

Disclosure Brochure

September 1, 2016

CAMBRIDGE WEALTH COUNSEL

a Registered Investment Adviser

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This brochure provides information about the qualifications and business practices of Cambridge Wealth Counsel (hereinafter "CWC"). If you have any questions about the contents of this brochure, please contact Neil Mahoney at (770) 506-7377. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about Cambridge Wealth Counsel is available on the SEC's website at www.adviserinfo.sec.gov.

Cambridge Wealth Counsel is an SEC registered investment adviser. Registration does not imply any level of skill or training.

Item 2. Material Changes

This Item discusses only the material changes that have occurred since CWC's last annual update filed February 12, 2016. CWC has amended Item 4 to reflect the fact that Barry H. Kaplan is an owner of CWC.

Item 3. Table of Contents

Item 1. Cover Page	i
Item 2. Material Changes	2
Item 3. Table of Contents	3
Item 4. Advisory Business	4
Item 5. Fees and Compensation	8
Item 6. Performance-Based Fees and Side-by-Side Management	12
Item 7. Types of Clients	13
Item 8. Methods of Analysis, Investment Strategies and Risk of Loss	14
Item 9. Disciplinary Information	17
Item 10. Other Financial Industry Activities and Affiliations	18
Item 11. Code of Ethics	19
Item 12. Brokerage Practices	20
Item 13. Review of Accounts	23
Item 14. Client Referrals and Other Compensation	24
Item 15. Custody	25
Item 16. Investment Discretion	26
Item 17. Voting Client Securities	27
Item 18. Financial Information	28

Item 4. Advisory Business

CWC provides financial planning, investment consulting, pension consulting, investment management and wealth management services. Prior to engaging CWC to provide any of the foregoing investment advisory services, the client is required to enter into one or more written agreements with CWC setting forth the terms and conditions under which CWC renders its services (collectively the “*Agreement*”).

CWC has been in business as a registered investment adviser since June 28, 1999. Robert S. Hockett and Barry H. Kaplan are the principal owners of CWC. As of February 12, 2016, CWC had \$238,479,605 in assets under management, \$203,991,820 of which was managed on a discretionary basis and \$34,487,785 of which was managed on a non-discretionary basis.

This Disclosure Brochure describes the business of CWC. Certain sections will also describe the activities of *Supervised Persons*. *Supervised Persons* are any of CWC’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on CWC’s behalf and is subject to CWC’s supervision or control.

Wealth Management Services

CWC may provide its clients with wealth management services which may include a broad range of comprehensive financial planning services as well as discretionary or non-discretionary management of investment portfolios in accordance with the investment objectives of the client. As needed, CWC will develop advanced planning services which take into consideration the investment consulting, wealth enhancement, wealth transfer, wealth protection and charitable gifting needs of the client. Clients receiving wealth management services may customize the number and frequency of appointments with their advisor to their specific needs. Wealth management services are designed for clients with significant income, net worth and/or complexity in their situations.

Investment Management Services

CWC may provide its clients with discretionary or non-discretionary investment management services.

CWC tailors its advisory services to the individual needs of clients. CWC consults with clients initially to determine risk tolerance, time horizon and other factors that may impact the clients’ investment needs. Thereafter, clients have up to two appointments annually with their advisor team. CWC ensures that clients’ investment strategies are suitable for their investment needs, goals, objectives and risk tolerance.

Clients are advised to promptly notify CWC if there are changes in their financial situation or investment objectives.

Pension Consulting Services

CWC may provide pension consulting services to both qualified plans and plan participants. In addition, CWC may, when appropriate and in the client’s best interests provide pension consulting services

through a turn-key asset management program. CWC has contracted with BAM Advisor Services, LLC ("BAM") for Advisors Access™ 401(k) services, including access to model investment portfolios and administrative and marketing support services.

Pre-Existing Clients

For a small number of pre-existing clients only, CWC provides financial planning, investment consulting, and other services as part of a separate engagement with the Firm. As part of such an engagement, pre-existing clients may receive a broad range of comprehensive financial planning and consulting services (which may include tax-related and other non-investment related matters), business and career coaching and/or investment management services (which may include an initial asset allocation with subsequent rebalancing). In addition, CWC may provide pre-existing clients with tax preparation services, depending on the engagement.

