

**Item 1 – Cover Page**

CWM, LLC  
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The purpose of this brochure is to disclose to you what we do and who we are at CWM, LLC (CWM). Knowing these elements will allow you to use the services we offer far more effectively. If you have any questions about the contents of this brochure, please do not hesitate to contact us at the telephone number listed above.

CWM is a United States Securities and Exchange Commission (SEC) registered investment advisor. Oral and written communications of an advisor provide you with information about whether you decide to engage an advisor. The advisory services described in this brochure are not insured or otherwise protected by the U.S. Government, the Federal Deposit Insurance Corporation, the Federal Reserve Board, or any other government agency and involves risk, including the possible loss of principal.

The information in this brochure has not been approved or verified by the SEC, 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 CWM's information on this website by searching for CWM, LLC. You may also search for information by using CWM's CRD number, 155344.

## Item 2 – Material Changes

Since our last annual update was filed in March 2014, material changes made to this brochure include:

- The firm has added to our portfolio of investment strategies. Please refer to **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss** for more information.
- The firm changed its method for refunding fees on account distributions to benefit clients. Please refer to **Item 5 - Fees and Compensation** for more information.
- Teri Shepherd was appointed as the firm’s Chief Compliance Officer in early March 2015 and Ruth Howell took a different role in the firm.
- The firm has more clearly defined our Financial Planning Services option – please refer to **Item 4 - Advisory Services** and to **Item 5 - Fees and Compensation** for more information.
- The firm has added Advisory Services to Retirement Plan clients – please refer to **Item 4 - Advisory Services** and to **Item 5 - Fees and Compensation** for more information.

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

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#### **Item 4 – Advisory Business**

CWM is a registered investment advisor based in Omaha, Nebraska. The firm was formed in November 2010 as a Limited Liability Company (LLC) under the laws of the State of Nebraska.

As used in the brochure, the words, “we,” “our,” and “us” refer to CWM and the words “you,” “your,” and “client” refer to you as either a client or prospective client of our firm. In addition, you may see the term Associated Person throughout this brochure. As used in this brochure, our Associated Persons are our firm’s officers, employees and all individuals providing investment advice on behalf of our firm.

#### **Principal Owners**

CWM, LLC is an affiliate of Carson Group, Inc. Carson Group, Inc. is the 100% owner of CWM, LLC. The majority shareholder of Carson Group, Inc. is Ronald L. Carson.

#### **Primary Advisory Services**

Our main focus is to manage investment portfolios for individual clients, high net-worth families, foundations, endowments, and institutional investors. We also provide personal financial planning and investment advice. Our investment plans are designed to work with our clients’ financial goals, objectives and risk tolerances.

#### ***Asset Management Services***

We provide investment management services with personalized strategy recommendations based on your unique needs and objectives. During your initial meeting with your advisor, you’re asked to complete a Confidential Client Profile to help us understand your risk tolerance and long-term financial goals. Based on this information, we’re able to customize your portfolio to best meet your needs. Your information should be updated regularly to help ensure your goals and objectives are current, but at minimum we will meet with you annually to review your portfolio.

You must appoint our firm as your investment advisor of record on specified accounts (collectively, the “Account”). The Account consists only of separate account(s) held by qualified custodian(s) under your name. The qualified custodians maintain physical custody of all funds and securities of the Account, and you retain all rights of ownership (e.g., right to withdraw securities or cash, exercise or delegate proxy voting and receive transaction confirmations) of the Account.

Our asset management services are provided on a discretionary basis. 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 for additional information concerning discretionary authority.)*

Before we assess any fees or provide formal advice, we will provide you with an Investment Advisory Agreement (“Agreement”) for your review, understanding and signature. The Agreement includes the terms and conditions under which your assets will be managed. Your execution of the Agreement authorizes our firm to determine the specific securities, and the amount of securities to be purchased or sold for your account without your approval prior to each transaction. The Agreement will remain in effect between you and us until terminated by either party in writing according to the terms contained in the Agreement. In the event a conflict exists between the Agreement and our Form ADV, the Form ADV shall prevail.

The Agreement will include schedules of the investment accounts you wish us to manage, the specific fees we propose to charge and how we propose to bill and collect those fees. You also have the ability to impose limits on investment selections and sectors.

Advisory accounts will be held by TD Ameritrade Institutional Services, LPL Financial, LLC or other qualified custodians (individually, a “Custodian”). The client must designate CWM as its Investment Advisor Representative (“IAR”) on their accounts. The client’s qualified Custodian will maintain actual custody of all client funds and securities.

Custodians are also broker/dealers, and they may have different account fees, execution charges and capacities. If you choose a different Custodian other than the one selected by us, you may pay higher account-related fees and execution charges. This may occur because custodial services are based on several factors. Factors may include, but are not limited to: cost, expected level of asset safety, client confidentiality, communication and reporting. We base all decisions on the individual investment circumstances of each client.

In certain circumstances the account the Custodian may offer the option of charging execution fees based upon the level of assets maintained in the managed account (asset-based pricing) versus implementing a fee for each transaction executed. If asset-based pricing is provided as an option we will conduct a cost/benefit analysis to determine which pricing method would be in the long-term best interest of our clients.

#### *Participation in Wrap Fee Programs*

A wrap fee program is defined as any advisory program under which a specified fee or fees not based directly upon transactions in a client’s account is charged for investment advisory services (which may

include portfolio management or advice concerning the selection of other investment advisors) and the execution of client transactions.

We traditionally do not offer management services through wrap program accounts however circumstances may arise where it is in the client's best interest not to transfer an existing WRAP fee relationship in to one of the firm's existing non-wrap managed strategies.

### ***Sub-Advisory Investment Management Services for Advisors***

CWM offers investment sub-advisory services to unaffiliated investment advisers. Unaffiliated RIAs may choose to engage CWM's Sub-Advisory Services for investment management of some or all of their clients' assets. CWM shall have day-to-day responsibility for the active discretionary management of the allocated assets through a limited power of attorney from the unaffiliated advisor's client. The unaffiliated advisor RIA 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.

### ***Variable Sub-Account Management Services***

Under our Variable Insurance sub-account management services, CWM manages your variable annuity or variable life contract by selecting, monitoring and exchanging as necessary between sub-accounts available from the insurance company issuing the variable annuity or variable life contract.

Under this program, we assist you in completing a questionnaire which details your financial goals, risk tolerance and time horizon. You will have the opportunity to list on your investment advisory agreement with our firm any reasonable restrictions on the sub-accounts that may be utilized by CWM. You will be responsible for notifying us of any updates regarding your financial situation, risk tolerance or investment objective and whether you wish to impose or modify existing investment restrictions; however, we will contact you at least annually to discuss any changes or updates regarding your financial situation, risk tolerance or investment objectives.

Once you have provided us with the necessary information and made the appropriate authorizations, CWM utilizes limited discretionary authority to select or exchange among the sub-accounts available under your variable annuity or variable life contract in accordance with your disclosed investment objective and risk tolerance. CWM may utilize signal providers for guidance regarding investment strategies, asset allocations and timing of exchanges. CWM will monitor your sub-accounts and exchange sub-accounts as necessary and in accordance with your investment objective and risk tolerance.

