

# **CM WEALTH ADVISORS INC.**

## **ITEM 1: COVER PAGE**

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

**30195 Chagrin Blvd., Suite 250  
Pepper Pike, Ohio 44124  
216-831-9667  
www.CMWealthAdvisors.com**

*This Brochure provides information about the qualifications and business practices of CM Wealth Advisors Inc. ("CMWA"). If you have questions about the contents of this Brochure, please contact us at 216-831-9667. The information in the Brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.*

*As reflected in this Brochure, CMWA is a registered investment adviser under the Investment Advisers Act of 1940, as amended. Such registration does not imply any certain level of skill or training.*

*Additional information about CMWA is also available on the SEC's website at  
[www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

*You can search this site by a unique identifying number, known as a CRD number.  
The CRD number for CMWA is 119467.*

**The date of this Brochure is March 30, 2016.**

## **ITEM 2: MATERIAL CHANGES**

CMWA's most recent prior update to Part 2 of Form ADV was made in March 2015. CMWA's business activities have not changed materially since the date of that update. As reflected in this Brochure, certain material changes in personnel have occurred since that update: (1) two persons, Fred G. Botek and Paul A. Bodnar, have joined the firm as "CMWA Principals;" and (2) Marcy Robbins and Kevin McGinty, both former "CMWA Principals" have resigned their respective positions with the firm. Chace Anderson has changed his status with the firm to Senior Consultant. These changes are discussed in greater detail in Item 4.

## **ITEM 3: TABLE OF CONTENTS**

Item 1: Cover Page .....	1
Item 2: Material Changes .....	2
Item 3: Table of Contents .....	2
Item 4: Advisory Business .....	3
(A) Firm Description .....	3
(B) Types of Advisory Services .....	3
(1) Wealth Management Advisory Services Program .....	4
(2) Investment Advisory Services Program .....	6
(C) Pooled Investment Vehicles .....	6
Item 5: Fees and Compensation .....	7
Item 6: Performance Based Fees and Side-by-Side Management.....	8
Item 7: Types of Clients .....	8
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss .....	9
(A) Investment Philosophy and Strategies .....	9
(B) Risks of CMWA Investment Programs and Strategies .....	10
Item 9: Disciplinary Information .....	11
Item 10: Other Financial Industry Activities and Affiliations .....	11
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	11
Item 12: Brokerage Practices .....	12
Item 13: Review of Accounts .....	12
Item 14: Client Referrals and Other Compensation.....	12
Item 15: Custody.....	13
Item 16: Investment Discretion .....	13
Item 17: Voting Client Securities .....	13
Item 18: Financial Information .....	13

## **ITEM 4: ADVISORY BUSINESS**

### ***(A) Firm Description***

CM Wealth Advisors Inc. (“CMWA”) is a wealth management and investment advisory firm. It serves a limited number of high net worth individuals and families, as well as foundations and endowments. The firm’s principals provide personal attention, objective counsel and custom solutions focused on growing and preserving real wealth.

CMWA was founded in 1983 as a single family office. The goals were to manage in a professional manner the founding family’s financial affairs – including estate planning, tax preparation and philanthropy – while investing financial assets to achieve real growth over time. In 2000, the firm broadened its client base to include other families, leveraging the skills and capabilities honed over the first decade and a half to new clients with similar needs. Originally called “Clanco” – for “family company” – the firm changed its name to CM Wealth Advisors in 2010.

Since 2003, CMWA has been a registered investment adviser under the Investment Advisers Act of 1940, as amended. The firm had assets under management of approximately \$1.398 billion as of December 31, 2015. Of this total, approximately \$1.158 billion are managed on a discretionary basis and \$240 million are managed on a non-discretionary basis. CMWA does not participate in any “wrap fee” programs.

CMWA is an Ohio corporation. All of the shares of the corporation are owned by the Clanco Irrevocable Trust (the “Clanco Trust”). The Clanco Trust is a dynasty trust whose sole beneficiary is the William J. & Dorothy K. O’Neill Foundation, a private charitable foundation. The trustees of the Clanco Trust are William J. O’Neill, Jr., John E. Kohl and James W. Wert, the Chief Executive Officer of the firm. Those three persons, together with Douglas J. Smorag, Cynthia G. Koury and Fred G. Botek are the corporate directors of CMWA.