Additional Information

In performing its services, CWC is not required to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. CWC may recommend the services of itself, and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if CWC recommends its own services. The client is under no obligation to act upon any of the recommendations made by CWC under a financial planning or consulting engagement or to engage the services of any such recommended professional, including CWC itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of CWC's recommendations. Clients are advised that it remains their responsibility to promptly notify CWC if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising CWC's previous recommendations and/or services. CWC primarily allocates clients' investment management assets among mutual funds, exchange-traded funds ("ETFs"), and *Independent Managers* (as defined below), in accordance with the investment objectives of the client. From time to time, CWC may also allocate client assets to certain private placement investments (e.g., investments in state-approved tax credits or federal conservation easement investments) which may represent illiquid investments. CWC also provides advice about any type of investment held in clients' portfolios.

CWC also may render investment management services to clients relative to variable life/annuity products that they may own, their individual employer-sponsored retirement plans, or other products that may not be held by the client's primary custodian. In so doing, CWC either directs or recommends the allocation of client assets among the various investment options that are available with the product. Client assets are maintained at the specific insurance company or custodian designated by the product.

CWC tailors its advisory services to the individual needs of clients. CWC consults with clients initially and on an ongoing basis to determine risk tolerance, time horizon and other factors that may impact the

clients' investment needs. CWC ensures that clients' investments are suitable for their investment needs, goals, objectives and risk tolerance.

CWC does not sponsor or participate in a "wrap fee program." A "wrap fee program" for purposes is a program under which investment advisory and brokerage execution services are provided for a single "wrapped" fee that is not based on the transactions in a client's account.

CWC advises client portfolios on a discretionary or non-discretionary basis.

Clients are advised to promptly notify CWC if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon CWC's management services. Clients may impose reasonable restrictions or mandates on the management of their account (e.g., require that a portion of their assets be invested in socially responsible funds) if, in CWC's sole discretion, the conditions will not materially impact the performance of a portfolio strategy or prove overly burdensome to its management efforts.

Use of Independent Managers

As mentioned above, CWC recommends that certain clients authorize the active discretionary management of a portion of their assets by and/or among certain independent investment managers ("*Independent Managers*"), based upon the stated investment objectives of the client. The terms and conditions under which the client engages the *Independent Managers* are set forth in a separate written agreement between CWC or the client and the designated *Independent Managers*. CWC renders services to the client relative to the discretionary selection and/or non-discretionary recommendation of *Independent Managers*. CWC also monitors and reviews the account performance and the client's investment objectives. CWC receives an annual advisory fee which is based upon a percentage of the market value of the assets being managed by the designated *Independent Managers*.

When recommending an *Independent Manager* for a client, CWC reviews information about the *Independent Manager* such as its disclosure brochure and/or material supplied by the *Independent Manager* or independent third parties for a description of the *Independent Manager's* investment strategies, past performance and risk results to the extent available. Factors that CWC considers in recommending an *Independent Manager* include the client's stated investment objectives, management style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fees charged by the designated *Independent Managers*, together with the fees charged by the corresponding designated broker-dealer/custodian of the client's assets, may be exclusive of, and in addition to, CWC's investment advisory fee set forth above. As discussed above, the client may incur additional fees than those charged by CWC, the designated *Independent Managers* and corresponding broker-dealer and custodian.

In addition to CWC's written disclosure brochure, the client also receives the written disclosure brochure of the designated *Independent Managers*. Certain *Independent Managers* may impose more restrictive

account requirements and varying billing practices than CWC. In such instances, CWC may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Managers*.

Item 5. Fees and Compensation

CWC offers its services on a fee basis, which may include hourly and/or fixed fees, as well as fees based upon assets under advisement.

