to your margin account and pledge the transferred securities.
- The account custodian or clearing firm can increase its “house” maintenance margin requirements at any time and they are not required to provide you advance written notice.
- You are not entitled to an extension of time on a margin call.

## **Voting Client Securities**

### *Asset Management Services*

You are responsible for exercising your right to vote proxies for any and all securities maintained in your accounts unless you hold an ERISA account with us. ERISA accounts do require our proxy vote. We do not provide advice on proxy materials on behalf of your non-ERISA advisory accounts.

### *Class Action Suits*

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

With respect to class action suits and claims, you (or your agent) will have the responsibility for class actions or bankruptcies, involving securities purchased for or held in your account. We do not provide such services and are not obligated to forward copies of class action notices we may receive to you or your agents.

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

Periodically we may need to provide certain financial information about clients to a portfolio manager. This requirement may be necessary when working with an investment that has certain net worth or income requirements. This information may be supplied to the portfolio manager each year as necessary. The information is only provided to establish financial suitability/wherewithal for the specific investment.

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

Our SWM Program primarily utilizes pooled investment vehicles which have investment/portfolio managers. These managers are not typically available to our clients for direct contact. We have relationships with those managers’ companies and each provides us with points of contact so that we can obtain important information, updates and analysis necessary and relevant for our portfolio decision making process. Periodically we may be in direct contact with an investment manager to obtain their view on certain market events. This meeting usually does not include clients.

## **Item 9 - Additional Information**

### **Disciplinary Information**

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

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

CWM is **not** and does **not** have a related person that is a broker/dealer, municipal securities dealer, government securities dealer or broker, an investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund), another investment adviser or financial planner, a futures commission merchant, commodity pool operator, or commodity trading advisor, a banking or thrift institution, an accountant or accounting firm, a lawyer or law firm, an insurance company or agency, a pension consultant, a real estate broker or dealer, and a sponsor or syndicator of limited partnerships.

We are an independent registered investment registered adviser and only provide investment advisory services. We are not engaged in any other business activities and offer no other services except those described in this Disclosure Brochure. However, while we do not sell products or services other than investment advice, our representatives may sell other products or provide services outside of their role as investment adviser representatives with CWM.

### **Registered Representative of a Broker-Dealer**

Our representatives are also registered representatives of LPL, a securities broker-dealer. You may work with your investment adviser representative in his or her separate capacity as a registered representative of LPL. When acting in this separate capacity as a registered representative, your investment adviser representative may sell, for commissions, general securities products such as stocks, bonds, mutual funds, exchange-traded funds, and variable annuity and variable life products to you. As such, your investment adviser representative may suggest that you implement investment advice by purchasing securities products through a commission-based brokerage account in addition to or in lieu of a fee-based investment-advisory account. This receipt of commissions creates an incentive to recommend those products for which your investment adviser representative will receive a commission in his or her separate capacity as a registered representative of a securities broker-dealer. Consequently, the objectivity of the advice rendered to you could be biased.

You are under no obligation to use the services of our representatives in this separate capacity or to use LPL and can select any broker/dealer you wish to implement securities transactions. If you select our representatives to implement securities transactions in their separate capacity as registered representatives, they must use LPL. The commissions charged by LPL may be higher or lower than those charged by other broker/dealers. In addition, we may also receive additional ongoing 12b-1 fees for mutual fund purchases from the mutual fund company during the period that you maintain the mutual fund investment.

### **Third-Party Money Managers**

CWM has developed several programs, previously described in *Item 6* of this disclosure brochure, designed to allow us to recommend and select third-party money managers for you. Once you select the third-party money manager to manage all or a portion of your assets, the third-party money manager will pay us a portion of the fees you are charged. Please refer to *Item 6* and CWM's Form ADV Part 2A for full details regarding the programs, fees, conflicts of interest and materials arrangements when CWM selects other investment advisers.

### **Insurance Agent**

You may work with your investment adviser representative in his or her separate capacity as an insurance agent. When acting in his or her separate capacity as an insurance agent, the investment adviser representative may sell, for commissions, general disability insurance, life insurance, annuities, and other insurance products to you. As such, your investment adviser representative in his or her separate capacity as an insurance agent, may suggest that you implement recommendations of CWM by purchasing disability insurance, life insurance, annuities, or other insurance products. This receipt of commissions creates an incentive for the representative to recommend those products for which your investment adviser representative will receive a commission in his or her separate capacity as an insurance agent. Consequently, the advice rendered to you could be biased. You are under no obligation to implement any insurance or annuity transaction through your investment adviser representative.