### ***Financial Planning Services***

## Traditional Financial Planning Services

CWM provides personal financial planning services consistent with a client's financial status, investment objectives and tax status. When you retain the financial planning services of our firm, we meet with you to gather information about your financial background, circumstances to consider and goals and objectives. Once we determine your long-term objectives (both financial and non-financial), we develop short-term, targeted objectives. At that point, we review and analyze the financial information you provided to us and deliver to you a written financial plan.

## Focused Wealth Planning Program

Focused Wealth Plans are offered to asset management clients of CWM that do not require an extensive analysis of their financial situation.

The Focused Wealth Plan Process includes:

- Construction of a recommended portfolio designed to help clients work toward their financial goals while limiting risk
- The Plan will be updated on an annual basis during annual client review
- The Plan will include a review of cash-flows and portfolio "stress test", an assessment of the client's overall risk and align recommended risk management techniques with the current risks posing the greatest threat to the client's financial future
- A breakdown of potential social security claiming strategies

## True Wealth Plans

Clients that need a more robust financial planning engagement may sign up for our True Wealth Plan Program. The True Wealth Plan may include information regarding retirement planning, education planning, planning for major purchases, life and disability insurance needs, long-term care needs and estate planning issues. The financial plan is designed to assist you in achieving your stated goals and objectives.

## General Information Related to our Financial Planning Services

***You are under no obligation to act on our financial planning recommendations.*** Financial plans are based on your financial situation at the time we prepare the plan and on the financial information you provide. You must promptly notify us if your financial situation, goals, objectives or needs change.

Our financial planning services do not involve implementing any transaction on your behalf or the active and ongoing monitoring or management of your investments or accounts. You have the sole responsibility for determining whether to implement our financial planning and consulting recommendations. To the extent that you would like to implement any of our investment recommendations through CWM, LLC or retain CWM, LLC to actively monitor and manage your investments, you must execute a separate written agreement with CWM, LLC for our asset management services.



You may elect to periodically update your financial plan during the term of the financial planning services as identified on the Financial Planning Agreement. There shall be no additional fees required for clients electing to update their True Wealth plan through CWM during the term of the financial planning services.

Tax services are offered separately. CWM has Certified Public Accountants who provide their services through a division of the firm, Carson Wealth Tax Planning. You may want to consider utilizing these services when determining the amount of taxes that you should withhold from any liquidation, sale or stream of income. Investment portfolio taxation is a complex area with many tax rates and offsetting factors. Some of those factors change from year-to-year as tax laws and IRS interpretations of the laws change. In our opinion, as the size of your portfolio increases, so does your need for the advice and assistance provided by a qualified tax professional.

### ***Retirement Plan Services***

**Savant Capital, LLC** – CWM, LLC has entered in to an agreement with Savant Capital, LLC (doing business as Savant Capital Management) to utilize their Benefit Plan Investment Advisory Services Program. Through this Program CWM, LLC's clients will contract for Savant's Benefit Plan services including:

1. Preparation of requests for proposal (RFP) packages
2. Due diligence, selection and benchmarking of fees/services of all Service Providers including, but not limited to, Custodian, Third Party Administrator and Record-keeper, and investment providers.
3. Billing and collection of Benefit Plan Investment Advisory Services fees for all services rendered to Client.
4. Calculation deduction and distribution of all fees charged to Clients.
5. Investment Advisory Services including, but not limited to, due diligence, selection of investments, portfolio design, identify appropriate Benefit Plan design/structure, monitoring Benefit Plan activity and preparation of Client review materials.
6. Design of materials to be used for education and marketing.
7. Regularly distribution of publications via e-mail and website to Clients and Participants.
8. Distribution of summary plan description to Clients &/or Participants.
9. Coordination of all year-end reporting and filing in regard to Client Benefit Plans.
10. Serving as a 3(38) Fiduciary and provide, when selected by Client, the following:
  - (a) Investment Options Due Diligence, Monitoring and Selection
  - (b) Development of Model Portfolios
  - (c) Discretionary Management Services
  - (d) Discretionary Investment Selection Services
11. Serving as a Named Fiduciary when so appointed by a Client as indicated in their

Benefit Plan's prototype or volume submitter plan document.

12. Conducting initial and ongoing benchmarking and due diligence of the Custodian, Record-keeper and Third Party Administrator and only recommend initial and continued use of service providers which are in the best interest of Clients.

CWM, LLC will perform initial enrollment, periodic educational meetings annual plan review and due diligence meetings with the plan sponsor and participants. CWM, LLC will receive a portion of the fees charged by Savant. The fees charged by Savant may be more or less than fees charged by other vendors providing similar services.

### ***Retirement Plan Consultation Services***

We may offer separate, modular consultation services and provide general investment advice or guidance to 401K Program clients with no expectation for investment management. Our consulting services may include:

1. A review of the client's current investment portfolio prepared by an non-CWM entity;
2. A review of the client's comprehensive Investment Policy Statement, prepared by an non- CWM entity;
3. The discussion of investments in general or a generic investment portfolio with the client, not involving any specific investment recommendations;
4. A review of financial documents at the request of other professionals, including but not limited to, attorneys and accountants.

Consultation services do not include recommendations on, nor does it obligate the client to purchase, specifically named investments or insurance products. Clients are not obligated to use CWM to purchase specific securities or insurance products.

After the consultation is complete, CWM's obligation to the client will terminate, and neither CWM nor its IARs will be under any obligation to update or to monitor the clients' investment and insurance portfolios discussed during the consultation services.

### ***Accounts Managed by Third-Party Money Managers***

CWM, LLC typically does not refer clients managed account to other investment advisory firms; however, certain clients that decide to have CWM manage a portion of their portfolio may have established prior relationships under LPL's Third Party Manager Program or another Third Party Money Manager. For assets that it is determined that it would be in the client's best interest to not transfer 100% of their portfolio assets into CWM's investment strategies and to leave a portion of their assets in the Third Party Money Manager program, the third-party managers are responsible for continuously monitoring client accounts and making trades in client accounts when necessary. As a result of the ongoing relationship, we are paid a portion of the total fee charged to your account.

Under this program, we are available to answer questions that you may have regarding your account and act as the communication conduit between you and the third-party money manager. The third-party money manager may take discretionary authority to determine the securities to be purchased and sold for your account. We do not have any trading authority with respect to your designated account managed by the third-party money manager.

### **Types of Investments**

We offer advice on a wide range of securities, including, and not limited to:

- Exchange-listed securities
- Securities traded over-the-counter
- Exchange Traded Funds (ETFs)
- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Variable Annuities (but not the evaluation of any non-investment management aspects of annuities or other insurance products)
- Mutual fund shares
- United States government securities
- Options contracts on securities and commodities
- Futures contracts on tangibles and intangibles
- Interests in partnerships investing in real estate, and oil and gas interests
- Managed futures
- Shorting
- Private Equity

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.