CMWA is managed by a ten-member Management Committee. James W. Wert, Fred G. Botek, Douglas J. Smorag, Cynthia G. Koury, Karen L. Greco, Aileen P. Bost, Paul A. Bodnar, Neal B. Colby, Thomas V. David and Deborah C. Jira (the “CMWA Principals”), form the Management Committee. Two of the CMWA Principals – Fred G. Botek and Paul A. Bodnar – have joined the firm since the last update of this Brochure in 2015. CMWA’s corporate officers are as follows:

James W. Wert.....	President and Chief Executive Officer
Karen L. Greco.....	General Counsel and Secretary
Fred G. Botek.....	Senior Vice President
Cynthia G. Koury.....	Senior Vice President
Douglas J. Smorag.....	Senior Vice President and Treasurer

Additional information about CMWA is available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for CMWA is 119467.

### ***(B) Types of Advisory Services***

CMWA offers its clients two basic types of advisory service programs: (1) a comprehensive Wealth Management Advisory Services program (the “WMAS Program”) that provides a wide range of financial, risk management and investment advisory services; and (2) an investment advisory program that provides only investment management and supervisory services. These programs are described in detail below.

*(1) Wealth Management Advisory Services Program*

CMWA's Wealth Management Advisory Services program (the "WMAS Program") is a comprehensive financial, risk management and investment advisory program that bundles together certain services as described below. As a participant in the WMAS Program, each WMAS client is entitled to utilize the full range of such services, as needed from time to time. The foundation of the WMAS Program is its broad-based, independent and comprehensive approach to financial management. The following services are included in this Program:

*(a) Financial and Estate Planning and Consulting*

CMWA works with each WMAS client to develop a comprehensive financial/estate planning and investment program for the client and all "Covered Client Parties" based on the client's individual financial needs, objectives and circumstances.<sup>1</sup> As part of the planning process, CMWA reviews such background information and existing estate and investment documentation as may be needed to create the program. CMWA then negotiates and documents such relationships with third-party service providers (such as investment managers, custodians, attorneys and other professionals) as may be required to implement the program. On an ongoing basis throughout the term of the client's WMAS agreement, CMWA consults with and makes recommendations to the client with respect to the program components, as well as with respect to the handling of such investment, tax, cash flow, risk management and estate planning matters and issues as may need to be addressed from time to time.

The nature of CMWA's role and services in developing and implementing a financial/estate planning and investment program will vary from client to client. However, in all cases, the services will include an annual review of the client's financial, estate, tax, risk management and philanthropic affairs. Based on this annual review, CMWA will develop a checklist of action items to be accomplished to address any issues or desired changes in the client's program. CMWA will meet with the client periodically throughout the term of the client's WMAS agreement to provide updates on progress in making any required changes to the client's program.

As part of CMWA's estate planning review and consultation services, CMWA coordinates and oversees the services of the client's legal and accounting professionals. CMWA meets with such professionals as needed to ensure that the client's financial/estate planning and investment program is properly implemented and documented. Reasonable, normal and customary fees and expenses of such professionals related to the client's financial/estate planning and investment program are paid by CMWA.

*(b) Investment Advisory and Portfolio Management Services*

CMWA provides each WMAS client with investment advisory, management and reporting services. Client accounts are managed on either a discretionary or non-discretionary basis,

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<sup>1</sup> For each client entering into a WMAS Advisory agreement with CMWA, "Covered Client Parties" means all of the following: (a) the spouse and minor children of the client (provided that the client's spouse authorizes CMWA in writing to act for him/her); (b) any trust, partnership, corporation or other entity controlled by or benefiting the client or his/her spouse or minor children, provided it was formed for a purpose related to their estate, financial, investment or family planning (e.g., not a for-profit operating business); (c) any child of the client or the client's spouse who is between 18 and 25 years old and is a full-time student (provided that such child authorizes CMWA in writing to act for him/her); and (d) other related persons and entities as CMWA agrees in writing to cover.

principally through the use of a team of third-party investment managers and funds. CMWA's main role is to act as a "manager of managers" for these accounts.

Portfolio allocations are guided by the objectives of the client as stated within their "Investment Objective" statement (i.e., maximum capital appreciation, income, capital appreciation plus income, or capital preservation), taking into account the client's tolerance for risk and volatility.