Wealth Management Fee

CWC provides wealth management services for an annual fee based upon a percentage of the market value of the assets being advised by CWC. CWC's annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. CWC does not, however, receive any portion of these commissions, fees, and costs. CWC's annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets under CWC's advisement on the last day of the previous quarter. The annual fee varies (between 0.70% and 1.25%) depending upon the market value of the assets under advisement, as follows:

<u>PORTFOLIO VALUE</u>	<u>ANNUAL FEE</u>
First \$2,000,000	1.25%
Next \$3,000,000	1.00%
Next \$5,000,000	0.80%
Above \$10,000,000	0.70%

Investment Management Services Fee

CWC provides investment management services for an annual fee based upon a percentage of the market value of the assets being advised by CWC. CWC's annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. CWC does not receive any portion of these commissions, fees, and costs. CWC's annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets under CWC's advisement on the last day of the previous quarter. The annual fee varies (between 0.70% and 1.00%) depending upon the market value of the assets under advisement as follows:

<u>PORTFOLIO VALUE</u>	<u>ANNUAL FEE</u>
First \$2,000,000	1.00%
Next \$3,000,000	0.80%
Above \$5,000,000	0.70%

Cambridge Wealth Counsel Disclosure Brochure

Pension Consulting Services

For those clients who engage CWC for pension consulting services, CWC's annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets on the last day of the previous quarter. The annual fee varies (between 0.40% and 1.00%) depending on the value of the assets under advisement, as follows:

<u>PORTFOLIO VALUE</u>	<u>ANNUAL FEE</u>
First \$2,000,000	1.00%
Next \$3,000,000	0.80%
Above \$5,000,000	0.70%

As discussed above, CWC has contracted with *BAM* for Advisors Access™ 401(k) services. *BAM* receives a portion of the Advisors Access™ fees paid by participating 401(k) plans. The fee for Advisors Access™ is billed quarterly, in arrears, based upon the market value of the assets managed by the Advisors Access™ program on the last day of the previous quarter as follows:

<u>PORTFOLIO VALUE</u>	<u>ANNUAL FEE</u>
First \$1,000,000	1.00%
Next \$1,000,000	0.80%
Next \$3,000,000	0.60%
Next \$5,000,000	0.45%
Above \$10,000,000	0.40%

Pre-Existing Clients

CWC provides pre-existing clients with a broad range of comprehensive financial planning and consulting services, and/or investment management services, pursuant to the specific engagement. CWC charges either a fixed fee, hourly fee or annual asset-based fee for these services, depending on the engagement. CWC generally does not offer fixed fee engagements to new clients.

CWC's fees generally range from \$5,000 to \$40,000 on a fixed fee basis and/or \$250 to \$500 on an hourly rate basis, depending upon the level and scope of the services and the professional rendering the services. For investment management engagements only, CWC's annual asset based fee is prorated and charged quarterly, in advance, based upon the market value of the assets on the last day of the previous quarter. If the client engages CWC for additional investment advisory services, CWC may offset all or a

portion of its fees for those services based upon the amount paid for the services under the existing engagement.

Negotiable Fee Disclosure

CWC, in its sole discretion, may charge a lesser management fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, *pro bono* activities, etc.).

Fees Charged by Financial Institutions

As further discussed in response to Item 12 (below), CWC generally recommends that clients utilize the brokerage and clearing services of Fidelity Institutional Wealth Services (“*Fidelity*”), Charles Schwab & Co., Inc. (“*Schwab*”), and TD AMERITRADE Institutional, a division of TD AMERITRADE, Inc. (“*TD Ameritrade*”) for investment management accounts.

CWC participates in the institutional customer program offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC/NFA (“*TD Ameritrade*”), an unaffiliated SEC-registered broker-dealer and FINRA member. *TD Ameritrade* offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. CWC receives some benefits from *TD Ameritrade* through its participation in the program.

CWC may only implement its investment management recommendations after the client has arranged for and furnished CWC with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions include, but are not limited to, *Schwab*, *Fidelity*, *TD Ameritrade*, any other broker-dealer recommended by CWC, broker-dealer directed by the client, trust companies, banks etc. (collectively referred to herein as the “*Financial Institutions*”).

Clients may incur certain charges imposed by the *Financial Institutions* and other third parties such as fees charged by *Independent Managers* (as defined below), custodial fees, charges imposed directly by a mutual fund or ETF in the account, which are disclosed in the fund’s prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, for assets outside of any wrap fee programs, clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to CWC’s fee.