We avoid market timing, but may increase cash holdings when necessary. This decision is strategy centered and on our expectations of market behavior.

### **Client Assets Managed by CWM**

On June 30, 2015, CWM's total assets under management are \$2,906,925,461. Managed assets are \$2,828,109,756 in discretionary assets for 9351 accounts and \$78,815,705 in non-discretionary assets for 1044 accounts.

### ***Assets under Advisement (AUA) by CWM***

On June 30, 2015, CWM assets that an advisor provided consulting and/or financial planning services, but does not have any management, execution or trading authority, including AUM were \$6,252,183,535.

### **Item 5 – Fees and Compensation**

This section provides details about the fees and compensation arrangements of each of our services.

#### **Asset Management Fees**

CWM provides investment management services for an annual fee based upon a percentage of the market value of the aggregate client assets held under management or commonly termed as *household accounts*. The annual fee typically varies between .50% to 2.50% depending on the size of the assets under management and type of investment services being rendered.

CWM, in its discretion, may negotiate fees based upon individual account criteria such as anticipated future assets, client's unique circumstances, and additional services performed. Our fees may be higher or lower than fees charged by other financial professionals offering similar services. CWM reserves the right to modify its fee schedule in the future by providing you with 30 days advance notice of any modification.

#### **Fees for Sub-Advisory Services**

Sub-Advisory Asset Management Services fees can range up to 1% and are negotiated on a case by-case basis based on the asset size, and other variables. Fees may be lower on Sub-Advisory services than to other direct clients of CWM for similar levels of assets due to the limited scope of service and other factors under the Sub-Advisory relationship.

The fees charged by CWM do not include the fees charged by the unaffiliated investment adviser introducing client account to CWM. Fees assessed by the introducing advisory firm are separate and in addition to the fees we charge. We strive to ensure that the combined fees charged by CWM and the unaffiliated investment advisers do not exceed industry standards. Each firm is separately responsible for calculating their fee and debiting their fee from your account.

#### **Billing Cycle**

We bill the annual advisory fee on a quarterly basis and in advance, at the start of the calendar quarter. Fees are based on the value of the account on the last business day of the previous quarter. The fee will

be pro-rated based on the number of days the account is open during the period as well as in arrears for transactions in the amount of \$1,000 or more for outflows to the account and in the amount of \$1,000 or more for inflows to the account. You may elect to have the quarterly fee charged to one account, or split between other accounts, or you may elect to pay us by check. We prefer to charge your accounts directly. The Custodian will send client statements at least quarterly, showing all payouts from the account including the advisory fee, if deducted from the account.

An Agreement must be completed to engage in advisory services. The Agreement shall continue in effect until terminated by either party by giving to the other notice in writing at least seven (7) days prior to the date of termination. We will provide a copy of this brochure (Form ADV, Part 2A) to you before or with the execution of the Agreement. If you did not receive this disclosure at least forty-eight (48) hours before executing the Agreement, then you will have five business days subsequent to executing the Agreement to terminate the Agreement without penalty or fees. If services are cancelled after the first five days, then the final fee will be pro-rated. The amount is based on the number of days of service provided during the current quarter. Effective with the date of termination, we shall refrain, without liability or obligation, from taking any further action in your Account(s). In addition, from the date of termination, we will cease to be entitled to receive fees. If a contract is terminated after fees have been collected for a given period, a prorated refund of such fees will promptly be credited to you for that period. This cancellation will be subject to any changes related to the settlement of transactions in progress and the final payment of advisory fees.

### *Third Party Charges*

Our asset management fees in a standard managed account do not include the third party custodial or execution charges. Examples of these fees include trading charges for odd-lot differentials and exchange fees, fixed income transactional charges, including mark-ups, mark-downs, commissions and dealer profits. A third-party may also impose charges for special services elected by their clients such as electronic fund wire transfers, certificate delivery, American Depositary Receipt (ADR), and transfer taxes mandated by law. Certain strategies managed by CWM will include transactions in foreign securities. These transactions may be required to be executed on a foreign stock exchange which will result in additional transaction expenses.

For accounts held in CWM's WRAP Fee Program the annual fee is exclusive of and in addition to expenses related to the execution of transactions, sub advisor fees and other related cost or expenses.

### *Retirement Plan Providers*

Our fees do not include the administrative costs for a qualified retirement plan. Third party service providers charge these fees under separate agreements with the plan or plan sponsor.

#### *Mutual Fund & Exchange Traded Funds (ETFs) Fees*

Each fund describes its fees in detail in its prospectus. The fund's expense ratios typically include the charges and are paid by the fund's shareholders.

Mutual funds recommended by us may be available directly from the fund company or through another financial service provider. Non-advisory accounts typically have upfront or backend charges. Please refer to each fund's prospectus. We may offer funds or share classes of funds that you may not be qualified to purchase outside of our firm.

If you terminate your account with us, CWM may liquidate or exchange these investments for the share class corresponding to the size of your individual investment in the fund. Dollars received from the redemption of fund shares outside of our management may have tax consequences or additional costs from sales charges and or redemption fees. Such redemption fees would be in addition to our fee.

Some or all of the services available through us may be available through other companies at a different cost. Please review the factors that determine the charges and how the services are calculated. Some factors to consider include the size of your account, type(s) of your account(s), transaction charges and the range of advisory services and ancillary charges of each.

#### **Variable Sub-Account Management Service Fees**

Under our sub account management services, you will incur an annual investment advisory fee, which is based upon a percentage of the market value of your variable annuity and variable life contract under the management of CWM. For our Variable Sub-Account Management services clients will pay an annualized investment advisory fee ("Advisory Fee") which may not exceed 2.00% annually.

The annual fee is paid quarterly in arrears and is calculated and due based upon the total value of your variable annuities and variable life contracts under management as of March 31, June 30, September 30 and December 31. The Advisory Fee will be calculated based on the contract value of the variable annuity on the last day of the calendar quarter. You will pay the investment advisory fees directly to CWM upon receipt of the quarterly invoice.

Under this program, the insurance companies issuing your variable annuities and variable life contracts will charge management expenses in addition to the investment advisory fee charged by CWM. In addition, your variable annuity and/or variable life contract may be subject to exchange fees and surrender charges. CWM does not share in these fees charged by your insurance company. Please refer

to the prospectus of your variable annuity and/or variable life contract for more details about the insurance company's management expenses and any exchange or surrender fees.

In the event that your investment advisor representative sold you the variable annuity and/or variable life contract in his or her separate capacity as a registered representative of a broker/dealer, your investment advisor representative most likely received commission and/or trail compensation for this transaction. This sales compensation is separate from and in addition to any investment advisory fee charged by CWM. If your investment advisor representative received a commission for selling you a variable annuity or variable life contract, CWM will not accept your variable annuity or variable life contract for management until it has been at least two years from the date of such sale.