### **Interest in Client Transactions and Code of Ethics**

#### *Code of Ethics Summary*

Our Code of Ethics includes guidelines for professional standards of conduct for our Associated Persons. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith and fair dealing with you. All of our Associated Persons are expected to understand and strictly follow these guidelines.

Our Code of Ethics also requires that our Associated Persons submit reports of their personal account holdings and transactions to a qualified representative of our firm who will review these reports on a periodic basis. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

#### *Affiliate and Employee Personal Securities Transactions Disclosure*

Our firm or persons associated with our firm may buy or sell securities or hold a position identical to clients. It is our policy that no Associated Person will put his/her interests before a client's interest.



Associated Persons may not trade ahead of any client and cannot trade for a better price than the price a client would obtain. It is the Associated Person's responsibility to know which securities we are trading. Associated Persons are required to consult with the Compliance Department and CCO to determine whether a security is an acceptable purchase or sale. We prohibit all Associated Persons from trading on non-public information and from sharing such information. Associated persons may not invest in an initial public offering (IPO) for their own accounts or those of related household members. Associated Persons are required to obtain approval from the CCO prior to investing in a private placement or other limited offerings. We do not allow "short-swing" trading or market timing. Short-Swing trading, better known as the Short-Swing Profit rule, requires company insiders to return any profits made from the purchase and sale of company stock if both transactions occur within a six-month period. A company insider, as determined by the rule, is any officer, director or holder of more than 10% of the company's shares.

#### *Reporting Requirements*

Every Associated Person who has access to client accounts must submit a report of all personal securities holdings at the time of affiliation with us and annually thereafter. Such reports must contain current information (not older than 45 days). Holding reports must contain the following information:

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

#### **Account Reviews**

SWM Program accounts are reviewed at least quarterly but usually on a monthly basis.

Our advisors are responsible for reviewing their own accounts. While the calendar is the main triggering factor, reviews may also be performed due to your specific request, a change in your circumstances and unusual market activity or economic conditions. Absent your specific instructions, accounts are reviewed for accuracy of holdings and to ensure that the portfolios continue to work toward your goals and objectives.

Accounts established and maintained with other third-party money managers are reviewed at least quarterly, usually when statements and/or reports are received from the money manager.

#### **Account Statements and Reports**

You receive account statements at least quarterly directly from LPL, the money manager or the qualified account custodian. We also provide an account summary during review meetings with you.

You are encouraged to always compare any reports or statements provided by us, a sub-adviser or third-party money manager against the account statements delivered from the qualified custodian. When you have questions about your account statement, you should contact our firm and the qualified custodian preparing the statement.

### **Client Referrals**

Advisory firms may compensate us for referral activities. These fees may come in the form of marketing or referral fees paid directly to us by the firm. The exact compensation arrangement will vary depending on the advisory firm and factors associated with the referral. Fees are typically based on a portion of the management fees charged by advisory firm to clients of financial professionals we originally introduced to the advisory firm. In all cases, CWM will comply with the cash solicitation rules established by the SEC, state regulators and the client disclosure requirements.

CWM has entered into an agreement with LPL Financial (“Referring Parties”) to refer clients to CWM. If a referred client enters into an investment advisory agreement with CWM, a cash referral fee is paid to the referring party, which is based upon a percentage of the client advisory fees that are generated. The referral agreements between any referring party and CWM will not result in any charges to clients in addition to the normal level of advisory fees charged.

When a client is referred to us by a referring party, the referring party provides the client with a copy of our Disclosure Brochure as required by the *Investment Advisers Act of 1940*. The client also will complete a Solicitor’s Disclosure Statement document. If the referring party is an unaffiliated registered investment advisor firm, then the client will also receive a copy of the referring party’s Form ADV Part 2 Disclosure Brochure. If a referred client enters into an investment advisory agreement with CWM, a referral fee is paid to the referring party. The referral relationship will not result in clients being charged any fees over and above the normal advisory fees charged for the advisory services provided. The referral agreements between CWM and referring parties are in compliance with state and federal securities rules regarding paid solicitor arrangements.

We may from time to time receive expense reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors may underwrite costs incurred for marketing such as client appreciation events, advertising, publishing, and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for which sales have been made or for which it is anticipated sales will be made. This creates a conflict of interest in that there is an incentive to recommend certain products and investments based on the receipt of this compensation instead of what is in the best interest of our clients. We attempt to control for this conflict by always basing investment decisions on the individual needs of our clients.