The third-party managers and funds used for CMWA client accounts are selected by the firm's Investment Committee. That Committee also oversees performance of these programs. Members of the Investment Committee are listed in Item 8.

Recommendations for each CMWA client are incorporated into a written "Investment Objective" for the client. CMWA then assists the client in creating the portfolio, monitors the investments and periodically reports to the client on its performance. The client's Investment Objective is reviewed periodically and updated as needed to reflect any changes in the client's financial needs, objectives and circumstances.

Any client can restrict the types of investments that are included in such client's portfolios. Clients retain individual ownership of all securities, which are custodied with independent third-party custodians. As part of its services, CMWA assists each of its clients in the establishment and monitoring of these separate custody accounts. CMWA does not receive any portion of the fees charged by any custodian for its services.

Because CMWA's role generally is to act as a "manager of managers," the firm does not regularly recommend or direct the purchase or sale of specific securities for client accounts. From time to time, if requested by a client or as necessary to implement a client's investment strategy, CMWA may direct that specific securities be purchased or sold in a client's account. In such cases, CMWA will utilize independent broker-dealers or agents selected solely on the basis of obtaining the best execution of the transaction. (See "BROKERAGE PRACTICES" below). CMWA does not receive any payments, products, research or other "soft dollar" consideration from any broker-dealer or agent selected to execute client transactions.

#### (c) Tax Planning and Compliance

CMWA provides each WMAS client with comprehensive tax planning, reporting and compliance services. Utilizing in-house or third-party accounting professionals, CMWA prepares or reviews all tax returns for the client and, unless otherwise provided in the client's WMAS agreement, makes payments from the client's accounts to cover all estimated and final tax liabilities.

#### (d) Insurance and Risk Management

CMWA consults with each WMAS client with respect to, and provides the client with assistance in obtaining and monitoring, insurance appropriate for the client's lifestyle, including life, health and casualty insurance. In addition, CMWA provides (at CMWA's expense) excess liability umbrella insurance for each WMAS client through an independent insurance provider. CMWA also advises clients about loans, mortgages and other financing arrangements. As part of this service, CMWA works directly with lenders to negotiate terms and document the client's loans.

#### (e) Trustee Services

If the use of a third-party trustee (whether an institutional trustee or an individual trustee) is needed for a WMAS client, CMWA will assist the client in establishing criteria and selecting

such a trustee. Under certain circumstances, a CMWA Principal may agree to act as an individual trustee for client accounts. If an institutional trustee is desired, CMWA will perform searches of various institutional trustees and will recommend which institutional trustees are appropriate to meet the client's needs. Factors considered in making this recommendation include account size, risk tolerance, the client's opinion, and the investment philosophy of the institutional trustee. CMWA does not receive any referral compensation from any selected institutional trustee. If CMWA determines that a particular trustee is performing inadequately, then CMWA will recommend that the client change trustees and will assist the client in selecting a new replacement trustee.

(f) **Lifestyle Management**

If desired by a WMAS client, CMWA may provide the client with various additional services generally categorized as "Lifestyle Management" services, including bill paying and individualized cash flow management services. Certain of these services may require additional fees or costs, which will be agreed upon in writing by the client and CMWA.

(g) **Family Philanthropy**

CMWA has a long history of supporting our clients' philanthropic programs. Among the services available are investment management services for private charitable foundations and endowments, assistance in planning and structuring private charitable gifting programs (such as structured gifts, grantor retained annuity trusts and charitable lead annuity trusts), and administrative, regulatory and tax management services. Certain of these services may require additional fees or costs, which will be agreed upon in writing by the client and CMWA.

*(2) Investment Advisory Services Program*

When the WMAS Program does not fit a client's needs, CMWA can provide stand-alone investment advisory services. CMWA's investment advisory program generally includes all of the investment-related services CMWA provides to its WMAS clients.<sup>2</sup> In certain cases, particularly when working with endowment or foundation clients, CMWA may agree to serve as the "Chief Investment Officer" ("CIO") for the client. In such cases, CMWA will structure, implement and oversee the client's entire investment program, reporting to its board or investment committee on a periodic basis.

CMWA's investment advisory clients generally are afforded full access to all third-party managers utilized by CMWA, as well as to the private equity and alternative investment Pooled Investment Vehicles offered by CMWA.