### **Variable Sub-Account Management Service Potential Conflicts of Interest**

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

We may perform advisory services for other clients as well. Depending on circumstances, advice given or actions taken for those clients may differ from the advice given for other clients. In addition, we may, but are not obligated to, purchase, sell or recommend for purchase or sale any security which we may purchase or sell for our own accounts or for the account of any other client.

### **Fees for Financial Planning Services**

Fees charged for our financial planning services are negotiable based upon the type of client, the services requested, the complexity of the client's situation, the composition of the client's account and other advisory services provided. The following are the fee arrangements available for financial planning services offered by CWM, LLC.

#### **Financial Planning Hourly Fees or Fixed Fees**

An hourly fee that can range up to \$500 per hour (depending on the complexity of the client's situation) is charged by CWM for financial planning services under this arrangement. Before commencing financial planning services, we will provide an estimate of the approximate hours needed to complete the requested financial planning services. If we anticipate exceeding the estimated amount of hours required, your Investment Advisor Representative will contact you to receive authorization to provide additional services. Upon presentment of the invoice to you, CWM will deduct the hourly fees due against any retainer balance you may have and you will be responsible to immediately pay CWM any outstanding balance of hourly fees due.

We are also able to provide financial planning services under a fixed fee arrangement. There is a range in the amount of the fixed fee charged by CWM for financial planning services depending upon the complexity of the client's situation. The minimum fixed fee is generally \$500, and the maximum fixed fee is generally no more than \$5,000. The amount of the fixed fee for your engagement is specified in your financial planning agreement with CWM, LLC. At our sole discretion, you may be required to pay in advance a specified portion of the fixed fee at the time you execute an agreement with us; however, at no time will we require payment of more than \$1,200 in fees more than six months in advance. Upon completion and delivery of the financial plan, the fixed fee is considered earned and any unpaid amount is immediately due.

### **Focused Wealth Planning Program**

The Focused Wealth Planning program is exclusively offered to CWM's Asset Management clients without additional charges.

### **True Wealth Financial Planning Program – Asset Based Fee**

True Wealth Plans have a one-time fee for the financial plan equal to 20 basis points (0.20%) of the financial plan's total assets. New and existing CWM clients who transfer assets to CWM for advisory services within six (6) months of the delivery of the financial plan shall receive a reduced fee of 10 basis points (0.10%) of the financial plan's total assets. The fee for the financial plan as stated herein is subject to a minimum Three Thousand Five Hundred and No/100 Dollars (\$3,500.00) fee. Adjustments to the fee for the financial plan for clients who transfer assets to CWM for advisory services within six (6) months of the delivery of the financial plan will be credited to the client's CWM account within two (2) weeks of such transfer.

### *Other Fee Terms for Financial Planning Services*

To the extent CWM provides you with general investment recommendations as part of the financial planning services and you implement such investment recommendations through CWM, we may offer our agreement with you to waive or reduce the fees for financial planning services.

The financial planning services terminate upon either party providing the other party with written notice of termination.

In the event that you terminate the financial planning services at any time prior to presentment of the written plan by providing notice to us:

- For financial planning services performed by CWM under an hourly arrangement, you will pay CWM for any hourly fees incurred at the rates described above.
- For financial planning services performed by CWM under a fixed fee arrangement, you will pay CWM a pro-rated fixed fee equivalent to the percentage of work completed by CWM as determined by CWM.



- For financial planning service provided on an Asset Based fee option you will be responsible for a pro-rated amount of the asset based fee based upon the level of services provided.

In the event that there is a remaining balance of any fees paid in advance after the deduction of fees from the final invoice, those remaining proceeds will be refunded by CWM to you.

### **Fees for Retirement Plan Services**

Fees for CWM's retirement plan services provided through the firm's agreement with Savant will range up to 1% of the plan assets and will be charged quarterly in advance. The exact fee charged to each plan will be specified in the Agreement signed between the Plan Sponsor and Savant. A complete description of Savant's services, fee schedules and account minimums will be disclosed in the Savant disclosure brochure which will be provided to you prior to or at the time an agreement for services is executed and the account is established.

### ***Fee for Consultation Services***

Fees charged for our Retirement Plan Consulting Services are negotiable based upon the type of client, the services requested, the complexity of the client's situation, the composition of the client's account and other advisory services provided. Our Retirement Plan Consulting Services are offer to clients on an Asset-based pricing model. A fee that will range up to 1.8% of the assets held in the Retirement Plan will be charged for our consultation services. The actual fee charged to your account will be specified in the client agreement which is required to be executed prior to the services being provided.

Fee for our consulting services will be billed quarterly in advance. We bill the annual consultation fee on a quarterly basis and in advance, at the start of the calendar quarter. Fees are based on the value of the account on the last business day of the previous quarter.

You may terminate the consulting services within seven (7) business days of entering into an agreement with us without penalty or fees due. If you terminate the consulting services after seven (7) business days of entering into an agreement with us, you will be responsible for immediate payment of any consulting work performed prior to our receipt of your notice.

### **Third-Party Money Manager Program Fees**

Third-party managers generally have account minimum requirements that will vary among third-party money managers. Account minimums are generally higher on fixed income accounts than for equity based accounts. A complete description of the third-party money manager's services, fee schedules and account minimums will be disclosed in the third-party money manager's disclosure brochure which will be provided to you prior to or at the time an agreement for services is executed and the account is established.

The actual fee charged to you will vary depending on the third-party money manager. All fees are calculated and collected by the third-party money manager who will be responsible for delivering our portion of the fee paid by you to us.

Under this program, you may incur additional charges including but not limited to, mutual fund sales loads, 12b-1 fees and surrender charges and IRA and qualified retirement plan fees.

We have a conflict of interest by only offering those third-party money managers that have agreed to pay a portion of their advisory fee to us and have met the conditions of our due diligence review. There may be other third-party money managers that may be suitable for you that may be more or less costly. No guarantees can be made that your financial goals or objectives will be achieved. Further, no guarantees of performance can be offered.

### **Carson Institutional Alliance**

Launched in 2012, Carson Institutional Alliance is a program designed to present independent investment advisors the opportunity to join CWM and have access to various resources typically only available to CWM advisors. These resources may include investment management, marketing, technology, operations and compliance. If your advisor joins CWM, the advisory firm becomes CWM, and the DBA of your advisor may differ. Carson Institutional Alliance assists advisors to align with and operate through CWM. Fees to the advisor range from 10 to 85 basis points (.10% to .85%) dependent upon AUM, the type of investment being managed, services provided and the advisor's business model.

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

We do not charge or receive performance-based fees. Performance-based fees are fees based on a share of capital gains on or the capital appreciation of your assets. We do not conduct side-by-side management situations where a combination of asset based and performance fees are collected.

### **Item 7 – Types of Clients**

We offer investment advisory services to a wide variety of clients including, but not limited to, individuals including those with high net worth and individuals who are considered a “qualified client” under Rule 205-3 of the Investment Advisors Act of 1940, or is a “qualified purchaser,” pension and profit sharing plans (other than plan participants), trusts, estates, 401(k) sponsor plans and Individual Retirement Accounts (IRA, SEP, ROTH IRA, ), charitable organizations, corporations and other business entities, including sole proprietorships.