Fee Debit

CWC’s *Agreement* and the separate agreement with any *Financial Institutions* may authorize CWC or *Independent Managers* to debit the client’s account for the amount of CWC’s fee and to directly remit that management fee to CWC or the *Independent Managers*. Any *Financial Institutions* recommended by

CWC have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to CWC. In addition, CWC sends a statement to each client showing the amount of the fee, the value of the client's assets upon which the fee was based, and the specific manner in which the fee was calculated. It is the clients' responsibility to verify the accuracy of the fee calculation; *Financial Institution(s)* will not determine whether the fee is properly calculated. CWC also sends a bill to *Financial Institution(s)* indicating the amount of the fee to be paid to CWC.

Fees for Management During Partial Quarters of Service

For the initial period of investment management services, the fees are calculated on a *pro rata* basis.

The *Agreement* between CWC and the client will continue in effect until terminated by either party pursuant to the terms of the *Agreement*. CWC's fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate.

Clients may make additions to and withdrawals from their account at any time, subject to CWC's right to terminate an account. Additions may be in cash or securities provided that CWC reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Clients may withdraw account assets subject to the usual and customary securities settlement procedures. However, CWC designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. CWC may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

If assets are deposited into or withdrawn from an account after the inception of a quarter, the fee payable with respect to such assets will not be adjusted or prorated based on the number of days remaining in the quarter.

Item 6. Performance-Based Fees and Side-by-Side Management

CWC does not provide any services for performance-based fees. Performance-based fees are those based on a share of capital gains on or capital appreciation of the assets of a client.

Item 7. Types of Clients

CWC provides its services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities.

Minimum Fee and Account Size

As a condition for starting and maintaining a relationship, CWC generally imposes a minimum annual fee of \$10,000 for its wealth management services. This minimum fee may have the effect of making CWC's services impractical for clients, particularly those with portfolios less than \$800,000. CWC generally imposes a minimum annual fee of \$5,000 for investment management services. This minimum fee may have the effect of making CWC's services impractical for clients, particularly those with portfolios less than \$500,000. CWC also generally imposes a minimum annual fee of \$2,000 for its pension consulting services. CWC, in its sole discretion, may waive its minimum annual fee based upon certain criteria including anticipated future earnings capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, and *pro bono* activities.

Additionally, certain *Independent Managers* may impose more restrictive account requirements and varying billing practices than CWC. In such instances, CWC may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Managers*.

Item 8. Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

CWC analyzes mutual funds and exchange-traded funds (ETFs) in several areas—including long-term historical rates of return and risk measures, operating expenses, portfolio turnover, and consistency with the stated objective—relative to market benchmarks and funds with similar objectives. CWC seeks mutual funds with relatively low portfolio turnover, especially for mutual funds held in taxable brokerage accounts to minimize taxes. Additionally, CWC prefers mutual funds that stay true to their stated investment object, which minimizes “style drift” and allows CWC to use those funds with confidence in building well-diversified portfolios. Generally, CWC does not analyze individual companies or recommend individual companies’ securities to clients for purchase.

Investment Strategies

CWC’s investment strategy is designed to help clients take advantage of market benefits for the least amount of risk. CWC focuses on those aspects of investing in which it can maintain a level of control with costs, tax impact, and exposure to risk.

CWC does not believe it is possible to consistently uncover mispriced investments or market segments that will deliver market beating returns on a risk-adjusted basis, especially after considering the trading and tax costs of frequently moving investments. Instead, CWC believes that risk and return are linked in three ways:

- Level of exposure to equity (i.e. stock) investments versus fixed income (i.e. bond) investments and cash holdings,
- Level of exposure to large companies versus small companies, and
- Level of exposure to “value” versus “growth” companies.

CWC designs portfolios with a focus on exposure to these three risk factors, striving to gain all the markets have to offer for a given level of risk taken.