*(C) Pooled Investment Vehicles*

CMWA uses an array of limited liability companies and partnerships ("CMWA Pooled Investment Vehicles") to facilitate investment by its advisory clients in various types of programs, including publicly-traded securities, private equity, venture capital and alternative investment programs. CMWA and/or the CMWA Principals may also be limited partners, general partners, members or managers of such CMWA Pooled Investment Vehicles. (Please refer to the disclosure in Item 11 of this Brochure for information on CMWA's policies and procedures for instances where either CMWA and/or any CMWA Principals may have a personal interest in client transactions.) In many cases these CMWA Pooled Investment Vehicles

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<sup>2</sup> These are described in the preceding section, Item 4(B)(1)(b), captioned "Investment Advisory and Portfolio Management Services" on page 5.

(“PIV”) provide access to investment funds and managers that otherwise would not be open to individuals because of high investment account minimums, high fees, fund closure to new investors, or other reasons.

Each CMWA Pooled Investment Vehicle pays the fees and expenses associated with such Vehicle's investments and business activities, including legal, accounting, custody and third-party investment management fees. CMWA does not receive any investment management or advisory fees from any CMWA Pooled Investment Vehicle. CMWA is, however, entitled to be reimbursed for expenses incurred for, and accounting and tax services provided to as well as some manager diligence costs for, such Vehicles.

## **ITEM 5: FEES AND COMPENSATION**

### *(A) Fees and Compensation for Wealth Management Advisory Services Program*

CMWA charges its clients an annual fee for participation in its WMAS Program. For this fee, CMWA provides all of the comprehensive wealth management services included as part of the WMAS Program, including investment advisory services. As described in Item 4 of this Brochure, those services covered by CMWA's base WMAS fee generally include the following:

- CMWA pays for the preparation of all client tax filings, either prepared by CMWA or prepared by third-party providers of the client's choice;
- CMWA pays for the reasonable preparation and periodic updating of all client estate planning documents, prepared by third party providers of the client's choice;
- CMWA pays for most third-party custody fees payable by the client; and
- CMWA provides its clients with an excess liability umbrella insurance coverage through a third-party insurance provider.

The WMAS base fee generally ranges from 0.37% to 0.72% per annum of assets under management. Under certain circumstances, the fee range may be negotiable or may be set in whole or in part on a fixed fee basis. CMWA generally aggregates all accounts belonging to family members when calculating the annual WMAS fee.

Fees of third-party investment managers used to manage a client's investment accounts are charged to the client. In addition, to the extent any client participates in investments through partnerships, mutual funds and pooled investment vehicles (“Pooled Investment Vehicles”) – including CMWA Pooled Investment Vehicles – the client will indirectly bear a share of the fees and expenses paid by the Pooled Investment Vehicles. A description of how CMWA utilizes Pooled Investment Vehicles in connection with its investment advisory services is contained in Item 4(C) above.

### *(B) Fees and Compensation for Investment Advisory Services Program*

CMWA charges its non-WMAS clients an annual fee for participation in its investment advisory and CIO services programs. That fee generally ranges from 0.20% to 0.75% per annum of assets under management. The fee range may be negotiable or may be set in whole or in part on a fixed fee basis. CMWA generally aggregates all accounts belonging to family members when calculating its annual investment advisory fees.

Fees of third-party investment managers and custodians used for an advisory client's accounts are charged to the client. As with the WMAS Program, if a client participates in investments through Pooled Investment Vehicles, the client will indirectly bear a share of the fees and expenses paid by the Pooled



Investment Vehicles. Investment advisory clients also pay for their own estate planning, tax planning and return preparation, and philanthropic activities, as well as their own custody fees.

All WMAS and Investment Advisory services fees and expenses are billed quarterly, either in arrears or advance, as provided in the client's advisory agreement. In general, the billed fees are deducted directly from client accounts after each quarterly billing; however, clients may elect to pay fees directly after receipt of their quarterly billing statement. For those clients who are billed in advance, any payment of fees is subject to refund in the event of termination of an account prior to the end of a quarterly billing period for which payment has been made, with the amount of the refund being determined on a prorated basis.

*(C) Brokerage and Transaction Costs*

See "Item 12: Brokerage Practices" below.