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

#### **Investment Management Strategies**

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.

#### *Active Management of Strategies*

Ronald L. Carson is our Chief Investment Strategist and he is the leader of our Investment Committee. Our Investment Committee is comprised of our portfolio managers and knowledgeable, experienced investment professionals. The Committee and the portfolio managers actively manage to each model's investment objective, driven by its investment philosophy and style. The AP and AP20 investment strategies are managed collectively by the members of the Committee. The remaining models are run by individual managers.

The Committee communicates weekly to evaluate current economic and market conditions, identify evolving trends and gauge inflows and outflows of cash. Based on its analysis and other portfolio related considerations, the Committee or its individual managers direct adjustments as needed.

The Committee continues to examine our clients' investment needs and monitors and/or develops investment strategies to align with their goals and objectives. To expand and diversify our offerings, the Committee has hired selected sub-advisors. Each sub-advisor presents our clients with a unique strategy and management style

#### **Sub-Advisor Due Diligence**

If we determine a need for unique investment strategies, we will research and evaluate qualified sub-advisors to manage our client assets within the strategy. Due diligence is performed on sub-advisors prior to entering into a portfolio management agreement with the firm. The due diligence process involves careful considerations of portfolio manager's qualifications, expertise, financial stability,

regulatory history, performance results, fees and the value of the offering brought to our clients. Other factors reviewed include, but are not limited to, the transparency in the sub-advisor's investment management process including research, risk tolerance allowed to meet performance expectations, tools employed to manage risk and proper controls to mitigate drift from investment style, objectives and philosophies.

Although the due diligence is ongoing, on an annual basis, key information is requested from the sub-advisors to ensure the most current information is on file and also for the firm review. CWM retains the discretionary authority to hire and fire its sub-advisors.

## **Strategy Summaries**

### **Advance & Protect Strategy**

The Advance & Protect strategy is designed for clients with irreplaceable capital, as defined by the clients, who seek capital preservation over appreciation. The objective is to secure gains in advancing markets and to protect capital in sideways to negative markets. The tactical nature of the Advance & Protect strategy allows the manager to include a wide range of styles and strategies with a focus on low-volatility and total return over market cycles – both short-term and long-term.

- Investors must emphasize risk management.
- Managers need to use a larger playbook and broaden the range of investment options.
- Combines fundamental research conducted by internal team of analysts with technical and quantitative data to ensure adequate risk protection.

Strategy Manager: CWM Investment Committee

Investment Minimum: \$100,000

Investment Objective: Growth with Income

Investment Horizon: Minimum of 3 years

### **AP20 Strategy**

The AP20 strategy is designed for clients that seek to achieve capital appreciation over a full market cycle while reducing the volatility within the strategy. AP20 utilizes the same proven, 4-step process of the Advance & Protect strategy and also allows increased market exposure due to a larger risk budget. The objective is to participate in advancing markets and to limit volatility in sideways to negative markets. The tactical nature of AP20 allows the Investment Committee to include a wide range of styles and strategies with a focus on reduced volatility and total return over market cycles – both short-term and long-term.

- Investors must emphasize risk management.

- Managers need to use a larger playbook and broaden the range of investment options.
- Combines fundamental research conducted by internal team of analysts with technical and quantitative data to ensure adequate risk protection.

Strategy Manager: CWM Investment Committee

Investment Minimum: \$100,000

Investment Objective: Growth with Income

Investment Horizon: Minimum of 3 years

### **All Seasons Tactical Strategy**

The All Seasons Tactical strategy was developed as a smaller account solution that utilizes ETFs. Most investors tend to be moderate investors until there is a big correction or large run up in the market. Then, investors typically transform from conservative to aggressive. The All Seasons Tactical strategy is designed to help navigate this type of emotional investing.

- Navigates the changing seasons in the market.
- Follows the same methodology as the Law of Supply & Demand - If demand increases, consumers are driven to purchase and therefore, cost increases.
- Provides a rules-based strategy in order to lessen emotional investment behavior.
- Determines areas with the most relative strength - the measurement of performance relative to a benchmark or to the rest of the universe.

Strategy Manager: Scott Ford, RFC

Investment Minimum: \$5,000

Investment Objective: Growth

Investment Horizon: Minimum of 3 years

### **Balanced Strategy**

The Balanced strategy is a combination of All Seasons Tactical (60%) and Tactical Income (40%).

Strategy Manager: Scott Ford, RFC

Investment minimum: \$5,000

Investment Objective: Growth with Income

Investment Horizon: Minimum of 3-5 years

### **Day Hagan Tactical Dividend Strategy**

The Day Hagan Tactical Dividend strategy is a sub-advised portfolio which views dividends as an objective, controlled means of valuation, as earnings are often subjective and uncorrelated to future corporate performance. Companies that have a history of consistent dividend payouts, balance sheet strength and sound corporate fundamentals have proven resilient to downturns and are considered valuable during up-moves.

- Tactically allocates assets based on the "weight-of-the-evidence" – an approach that considers the highest probability of success and believes that cash should be utilized as a defensive asset class when suitable "buy" candidates are not available.
- Diversification is important; single industry exposure is limited to 20% of the portfolio at cost and single equity exposure is limited to 5% of the portfolio at cost.
- Favors industries with relatively high dividend yields, low debt, strong cash flows, good margins and the ability to maintain and grow the dividend payout. Fundamental screens eliminate companies with questionable balance sheets.
- Utilizes long-only stock market exposure, attempts to minimize portfolio turnover (thus providing tax-efficiency) and allows for daily liquidity and transparency.

Strategy Manager: Day Hagan Asset Management

Investment Minimum: \$100,000

Investment Objective: Growth with Income

Investment Horizon: Minimum of 3 years

### **Diversified Growth Strategy**

The Diversified Growth strategy is comprised of actively managed, no-transaction fee mutual funds. Its objective is to achieve long-term, risk-adjusted growth of principal through full market cycles. Selected funds representing specific asset classes, sectors, industries or themes will be utilized in the strategy. The manager will annually allocate the strategy based upon long term strategic investment opportunities. Some holdings in the Diversified Growth strategy may also be found in other strategies.

Strategy Manager: Mark Lookabill, CFP®

Investment Minimum: \$1,000

Investment Objective: Growth

Investment Horizon: Minimum of 3 years

### **Diversified Tactical Strategy**

The Diversified Tactical strategy is comprised of actively managed, no-transaction fee mutual funds. Its objective is to achieve long-term, risk-adjusted growth of principal with an added focus on current

income through full market cycles. Technical analysis is used to determine the buys and sells in this strategy.

Selected funds representing specific asset classes, sectors, industries or themes will be utilized in the strategy. The manager will periodically re-allocate the strategy based upon long term strategic investment opportunities. Some holdings in the Diversified Tactical strategy may also be found in other strategies.