To implement its investment strategy, CWC generally creates portfolios consisting of institutional class mutual funds that have the following attributes: lower operating expenses, lower turnover resulting in lower costs and taxes, and consistently maintained market segments. Occasionally, other types of securities are used such as exchange-traded funds (ETFs), real estate investment trusts (REITs), certificates of deposit, US government-issued or -backed bonds, and municipal bonds. As a result, CWC’s clients generally enjoy broad diversification across thousands of companies in the United States and overseas, including both “developed” and “emerging market” countries.

CWC generally works with clients on a “discretionary” basis, meaning CWC has the authority to make trades in the client’s best interest, without having to gain prior approval from the client. However, clients

may elect to retain CWC to provide investment management services on a non-discretionary basis. Trading is generally infrequent, and is typically based on one of the following:

- The client deposits new funds;
- The client requests cash for withdrawal,
- Tax loss harvesting is appropriate,
- Periodic review, indicates “rebalancing” back to the target portfolio is needed; or
- The client indicates a desire for either a more or less risky portfolio (i.e. changed investment objectives, new attitudes about risk, etc.).

Risks of Loss

Mutual Funds and Exchange Traded Funds (ETFs)

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund’s underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund’s stated daily per share net asset value (“NAV”), plus any shareholder fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund’s holdings. The trading prices of a mutual fund’s shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund’s shares trading at a premium or discount to NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their *pro rata* NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

Private Placement Investments

From time to time, for tax planning and other purposes, CWC may invest client assets in private placement investments (e.g., investments in state-approved tax credits or federal conservation easement investments). Some of these investments may be illiquid, and therefore, clients may not be able to withdraw their investments for a significant period of time. Additionally, the investment strategy of some such investments may be speculative and may be characterized by market risk.

Market Risks

The profitability of a significant portion of CWC's recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that CWC will be able to predict those price movements accurately.

Use of Independent Managers

CWC may recommend the use of *Independent Managers* for certain clients. CWC will continue to do ongoing due diligence of such managers, but such recommendations rely, to a great extent, on the *Independent Managers* ability to successfully implement their investment strategy. In addition, CWC does not have the ability to supervise the *Independent Managers* on a day-to-day basis other than as previously described in response to Item 4, above

Private Placements

CWC may also invest client assets in private placements in the real estate or movie/film sectors. Such investments may generate tax credits or tax deductions for CWC's clients. Nonetheless, such investments may be illiquid and may not permit clients to withdraw their investments for ten years or perhaps longer, and therefore, such clients may be exposed to the risks associated with such investments for an extended period of time.

General Risk of Loss

Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

Item 9. Disciplinary Information

CWC is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. CWC does not have any required disclosures to this Item.

Item 10. Other Financial Industry Activities and Affiliations

CWC is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons. CWC has described such relationships and arrangements below.

Business Relationships with Independent Managers

As discussed above, CWC may recommend the use of *Independent Managers* for certain client portfolios. CWC does not receive any compensation, whether direct or indirect, from any of the Independent Managers which it recommends and has no other business relationships with such Independent Managers.

Item 11. Code of Ethics

CWC has adopted a code of ethics in compliance with applicable securities laws ("*Code of Ethics*") that sets forth the standards of conduct expected of its *Supervised Persons*. CWC's *Code of Ethics* contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Firm or any of its *Supervised Persons* and the trading by the same of securities ahead of clients in order to take advantage of pending orders.

The *Code of Ethics* also requires certain of CWC's personnel (called "*Access Persons*") to report their personal securities holdings and transactions and obtain pre-approval of certain investments (e.g., initial public offerings, limited offerings). However, CWC *Supervised Persons* are permitted to buy or sell securities that it also recommends to clients if done in a manner consistent with the Firm's policies and procedures. This *Code of Ethics* has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by *Access Persons* to be completed without any appreciable impact on the markets of such securities. Therefore, under certain limited circumstances, exceptions may be made to the policies stated below.

When the Firm is engaging in or considering a transaction in any security on behalf of a client where there may be a potential for conflict, no *Access Person* may knowingly effect for themselves or for their immediate family (i.e., spouse, minor children and adults living in the same household as the *Access Person*) a transaction in that security unless:

- the transaction has been completed;
- a decision has been made not to engage in the transaction for the client.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients and prospective clients may contact CWC to request a copy of its *Code of Ethics*.