*(D) Other General Information on CMWA Fees and Compensation*

CMWA's sole source of revenue is the fees it receives from its clients and expense reimbursement payments it receives from CMWA Pooled Investment Vehicles. Neither CMWA nor any of its principals or employees receives, directly or indirectly, any other type of compensation or commission related to the sale of securities or other investment products. Furthermore, CMWA does not receive any "soft dollar benefits" from any third party in connection with securities transactions of its clients or Pooled Investment Vehicles.

Under certain circumstances, CMWA fees and account minimums may be negotiable. CMWA may waive account minimum requirements at CMWA's discretion.

## **ITEM 6: PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Neither CMWA nor any of its principals or employees receives, directly or indirectly, any performance-based fees related to CMWA client accounts or CMWA Pooled Investment Vehicle accounts.

## **ITEM 7: TYPES OF CLIENTS**

Most of CMWA's clients are high-net-worth individuals. However, the firm also provides services to trusts, charitable organizations, pension and profit sharing plans, Pooled Investment Vehicles (typically formed as limited partnerships or limited liability companies) and other business entities. Among these are Pooled Investment Vehicles of which CMWA and the CMWA Principals are general partners, limited partners, managers or members.<sup>3</sup> All of the corporate directors and executive officers of CMWA are advisory clients of CMWA.

Generally, CMWA requires that investment advisory clients have a minimum of \$5,000,000 of assets under management with CMWA or of available investable assets. Generally, CMWA requires that WMAS clients have a minimum of \$10,000,000 of assets under management with CMWA or of investable assets for participation in WMAS. Under certain circumstances, CMWA may aggregate

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<sup>3</sup> Please refer to the disclosure in Item 11 of this Brochure for information on CMWA's policies and procedures for instances where either CMWA and/or any CMWA Principals may have a personal interest in client transactions.



accounts belonging to family members in order to meet these standards. Under certain circumstances, any of CMWA's minimum requirements may be negotiable or waived.

## **ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### ***(A) Investment Philosophy and Strategies***

CMWA's fundamental investment philosophy is centered on a set of investment principles and a core growth equity model designed to create real growth in wealth over complete market cycles. This core growth equity model is balanced through the use of active fixed-income and alternative investment programs; and portfolio risks are managed through asset allocation, manager selection and investment strategy diversification. The key principles of CMWA's investment philosophy include the following:

- **Every client is different.** Each client has a different appetite for risk and a different requirement for return, hence every relationship begins with an assessment of the client's current situation and needs. From this assessment we build an investment strategy that reflects the clients investment goals and establishes parameters around asset allocation and investment strategy.
- **Different asset classes have different return expectations and different risk profiles.** Historically, over complete market cycles, equities outperform most other asset classes, especially fixed income. Many of our clients have a bias for equities over fixed income and are willing to tolerate more volatility with the expectation of greater returns over time. Others prefer knowing their assets are more conservatively invested, perhaps with a significant portion in fixed income or government obligations, and willingly forgo the expected outperformance of equities over time.
- **Diversification provides benefits.** Diversification among asset classes can be used to drive returns and to dampen volatility. Diversification among managers and strategies can reduce the risks of overly-concentrated portfolios and of manager underperformance.
- **Top managers can outperform passive investments over complete market cycles.** We search diligently and systematically for managers who we believe will outperform their peers over time.
- **Take advantage of "less-efficient" markets.** We believe smaller-capitalization stocks (both domestic and international), as well as alternative investments and private equity, offer the highest return opportunities over the long-term.
- **Pooling assets is powerful.** Aggregation of client assets widens the spectrum of opportunities, provides access to top managers and reduces costs. We use our array of CMWA Pooled Investment Vehicles to realize these benefits.
- **Focus on the next generation rather than the next quarter.** We have neither a trading mentality nor an inclination to "time" markets. Instead, we take a disciplined approach to steady and real growth, while being mindful of longer-term trends and adapting strategies accordingly.

Item 4(B)(1)(b) above describes how CMWA develops each client's investment objective and asset allocation program. As noted in that item, CMWA typically uses a team of third-party investment managers to manage client assets; accordingly, CMWA typically does not select securities for the accounts of its clients or Pooled Investment Vehicles. Information regarding the types of investments, securities, analysis methods, sources of information, and investment strategies used by any such third-party investment managers used or recommended for the account of any client or prospective client are made available to all clients and prospective clients upon request.