Strategy Manager: Mark Lookabill, CFP®

Investment Minimum: \$1,000

Investment Objective: Growth with Income

Investment Horizon: Minimum of 3 years

### **Fixed Income Strategy**

The Fixed Income strategy invests in a broadly diversified portfolio of Fixed Income ETFs to provide current income. The strategy has exposure through the use of ETFs, U.S. government bonds, investment grade corporate bonds, mortgage-backed securities, international bonds and other fixed income securities.

- Primary investor objective is portfolio income.
- Use of ETFs is with the goal of reducing internal expenses of the strategy while providing daily liquidity.
- The strategy seeks to be broadly diversified across a number of types of fixed income securities.

Strategy Manager: Mark Lookabill, CFP®

Investment Minimum: \$5,000

Investment Objective: Income with Capital Preservation

Investment Horizon: Minimum of 3 years

### **Focused Energy Strategy**

The Focused Energy strategy seeks long-term capital appreciation through a concentrated portfolio of energy companies that are positioned to capitalize on the growth in unconventional energy.

Investments can span across all energy subsectors, such as exploration and production, pipelines, services, infrastructure, etc. Clients with a long-term investment horizon (at least three to five years) could potentially benefit from these emerging trends in the energy industry. The strategy will invest in a concentrated portfolio of equity securities (20 to 30 stocks) that research indicates have significant upside potential over a multi-year time horizon

Strategy Manager: Brett Carson, CFA® and Rob Furlong, CFA®

Investment Minimum: \$10,000  
Investment Objective: Growth  
Investment Horizon: Minimum of 3-5 years

### **Global Horizon Strategy**

The Global Horizons strategy seeks long-term capital appreciation through a concentrated portfolio of companies exposed to international growth. This strategy is composed of firms across all market capitalizations that have sustainable competitive advantages and are poised to experience the majority of future growth from global sources. Clients with a long-term investment horizon (at least three to five years) could potentially benefit from the broader set of growth opportunities international equities offer. The strategy will invest in a concentrated portfolio of foreign equity securities (20 to 30 stocks) that research indicates have significant upside potential over a multi-year time horizon. These transactions may be required to be executed on a stock exchange in a foreign country which will result in additional transaction expenses which may have a negative impact on the strategy's overall performance.

Strategy Manager: Brett Carson, CFA® and Rob Furlong, CFA®  
Investment Minimum: \$25,000  
Investment Objective: Growth  
Investment Horizon: Minimum of 3-5 years

### **Income with Moderate Growth Strategy**

The Income with Moderate Growth strategy is a combination of All Season Tactical (40%) and Tactical Income (60%).

Strategy Manager: Scott Ford, RFC  
Investment Minimum: \$5,000  
Investment Objective: Income with Moderate Growth  
Investment Horizon: Minimum of 3 years

### **Long-Term Trend Strategy**

The Long-Term Trend strategy consists of a concentrated portfolio of equities that are selected based upon attractive fundamentals and is positioned to benefit from long-term secular trends identified by the Investment Committee. Positions are taken with the intent that they can be held over prolonged time frames (a minimum of 3 – 5 years). Turnover and taxes should be kept to a minimum; the positions will be sold if they become significantly over-valued or if the fundamental picture has considerably changed.

- Identify long-term secular themes (see above as in the Advance & Protect Strategy),



- Fundamental research on stocks (and possibly ETFs) that are best positioned to benefit from such trends, and
- Continually monitor price and fundamental developments.

You need to be aware that this strategy is not the Advance and Protect strategy. It does not use hedges, so the downside risk is theoretically unlimited. Technical indicators will not be used. It does not attempt to “time” the market and will not be as liquid (smaller market capitalizations could result in thinner trading volumes).

Strategy Manager: Brett Carson, CFA® and Rob Furlong, CFA®

Investment Minimum: \$25,000

Investment Objective: Growth

Investment Horizon: Minimum of 5 years

### **Morrocroft Neighborhood Stabilization Funds**

CWM’s CEO, Ron Carson, is a limited partner in the Morrocroft Neighborhood Stabilization Fund L.P. I, a limited partnership formed under the laws of the state of Delaware (“Fund”). The Fund is a pooled investment vehicle that is being offered to *qualified purchasers* pursuant to Regulation D under the Securities Act of 1933, as amended. The Fund also relies on an exemption from registration under the Investment Company Act of 1940. Given the client’s investment objectives, financial situation and the minimum qualifications required by the Fund, we may recommend an investment in a Morrocroft Fund.

Investment in the Fund involves a heightened degree of risk. The relevant information, terms and conditions of an investment in the Fund, including the management fee to be paid to the manager, suitability considerations, the Fund’s investment strategy and risk factors, are described in the Fund’s documents. Those documents include the Private Offering memorandum, Partnership Agreement, Subscription Agreement and other important materials or forms, which each subscriber is required to receive and/or execute prior to being accepted as a limited partner of the Fund.

Strategy Manager: Gorelick Brothers Capital

Minimum Investment: \$100,000

Investment Objective: Aggressive Growth with Income

Investment Horizon: Long-Term

### **Perennial Growth Strategy – Long Only**

The Perennial Growth strategy – Long Only is a concentrated stock portfolio for clients with longer investment time horizons that seek capital appreciation over preservation. The objective is to

outperform the S&P 500 on the upside and limit downside moves. It invests in stocks that are underappreciated relative to their long-term potential (3-5 years) and subject to near-term catalysts. This strategy invests in companies that should benefit from unique secular trends that can drive growth during times of weak economic conditions. It also seeks companies that have strong balance sheets, high returns on capital, and competitive advantages that enable them to gain market share profitably. The Perennial Growth strategy – Long Only mostly consists of small to mid-cap stocks.

Strategy Manager: Brett Carson, CFA® and Rob Furlong, CFA®

Investment Minimum: \$25,000

Investment Objective: Aggressive Growth

Investment Horizon: Minimum of 5 years

### **Perennial Growth Strategy – Long/Short**

The Perennial Growth strategy – Long/Short is managed in a very similar fashion to the Perennial Growth strategy – Long Only except that it can short stocks to guard against market declines during periods of volatility.

Strategy Manager: Brett Carson, CFA® and Rob Furlong, CFA®

Investment Minimum: \$25,000

Investment Objective: Aggressive Growth

Investment Horizon: Minimum of 5 years

### **Swan Defined Risk Strategy (DRS)**

The Swan Defined Risk Strategy (DRS) is an index-based strategy sub-advised by Swan Wealth Advisors. The DRS strategy is an absolute return, market-neutral strategy that does not rely on market timing or stock selection. The DRS strategy invests in the S&P 500 Index or SPDR Selects ETFs and options trading. 85 – 90% of invested assets are placed in equities that include 9 equal-weighted S&P 500 Sector ETFs. The remaining 10-15% of invested assets is placed in long put options which are bought at or near the money and sized to give the client a defined risk of 7-10% maximum loss. If the market drops in value, the put option increases in value. Options on these indexes are additional primary components of the strategy and are used to protect the main holdings from down markets and to generate monthly income for the portfolios. Multiple adjustments and liquidation points are incorporated to minimize risk and maximize the frequency and size of the monthly returns.