## **Additional Compensation**

Associated Persons, if properly registered and licensed to do so, may also receive compensation on non-advisory business (i.e., brokerage commissions) related to the sale of securities or other investment products as insurance. Transaction-based compensation such as this is separate and distinct from the other fees we may receive in connection with our investment advisory services.

Commissions from the sale of other non-advisory investment products include, but are not limited to, variable annuities, mutual funds, private placements and such non-investment related products as life insurance. Such commissions provide an advisor with an incentive to recommend these investment products based on the compensation they will receive from selling such products. This may be considered a conflict of interest; however we do not allow advisors to earn commissions on products that are included within our advisory accounts.

## **Custodian Compensation**

From time-to-time, CWM or its affiliates receive compensation and transitional assistance from custodians for utilization of their services and products. For example, compensation and transitional assistance received from LPL is based upon the assets custodied at their firm. This may be considered a conflict of interest because, we may have an incentive to direct client accounts to LPL in consideration of the actual or anticipated incentives or consideration we will receive. CWM and its IARs may also receive an economic benefit from LPL in the form of a loan, which is forgiven if CWM and/or the IAR meet certain conditions in terms of maintaining a relationship with LPL. Please see the detailed discussion of the conditions and potential conflicts of interest in Item 12 Brokerage Practices.

We are sensitive to this conflict of interest and take steps to ensure that it does not affect our decisions for our clients. CWM reviews trades for best execution, pricing, research, financial strength and other factors to manage a potential conflict and safeguard that the clients' best interest comes first.

## ***Custodian Marketing Support***

TD Ameritrade and LPL Financial LLC have developed programs to provide marketing assistance in the form of the payment of additional compensation to both CWM and our affiliated firm PEAK Advisor Alliance to support the marketing and recruiting activities discussed in ***Item 10 - Other Financial Industry Activities and Affiliations***. These payments create an incentive for CWM to retain client assets with TD Ameritrade and LPL and are therefore a conflict of interest. CWM is sensitive to this conflict of interest and takes steps to make sure that it does not affect our decisions in relation to our client's accounts.

### *Custodian Operational Support*

TD Ameritrade and LPL Financial, LLC have also agreed to provide financial support to CWM to assist in paying for CWM's Data Aggregation and Performance Reporting system and to independently verify the accuracy of CWM's performance calculations. These payments create an incentive for CWM to retain client assets with TD Ameritrade and LPL and are therefore a conflict of interest. CWM understands and accepts that these payments are a conflict of interest and takes steps to make sure that it does not affect our decisions in relation to our client's accounts.

### *LPL Loans*

CWM, its CEO, affiliated companies, and advisors have received a series of loans from LPL in order to assist with the continuing transition of advisory business onto the LPL custodial platform. These loans contain clauses that will allow for the loans to be forgiven by LPL based on the scope of business CWM and its advisors engage in with LPL, including the amount of CWM's client assets that are held with LPL as their account custodian. These loans present a conflict of interest in that CWM and its advisors have a financial incentive to recommend that you maintain your account with LPL in order to benefit by having the loan(s) forgiven. However, to the extent that CWM and its advisors recommend you use LPL for such services, it is because CWM and its advisors believe that it is in your best interest to do so based on the quality and pricing of the execution, benefits of an integrated platform for brokerage and advisory accounts, and other services provided by LPL.

### **Conflicts of Interest in General**

The potential for additional compensation may give our Associated Persons an incentive to recommend investment products based on the additional compensation received. Our objective, as a firm, is to always place our clients' best interests first.

The conflicts inherent to advisors or the firm receiving added compensation are disclosed to you in this brochure. Your IAR also provides you with this information in his/her advisory brochure. CWM has implemented supervisory controls for acknowledgement and oversight of existing or potential conflict concerns or issues. Our CCO is responsible for the administration of the supervisory process and our Written Supervisory Procedures (WSP).

### **Financial Information**

CWM does not require or solicit prepayment of more than \$1200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for the most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, CWM has not been the subject of a bankruptcy petition at any time.

## **Item 10 - Customer Privacy Policy Notice**

We treat your non-public personal financial information with confidentiality and respect. Our Privacy Policy defines the trust, privacy, and confidentiality we have with our clients. Our Privacy Policy is reasonably designed to:

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

### **Information We Collect About You**

You typically provide personal information when you open an account with us. This information includes financial and tax identification information, to comply with U.S. government laws and rules, as well as rules imposed by regulatory organizations and jurisdictions. We request personal information from new customers as well as from customers who have had long-standing relationships with us. Your advisor must have a reasonable basis for believing that the recommendation is suitable for you. In making this assessment, your advisor must consider your risk tolerance, other security holdings, financial situation (income and net worth), financial needs, and investment objectives.