Overall responsibility for the selection and review of third-party managers, as well as the responsibility for making investment recommendations for client portfolios, rests with CMWA's Investment Committee. Six CMWA Principals (James W. Wert, Cynthia G. Koury (chair), Douglas J. Smorag, Fred G. Botek, Paul A. Bodnar and Thomas V. David), together with CMWA founder William J. O'Neill, Jr. and CMWA director and Senior Consultant John E. Kohl and Senior Consultant A. Chace Anderson, currently comprise the Investment Committee.

CMWA has an agreement with Fourth Street Performance Partners of Covington, Kentucky, to provide certain investment consulting, advisory and reporting services to CMWA and the Investment Committee with respect to its client accounts. As part of such services, Kenneth P. Dorger, Co-President of Fourth Street Performance Partners, serves as a consultant to, and attends the meetings of, CMWA's Investment Committee.

#### ***(B) Risks of CMWA Investment Programs and Strategies***

The investment programs and strategies used for CMWA clients may include exposure to publicly-traded equity securities, private equity, alternatives investment products and fixed income securities. Each of these has different risk characteristics:

- Publicly-traded equity securities investments are subject to various fundamental risks. Among these are: market risk (the risk that an investment will decline in value); liquidity risk (the risk that you will be unable to sell an asset when you want to at the price you want); economic risk (the risk of a general downturn in the economy affecting a wide range of financial markets); and tax risk (the risk that the value of investments will be adversely affected by high taxes).
- Private equity investments are particularly subject to liquidity risk. These investments require a long time – frequently as long as 10 to 12 years – to be realized. In addition, the fees related to private equity investing typically are much higher than fees for conventional investments, such as mutual funds. This could reduce returns. And, as with all equity investments, return of principal is not guaranteed. Material loss of value is possible.
- Alternative investment products, such as hedge funds, have many of the same risk characteristics as private equity, including market risk and liquidity risk. In addition, many of these investments tend to generate ordinary income to investors rather than capital gains, which are taxed at a lower rate. This can result in lower after-tax returns.
- Fixed income securities investments – such as bonds or bond funds – are not free from risk. The principal risks of investing in fixed income are credit risk (the risk that the issuer of a bond may default on its payment obligations) and inflation risk (the risk that the value of a bond may not grow enough to keep up with inflation).

***Investing in securities – and particularly investing a substantial portion of a portfolio in equity securities, as many of CMWA's clients do – involves risk of loss that clients must be prepared and able to bear.***

## **ITEM 9: DISCIPLINARY INFORMATION**

Neither CMWA nor any of its directors or executive officers have been involved in, or subjected to, any legal or disciplinary events that would be material to a client's or prospective client's evaluation of the firm's advisory business or the integrity of its management.

## **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

CMWA Principal James W. Wert provides services as a director, trustee or consultant to Park-Ohio Corporation and Marlin Business Services, and receives compensation for those services.

Other CMWA Partners may from time to time provide services (such as tax preparation, accounting, legal or consulting services) to third parties, including CMWA clients, for which such Principals may receive compensation directly from such third parties.

None of the foregoing relationships is material to CMWA's advisory business or creates any material conflict of interest with CMWA clients. All relationships of the type described in this Item are subject to periodic review by and approval of the Management Committee.

## **ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

CMWA has adopted a Code of Ethics expressing the firm's commitment to ethical conduct. CMWA's Code of Ethics describes the firm's fiduciary duties and responsibilities to clients. Summarizing these duties and responsibilities, CMWA is a fiduciary that has a duty of undivided loyalty to its clients and an obligation to act at all times with the utmost integrity on the clients' behalf.

Among other things, the firm's Code of Ethics sets forth CMWA's practice of supervising the personal securities transactions of its supervised persons. Individuals associated with CMWA may buy or sell securities for their personal accounts that are identical to or different than those recommended to clients. In addition, such individuals may have interests or positions in securities and Pooled Investment Vehicles which may also be recommended to clients. However, it is the expressed policy of CMWA that no person employed by CMWA shall prefer his or her own interest to that of an advisory client or make personal investment decisions based on the investment decisions of advisory clients.