If you choose the DRS management strategy, please be advised that Swan will charge you a separate annual management fee for assets under management for the management and implementation of the strategy. The use of some option strategies are restricted in certain retirement accounts that are covered by the Employee Retirement Income Security Act (ERISA). Therefore, the Swan Defined Risk

Strategy may not be as effective for ERISA cover retirement accounts. Accounts opened for this strategy will be custodied at TD Ameritrade. This fee is in addition to the advisory fee paid to CWM.

Strategy Manager: Swan Wealth Advisors

Minimum Investment: \$100,000

Investment Objective: Conservative

Investment Horizon: Minimum of 3 years

### **Tactical Income Strategy**

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

The portfolio is tactical in nature and will attempt to invest in those asset classes and sectors that have outperformed the broad market and are currently in favor. Each mutual fund or ETF will represent between 10 – 15% of the total amount invested. The Investment Committee has the ability to invest across multiple asset classes in the attempt to capture yield and total return. This strategy also has the ability to utilize heavy cash positions or market neutral funds to limit market risk.

Strategy Manager: Scott Ford, RFC

Minimum Investment: \$5,000

Investment Objective: Income with Capital Preservation

Investment Horizon: Minimum 3-5 years

### **Write Income**

The Write Income strategy is solely focused on generating yield through dividends and writing covered calls with a focus on delivering a high single-digit yield. This strategy is comprised of firms that have sustainable business models, attractive balance sheets and strong cash flow generation with a history of sustaining and increasing dividends over time. For investors that need their investments to produce a stream of income historically provided by fixed income, Write Income may be ideal for your portfolio.

- Invests in high quality companies with a history of dividends
- Features covered call writing for potential income generation
- The yield from dividends and option income can provide a “buffer” against a market decline
- Internal team of analysts provides in-depth knowledge of investment holdings

Strategy Manager: Brett Carson, CFA® and Rob Furlong, CFA®

Investment Minimum: \$200,000

Investment Objective: Growth with Income

Investment Horizon: Minimum of 3 years

## 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 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.

#### **Item 9 – Disciplinary Information**

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

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

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 advisor 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 advisor 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 advisor representatives with us.

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

Some of our representatives are also registered representatives of LPL Financial, LLC, a securities broker/dealer. You may work with your investment advisor representative in his or her separate

capacity as a registered representative of LPL Financial, LLC. When acting in his or her separate capacity as a registered representative, your investment advisor 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 advisor 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 advisor 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 Financial, LLC 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 Financial, LLC. Prior to effecting any such transactions, you are required to enter into a new account agreement with LPL Financial, LLC. The commissions charged by LPL Financial, LLC may be higher or lower than those charged by other broker/dealers. In addition, the registered representatives 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 5* 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 also work with your investment advisor 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 advisor representative may sell, for commissions, general disability insurance, life insurance, annuities and other insurance products to you. As such, your investment advisor 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 advisor 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 advisor representative.

## **Service Agreement**

CWM has a Service Agreement with Orion Advisor Services to provide trading, billing, data aggregation, reporting and operation solutions, as well as other advisor solutions, and our custodians LPL Financial, TD Ameritrade and other qualified custodians. This agreement allows Orion to perform certain trading, operational, data aggregation and other administrative duties with these custodians on our behalf.

## **Affiliation with Peak Advisor Alliance**

Peak Advisor Alliance (Peak) and CWM are under the common ownership of Ron Carson. Peak provides coaching, consulting, training and software services to financial advisors. Peak's focus is on client service and new business growth solutions. Peak is not a registered investment advisor or broker/dealer. Peak offers services to individuals that work within the financial services industry. Peak Advisor Alliance has an insurance agency through which CWM advisors offer life insurance, LTC and other insurance products.

CWM has an arrangement with Peak allowing us to act as a sponsor of Peak events (i.e., workshops, seminars, etc.). We may market our advisory services and investments at Peak events. Peak may provide referrals to CWM and Peak may refer CWM's platforms, investment strategies and products to financial professionals using Peak services. CWM compensates Peak for these non-client referral activities.

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

### *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 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 Compliance Department 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.

## **Item 12 – Brokerage Practices**

### **Asset Management Services**

You are under no obligation to act on the financial planning recommendations of CWM. If we assist you in the implementation of any recommendations, we are responsible to ensure that you receive the best execution possible.

CWM recommends that you establish brokerage accounts with LPL Financial, TD Ameritrade or other qualified custodians through their Institutional Platforms (collectively referred to as Qualified Custodians). LPL Financial, TD Ameritrade and our other custodians are members of FINRA/SIPC and are

independent (and unaffiliated) SEC-registered broker/dealers and are recommended by CWM to maintain custody of clients' assets and to effect trades for their accounts.

At least annually, we will review alternative custodians in the marketplace for comparison to the currently used broker/dealer qualified custodians. We evaluate such criteria as expertise, cost competitiveness and financial condition. We will review quality of execution for custodians through trade journal evaluations and broker/dealer reports.

CWM is independently owned and operated and not affiliated with our Qualified Custodians. The primary factor in suggesting a broker/dealer or custodian is that the services of the recommended firm are provided in a cost-effective manner. While quality of execution at the best price is an important determinant, best execution does not necessarily mean lowest price and it is not the sole consideration. The trading process of any broker/dealer and money manager suggested by CWM must be efficient, seamless, and straight-forward. Overall custodial support services, trade correction services and statement preparation are some of the other factors determined when suggesting a broker/dealer. The Qualified Custodians provide us with access to their institutional trading and custody services, which are typically not available to retail investors. These services generally are available to independent investment advisors at no charge to them so long as the independent investment advisors maintain a minimum amount of assets with the custodian.

The Qualified Custodians do not charge separately for custody but are compensated by account holders through commissions or other transaction-related fees for securities trades that are executed by recommended money managers through the custodian or that settle into a custodian account. These benefits include, but are not necessarily limited to: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk; access to block trading which provides the ability to aggregate securities transactions and allocate the appropriate shares to client accounts; the ability to have investment advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; and access to mutual funds that generally require significantly higher minimum initial investments or are generally only available to institutional investors.

The Qualified Custodians also make available to us other products and services that benefit our firm but may not benefit clients' accounts. Some of these other products and services assist us in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmation and account statements); provide research, pricing information and other market data; facilitate payment of the firm's fees from its clients' accounts; and assist with back-office functions; record keeping and client reporting. Many of these services generally may be used to service all or a substantial number of our accounts, including accounts not maintained at a recommended custodian. CWM is also providing other services intended to help our firm manage and further develop our business enterprise. These services may include consulting, publications and

conferences on practice management, information technology, business succession, regulatory compliance and marketing.

We recommend broker/dealers and custodians that we feel provide services in a manner and at a cost that will allow us to meet our duty of best execution. However, we may be limited in the broker/dealer or custodians that we are allowed to use due to our representatives' relationship with LPL. LPL may limit or restrict the broker/dealer or custodial platforms for its registered representatives that are also independently licensed due to its duty to supervise the transactions implemented by these individuals.