Item 12. Brokerage Practices

As discussed above, in Item 5, CWC generally recommends that clients utilize the brokerage and clearing services of *Fidelity*, *Schwab*, and *TD Ameritrade*.

CWC participates in the institutional customer program offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC/NFA, an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisers services which include custody of securities, trade execution, clearance and settlement of transactions. CWC receives some benefits from TD Ameritrade through its participation in the program.

Factors which CWC considers in recommending *Fidelity*, *Schwab*, *TD Ameritrade*, or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. *Fidelity*, *Schwab*, and *TD Ameritrade* enable CWC to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by *Fidelity*, *Schwab*, and/or *TD Ameritrade* may be higher or lower than those charged by other *Financial Institutions*.

The commissions paid by CWC's clients comply with CWC's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified *Financial Institution* might charge to effect the same transaction where CWC determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a *Financial Institution's* services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. CWC seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

CWC periodically and systematically reviews its policies and procedures regarding its recommendation of *Financial Institutions* in light of its duty to obtain best execution.

The client may direct CWC in writing to use a particular *Financial Institution* to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that *Financial Institution*, and CWC will not seek better execution services or prices from other *Financial Institutions*. As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, CWC may decline a client's request to direct brokerage if, in CWC's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Transactions for each client generally will be effected independently. The Firm does not combine (or batch) orders on behalf of its clients and therefore does not maintain an order aggregation policy. It is the Firm's policy when allocating limited investment opportunities among its clients to allocate such

opportunities in a fair and equitable manner, aiming to allocate such opportunities *pro rata* among eligible clients' accounts. In the event that CWC determines that a prorated allocation of limited investment opportunities is not appropriate under the particular circumstances, CWC will allocate such opportunities among eligible clients on a rotating basis to ensure that no client is preferred over another.

Software and Support Provided by Financial Institutions

CWC may receive from *Fidelity*, *Schwab*, and *TD Ameritrade*, without cost to CWC, computer software and related systems support, which allow CWC to better monitor client accounts maintained at *Fidelity*, *Schwab*, and *TD Ameritrade*. CWC may receive the software and related support without cost because CWC renders investment management services to clients that maintain assets at *Fidelity*, *Schwab*, and *TD Ameritrade*. The software and support is not provided in connection with securities transactions of clients (i.e. not "soft dollars"). The software and related systems support may benefit CWC, but not its clients directly. In fulfilling its duties to its clients, CWC endeavors at all times to put the interests of its clients first. Clients should be aware, however, that CWC's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence CWC's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support or services.

TD Ameritrade

There is no direct link between CWC's participation in the program and the investment advice it gives to its clients, although CWC receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. Additionally, CWC may receive the following benefits from *TD Ameritrade* through its registered investment adviser division: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its Registered Investment Adviser participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

These products or services may assist CWC in managing and administering client accounts, including accounts not maintained at *TD Ameritrade*. Other services made available by *TD Ameritrade* are intended to help CWC manage and further develop its business enterprise. The benefits received by CWC's participation in the program do not depend on the amount of brokerage transactions directed to *TD Ameritrade*. Clients should be aware, however, that the receipt of economic benefits by CWC or its related persons in and of itself creates a potential conflict of interest and may indirectly influence CWC's recommendation of *TD Ameritrade* for custody and brokerage services.

CWC may receive succession planning, practice valuation, and equity management services from third-party vendors through CWC's participation in the TD Ameritrade Institutional Equity Management Program. In addition to meeting the minimum eligibility criteria for participation in the TD Ameritrade Institutional Equity Management Program, CWC may have been selected to participate in the TD Ameritrade Institutional Equity Management Program based on the amount and potential profitability to

TD Ameritrade of the assets in, and trades placed for, client accounts maintained with TD Ameritrade. TD Ameritrade is a discount broker-dealer independent of and unaffiliated with CWC and there is no employee or agency relationship between TD Ameritrade and CWC. TD Ameritrade has established the TD Ameritrade Institutional Equity Management Program as a means of assisting independent unaffiliated Advisors to grow and maintain their respective investment advisory business. TD Ameritrade does not supervise CWC and has no responsibility for CWC's management of client portfolios or CWC's other advice or services to clients.