To supervise compliance with its Code of Ethics, CMWA requires that any supervised person associated with CMWA provide annual securities holdings reports and quarterly transaction reports to the firm's Chief Compliance Officer. CMWA requires such persons to also receive approval from the Chief Compliance Officer prior to investing in any IPOs or third-party private placements (limited offerings).

CMWA requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices. CMWA's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. Any individual not in observance of the above may be subject to discipline.

CMWA will provide a complete copy of its Code of Ethics to any client or prospective client upon request to the Chief Compliance Officer at CMWA's principal address.

## **ITEM 12: BROKERAGE PRACTICES**

While CMWA has discretionary investment authority over certain of its clients' accounts, CMWA generally does not have discretion to determine the broker-dealers used for such accounts or the commission rates to be paid to such broker-dealers, as the investments in such accounts are managed principally by third-party investment managers.

For clients in need of brokerage or custodial services, and depending on client circumstances and needs, CMWA may recommend the use of one of several broker-dealers, provided that such recommendation is consistent with CMWA's fiduciary duty to the client. In such cases, CMWA will utilize independent broker-dealers or agents selected solely on the basis of obtaining the best execution of the transaction.

In recommending a broker-dealer, the factors considered by CMWA include the broker-dealer's ability to provide professional services, CMWA's experience with the broker-dealer, the broker-dealer's reputation, the broker-dealer's quality of execution services and costs of such services, among other factors. Clients are not under any obligation to effect trades through any recommended broker-dealer; and each client is free to select any broker-dealer of his or her choice. CMWA does not receive any payments, products, research or other "soft dollar" consideration from any broker-dealer or agent selected to execute client transactions.

## **ITEM 13: REVIEW OF ACCOUNTS**

CMWA client accounts and statements are reviewed on at least a monthly basis by CMWA staff members. In addition, each CMWA account is formally reviewed, and a Portfolio Summary prepared and furnished to the client, at least quarterly by one or more of the following CMWA Principals:

- James W. Wert
- Douglas J. Smorag
- Cynthia G. Koury
- Fred G. Botek
- Deborah C. Jira
- Aileen P. Bost
- Thomas V. David

The number of account relationships for which each CMWA Principal is responsible will vary from time to time. However, none of the CMWA Principals is responsible for oversight of more than 40% of CMWA's client accounts and all account relationships will have another CMWA Principal assigned in a support or supervisory role.

More frequent account reviews may be triggered by material changes in variables such as the client's individual circumstances, or changes in the market, political or economic environment. CMWA will also provide additional account reports and reviews to clients as requested by a client.

## **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

CMWA does not receive any type of economic benefits from third parties for providing investment advice or other advisory services to CMWA clients. CMWA also does not directly or

indirectly compensate any person for client referrals.

## **ITEM 15: CUSTODY**

All client accounts and CMWA Pooled Investment Fund accounts are held in custody by independent custodians. However, since CMWA can access many client accounts, as well as all of the CMWA Pooled Investment Fund accounts, CMWA is considered to have custody of these client assets. For each CMWA account, the respective account custodian sends statements directly to the account owner on at least a quarterly basis. Clients should carefully review these statements. In addition, clients should compare these statements to the quarterly Portfolio Summary CMWA provides to each client and to any other account information provided by CMWA.

CMWA has adopted a written policy detailing its custody procedures and practices. A copy of this policy is available to any client or prospective client upon request.

## **ITEM 16: INVESTMENT DISCRETION**

CMWA has been granted the authority by many of its clients to determine, without express client approval, the specific securities to be bought or sold in the client's account to implement the client's investment strategy. Any limitations which might be placed on CMWA with respect to this authority are "client specific" and, to the extent that they exist, are contained in the client's CMWA advisory agreement.

## **ITEM 17: VOTING CLIENT SECURITIES**

As a matter of firm policy, CMWA does not vote proxies on behalf of clients or CMWA Pooled Investment Vehicles. In most cases, third-party investment managers who manage client and CMWA Pooled Investment Vehicle accounts have authority to vote proxies for the securities held in those accounts. Where clients may retain or elect to vote proxies, CMWA may provide clients with consulting assistance regarding proxy issues.

## **ITEM 18: FINANCIAL INFORMATION**

CMWA has never filed for bankruptcy and is not aware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to its clients.