While there is no direct linkage between the investment advice given to you and our recommendation of LPL, TD Ameritrade or other qualified custodian, economic benefits may be provided to us by these custodians that are not provided if you select another broker/dealer or account custodian. These benefits may include:

- Negotiated costs for transaction execution
- A dedicated trade desk that services LPL Financial participants exclusively
- A dedicated service group and an account services manager dedicated to our accounts
- Access to a real-time order matching system
- Electronic download of trades, balances and position information
- Access, for a fee, to an electronic interface with the account custodian's software
- Financial Support for Data Aggregation and Performance Reporting systems
- Duplicate and batched client statements, confirmations and year-end reports

Please also see *Item 5, Fees and Compensation*, for additional information about advisory services and implementing recommendations.

### **Directed Brokerage**

Clients should understand that not all investment advisors require the use of a particular broker/dealer or custodian. Some investment advisors allow their clients to select whichever broker/dealer the client decides. By requiring clients to use a particular broker/dealer, CWM may not achieve the most favorable execution of client transactions and the practice requiring the use of specific broker/dealers may cost clients more money than if the client used a different broker/dealer or custodian. However, for compliance and operational efficiencies, CWM has decided to require our clients to use broker/dealers and other qualified custodians determined by CWM.

### **Broker/Dealer Affiliation (LPL Financial)**

If you wish to implement our advice, you are free to select any broker you wish. If you wish to have our representatives implement the advice in their separate capacity as registered representatives, LPL is used. Our representatives are registered representatives of LPL and we are required to use the services of LPL when acting in this capacity. LPL has a wide range of approved securities products for which it

performs due diligence prior to selection. LPL's registered representatives are required to adhere to these products when implementing securities transactions through LPL. Commissions charged for these products may be higher or lower than commissions clients may be able to obtain if transactions were implemented through another broker/dealer.

Because our representatives are also registered representatives of LPL, LPL provides compliance support to them. LPL also provides our representatives, and therefore us, with back-office operational, technology and other administrative support.

### **Soft Dollar Benefits**

An investment advisor receives soft dollar benefits from a broker/dealer when the investment advisor receives research or other products and services in exchange for client securities transactions or maintaining an account balance with the broker/dealer.

We do not have soft-dollar agreements with any broker/dealers and have not received any such benefits; however, LPL does provide certain compensation in the form of transition assistance for assets brought on to the Carson Institutional Alliance program and custodied at LPL.

### **Investment Allocation and Trade Aggregation Policy**

Our allocation and aggregation process requires fair and equitable treatment of all client orders. When mutual funds are traded, there is no value to aggregation as each trade receives the same price. To the extent other securities are purchased or sold that lend themselves to aggregation or block trading (for example, stocks or exchange traded funds); we may aggregate client transactions or allocate orders whenever possible. The aggregation of orders provides the effects of lower transaction per share costs. To the extent that we aggregate client orders for the purchase or sale of securities, including securities in which our principals and/or Associated Persons may invest, we shall generally do so in accordance with the parameters set forth in SEC No-Action Letter, *SMC Capital, and Incorporated*. We shall not receive any additional compensation or remuneration as a result of the aggregation.

We use model strategies in the management of our separate accounts. Our trading department prioritizes the release of trading orders with respect to its advised separate accounts as follows:

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

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

In order to achieve the best execution price and not cause a significant market change certain transactions in thinly traded equity securities may be required to be broken out in to multiple transactions over a series on trading days. While this practice will typically result in a better execution price this practice will result in multiple transaction charges in your account.

We provide investment management services to our clients. We provide non-discretionary investment research and market analysis to third-party investment professionals such as advisors and brokers.

### **Cross Transactions**

A cross trade is a transaction between two accounts managed by the same investment advisor. We recognize the potential for significant conflicts of interest when performing internal cross transactions in client accounts; therefore the general policy is to not perform internal cross transactions. However, if we deem it to be in the best interest of certain clients, we may perform an internal cross transaction. Generally, this type of transaction will only occur in very limited circumstances. Prior to executing such a transaction, the trader will obtain prior written approval from the CCO.

### **Client Participation in Transactions**

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

### **Trading Errors**

Even with our best efforts and controls, trade errors may happen. All trade errors will be brought to the attention of the Head Trader and the CCO immediately upon discovery. We will work to formulate the best resolution for the client. In the event of a trade error, errors will be corrected before the current day market close (if possible) and no later than next market close date and with the intent to make the client whole. Ideally, when possible, trade errors will be moved from the client's account to either our trade error account with the broker/dealer that executed the trade or that broker/dealer's trade error account, depending upon which party is responsible for the error. In cases in which we are responsible for the error, all losses will be paid by us and all gains will be retained by the custodian. In cases in which the broker/dealer is responsible for the error, we will follow the procedures of the broker/dealer

with respect to any gains or losses in the trade error account. Please be advised that any trade errors that result from inaccurate instructions provided by the client remain the financial responsibility of the client.

### **Item 13 – Review of Accounts**

We provide account reviews as a part of our Asset Management Services. Our advisors will meet with you either by phone or in person at least annually to review your account(s) and update any changes in your financial profile. A summary and consolidated report will be prepared in connection with the review. Reviews may be conducted more frequently when we are experiencing significant changes in economic and market conditions, as requested by a client or at our discretion.

#### *Statements and Reports*

Our clients will receive account statements no less than quarterly from the qualified custodian. You may additionally receive on-demand positions and performance reports in writing from us for no additional fee. We encourage you to compare CWM generated reports to the account statement information you receive from your qualified custodian. The custodians' statements serve as the permanent record of your account(s).

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

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).

#### **Item 15 – Custody**

CWM does not have physical or electronic custody of your funds or securities. Your account assets will be held with a bank, broker/dealer, or another independent qualified custodian. You will receive account statements directly from the custodian(s) holding your account assets no less than quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy and contact your advisor with any questions you may have. Please note that the custodians' account statement serves as your permanent record of your assets held with each custodian.

#### **Item 16 – Investment Discretion**

The Agreement grants us the authority to decide what securities are bought or sold in your account(s) and the authority to implement those decisions without being required to obtain your approval.

You have the right to place reasonable restrictions on your accounts. You may also place reasonable restrictions on the discretionary power granted to us so long as the limitations are specifically directed to us as an attachment to the Agreement.

#### **Item 17 – 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 18 – Financial Information**

Our firm does not have any financial conditions that would prevent us from meeting our contractual commitments to you. We have not been the subject of a financial related petition.

### **Privacy Policy – Our Commitment to You**

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 email, we will use email information only for the specific purpose of responding to requests or comments. We prohibit the sale of email addresses. Only when required by law will we share email 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.

FACTS	WHAT DOES CWM, LLC DO WITH YOUR PERSONAL INFORMATION?
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?	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.

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

<b>Questions?</b>	Call (888) 321 0808 or go to <a href="http://WWW.CARSONWEALTH.COM">WWW.CARSONWEALTH.COM</a>
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What we do	
<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</p>

	additional rights to limit sharing.
<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>