CWC's participation in the TD Ameritrade Institutional Equity Management Program raises potential conflicts of interest. CWC may encourage their clients to custody their assets to TD Ameritrade and whose client accounts are profitable to TD Ameritrade. Consequently, in order to participate in the TD Ameritrade Institutional Equity Management Program, CWC may have an incentive to recommend to clients that the assets under management by CWC be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. CWC's participation in the TD Ameritrade Institutional Equity Management Program does not relieve CWC of the duty to seek best execution of trades for client accounts.

Schwab Institutional and Fidelity RIA Group

Additionally, CWC may receive the following benefits from *Schwab* through its Schwab Institutional division, and *Fidelity* through the Fidelity Institutional Wealth Services Group: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services the participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

CWC does not receive any client referrals, referral fees or any compensation from any of the brokerage firms listed above, nor from any brokerage firm not listed.

Item 13. Review of Accounts

Account Review

For those clients to whom CWC provides investment management and wealth management services, CWC monitors those portfolios and conducts account reviews on a continuing and ongoing basis. For those clients to whom CWC provides financial planning and/or consulting services, reviews are conducted on an “as needed” basis. Such reviews are conducted by one of CWC’s investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals and objectives with CWC and to keep CWC informed of any changes thereto. CWC contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client’s financial situation and/or investment objectives.

Reports

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts.

Those clients to whom CWC provides financial planning and/or consulting services will receive reports from CWC summarizing its analysis and conclusions as requested by the client or otherwise agreed to in writing by CWC.

Item 14. Client Referrals and Other Compensation

CWC is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. In addition, CWC is required to disclose any direct or indirect compensation that it provides for client referrals.

CWC does not receive an economic benefit from any third-parties for providing advisory services to clients. See Item 12.

Solicitors

If a client is introduced to CWC by either an unaffiliated or an affiliated solicitor, CWC may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Advisers Act and any corresponding state securities law requirements. Any such referral fee is paid solely from CWC's investment management fee, and does not result in any additional charge to the client. If the client is introduced to CWC by an unaffiliated solicitor, the solicitor provides the client with a copy of CWC's written disclosure brochure which meets the requirements of Rule 204-3 of the Advisers Act and a copy of the solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement including compensation. A solicitor's disclosure statement is required to disclose the conflict of interest inherent in recommending CWC's services because the solicitor will be paid for the referral if the prospective client engages CWC for services. Any affiliated solicitor of CWC discloses the nature of his/her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of CWC's written disclosure brochure at the time of the solicitation.

CWC may also provide existing clients with nominal noncash gifts for referring clients to CWC as a gesture of thanks. Although the gift is nominal in value, it creates a potential conflict of interest as such existing clients may be incentivized to refer clients to CWC.

Item 15. Custody

CWC's *Agreement* and/or the separate agreement with any *Financial Institution* may authorize CWC through such *Financial Institution* to debit the client's account for the amount of CWC's fee and to directly remit that management fee to CWC in accordance with applicable custody rules.

The *Financial Institutions* recommended by CWC have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to CWC. Clients should carefully review the statements sent directly by the *Financial Institutions*.

Item 16. Investment Discretion

CWC is required to disclose if it accepts discretionary authority to manage securities accounts on behalf of clients. CWC is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. CWC is generally given this authority through a power-of-attorney included in the agreement between CWC and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). CWC takes discretion over the following activities.

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made; and
- The Independent Managers to be hired or fired.

Item 17. Voting Client Securities

CWC is required to disclose if it accepts authority to vote client securities. CWC does not vote client securities on behalf of its clients. Clients receive proxies directly from the *Financial Institutions* and may contact the firm using the contact information on the cover of this brochure with questions about such issuer solicitations.

Item 18. Financial Information

CWC is not required to disclose any financial information pursuant to this Item due to the following:

- The firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance;
- The firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The firm has not been the subject of a bankruptcy petition at any time during the past ten years.

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