### **Responsibility to Protect Non-Public Personal Information**

Our Associated Persons are accountable for protecting confidential client information in which they have access. We restrict access to your non-public personal information to those persons on a need to know basis.

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

### **Privacy on the Internet**

We are committed to preserving your privacy on the Internet. If you contact us via e-mail, we will use e-mail information only for the specific purpose of responding to requests or comments. We prohibit the sale of e-mail addresses. Only when required by law will we share e-mail addresses and information.

### **Sharing Information**

We do not sell lists of client information. We do not disclose client information to marketing companies unless we hire them to provide specific services as listed below. We do not disclose any non-public personal information except as provided by law.

We may share non-public personal information with our affiliates while processing transactions, managing accounts on your behalf, or to inform you of products or services that we believe may be of interest to you. Additionally, we may share non-public personal information with the following types of third parties: (a) our financial service providers, such as custodians, transfer agents and third-party money managers; (b) non-financial companies under servicing or joint marketing agreements, such as printing firms, mailing firms, or providing service firms data transfer information for the purpose of aggregation, or performance reports.

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

Your non-public personal information may also be disclosed to persons we believe to be your authorized agent or representative. We are also required to disclose your information to various regulatory agencies in order to satisfy our regulatory obligations and as otherwise required or permitted by law. In addition, we will disclose client information to third-party litigants when we are required to do so by lawful judicial process or by court order. We may also disclose your confidential information in response to a request from a government authority that has jurisdiction over our affairs.

#### **Former Customers**

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

#### **Keeping You Informed**

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

<b>FACTS</b>	<b>WHAT DOES CWM, LLC DO WITH YOUR PERSONAL INFORMATION?</b>
Why?	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.

What?	<p>The types of personal information we collect and share depend on the product or service you have with us. This information can include:</p> <ul style="list-style-type: none"> <li>• Social Security number and employment information</li> <li>• account balances and account transactions</li> <li>• transaction history and wire transfer instructions</li> </ul> <p>When you are <i>no longer</i> our customer, we continue to share your information as described in this notice.</p>
How?	<p>All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons CWM, LLC chooses to share; and whether you can limit this sharing.</p>

Reasons we can share your personal information	Does CWM, LLC Management share?	Can you limit this sharing?
<b>For our everyday business purposes –</b> such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
<b>For our marketing purposes –</b> to offer our products and services to you	Yes	No
<b>For joint marketing with other financial companies</b>	No	We do not share
<b>For our affiliates' everyday business purposes –</b> information about your transactions and experiences	Yes	No
<b>For our affiliates' everyday business purposes –</b> information about your creditworthiness	No	We do not share
<b>For our affiliates to market to you</b>	No	We do not share
<b>For nonaffiliates to market to you</b>	No	We do not share

Questions?	Call (888) 321 0808 or go to <a href="http://WWW.CARSONWEALTH.COM">WWW.CARSONWEALTH.COM</a>
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What we do
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<b>How does CWM, LLC protect my personal information?</b>	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.
<b>How does CWM, LLC collect my personal information?</b>	<p>We collect your personal information, for example, when you</p> <ul style="list-style-type: none"> <li>▪ open an account</li> <li>▪ provide account information</li> <li>▪ give us your contact information</li> <li>▪ enter into an investment advisory contract</li> <li>▪ tell us about your investments or retirement portfolio</li> <li>▪ seek advice about your investments</li> </ul>
<b>Why can't I limit all sharing?</b>	<p>Federal law gives you the right to limit only</p> <ul style="list-style-type: none"> <li>▪ sharing for affiliates' everyday business purposes – information about your creditworthiness</li> <li>▪ affiliates from using your information to market to you</li> <li>▪ sharing for nonaffiliates to market to you</li> </ul> <p>State laws and individual companies may give you additional rights to limit sharing.</p>
<b>Definitions</b>	
<b>Affiliates</b>	<p>Companies related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> <li>▪ <i>Peak Advisor Alliance.</i></li> </ul>
<b>Nonaffiliates</b>	<p>Companies not related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> <li>▪ <i>CWM, LLC does not share with nonaffiliates so they can market to you.</i></li> </ul>



<b>Joint marketing</b>	<p>A formal agreement between nonaffiliated financial companies that together market financial products or services to you.</p> <ul style="list-style-type: none"> <li>▪ <i>CWM, LLC does not have joint marketing arrangements.</i></li> </ul>