

Check Capital Management Inc.
FIRM BROCHURE
(Part 2A of Form ADV)

March 14, 2017

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Part 2A of Form ADV (the "Brochure") provides information about the qualifications and business practices of Check Capital Management Inc. If you have any questions about the contents of this brochure, please contact us at (714) 641-3579. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Check Capital Management, Inc. is a registered investment adviser with the SEC; however, such registration does not imply a certain level of skill or training and no inference to the contrary should be made.

Additional information about Check Capital Management Inc. and its advisory personnel is also available on the SEC's website at adviserinfo.sec.gov.

ITEM 1: COVER PAGE

Please refer to previous page.

ITEM 2: MATERIAL CHANGES

Check Capital Management Inc. (“CCM”) updated its Form ADV on March 23, 2016. Since that time, the firm has made additional material changes to its Brochure in accordance with the following:

- Item 4 of the Brochure has been updated to reflect that CCM’s total assets under management increased from \$1,007,091,339 to \$1,252,932,344.
- Part 2B of Form ADV updated and reflects that there are now 10 CCM Investment Professionals versus 6 a year ago.
- Item 14 has been updated to reflect new referral fees paid to Strategic Advisors, Inc.

Any questions: CCM’s Chief Compliance Officer, Robert Hill, remains available to address any questions regarding this Part 2A Brochure.

To receive a copy of our complete brochure, or for additional information about the firm and its advisory services and related fees, please contact us at (714) 641-3579, email us at info@checkcapital.com or visit our website at checkcapital.com.

ITEM 3: TABLE OF CONTENTS

<u>ITEM NUMBER</u>	<u>Page</u>
ITEM 1: COVER PAGE	2
ITEM 2: MATERIAL CHANGES	2
ITEM 3: TABLE OF CONTENTS	3
ITEM 4: ADVISORY BUSINESS	4
ITEM 5: FEES AND COMPENSATION	5
ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT	11
ITEM 7: TYPES OF CLIENTS	11
ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS	12
ITEM 9: DISCIPLINARY INFORMATION	15
ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS	15
ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING	15
ITEM 12: BROKERAGE PRACTICES	16
ITEM 13: REVIEW OF ACCOUNTS	22
ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION	23
ITEM 15: CUSTODY	24
ITEM 16: INVESTMENT DISCRETION AND LIMITATIONS	25
ITEM 17: VOTING CLIENT SECURITIES	25
ITEM 18: FINANCIAL INFORMATION	25
ITEM 19: QUESTIONS	26

ITEM 4: ADVISORY BUSINESS

A. Description of Firm

CCM is an SEC-registered investment adviser with its principal place of business located in Costa Mesa, California. CCM began conducting business in 1987. The firm was founded by Steven Check and is owned by the Check Family Trust.

B. Type of Advisory Services Offered

Managed Accounts: CCM's primary business is asset management of investment accounts for individuals, high-net-worth clientele, retirement plans and corporate clients, among others ("Clients"). Investments are predominantly in U.S. equities, corporate and municipal bonds and covered-call stock options. CCM provides asset-allocation advice (stocks, bonds, cash weighting) and complimentary retirement income-planning services where retirement cash flow plans are generated.

CCM asks the Client for specific information, such as investment objectives, investment time-horizon, tax considerations, and any reasonable restrictions on the management of the Client's assets. We will invest the Client's account assets based on those guidelines and in accordance with the CCM Investment Program selected by the Client.

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

Separate Managed Account program/platform engagements: In the event that CCM is engaged to provide investment advisory services as a participating adviser on an unaffiliated managed account program/platform, CCM will be unable to negotiate commissions and/or transaction costs. The program/platform sponsor will determine the broker-dealer through which transactions must be effected, and the amount of transaction fees and/or commissions to be charged to the participant investor accounts. See Directed Brokerage disclosure at Item 12 below.

Performance-Based fees: As disclosed below at Items 5 and 6, the client can determine to engage CCM on a performance-based fee arrangement, which arrangement could create an economic incentive for CCM to take additional risks in the management of a client's portfolio. No client is under any obligation to enter into a performance-based fee arrangement.

Investment Risk: Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by CCM) will be profitable or equal any specific performance level(s).

Mutual Fund: CCM is the investment adviser to the Blue Chip Investor Fund, an investment company registered under the Investment Company Act of 1940. The Fund Prospectus and Statement of additional Information are available online at bluechipinvestorfund.com. Prospective investors should review these documents carefully before making an investment in the Blue Chip Investor Fund. For CCM clients, CCM shall utilize its discretionary authority to place client assets in the Fund. Assets invested in the Fund shall be excluded from CCM's management fee disclosed at Item 5 below. CCM's only compensation shall be the management fee received from the Fund.

Publication of Periodicals: CCM publishes a monthly newsletter, *The Blue Chip Investor*, providing general information on equity investing, asset allocation, market valuations, etc. The information provided does not purport to meet the objectives or needs of any individual investor. The annual subscription rate is \$249. The newsletter is provided free of charge to Clients.

No Financial Planning or Non-Investment Consulting/Implementation Services: Except for its complimentary retirement income-planning services (when applicable), CCM does not provide financial planning and related consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc.. Please Note: We do not serve as an attorney, accountant, or insurance agency, and no portion of our services should be construed as same. Accordingly, we do not prepare estate planning documents, tax returns or sell insurance products. To the extent requested by a client, we may recommend the services of other professionals for certain non-investment implementation purpose (i.e. attorneys, accountants, insurance, etc). You are under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation that we make. Please Note: If the client engages any unaffiliated recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional.

C. Assets Under Management

As of December 31, 2016, assets under management were \$1,252,932,344. This was comprised of \$1,206,656,502 of discretionary assets and \$46,275,842 of non-discretionary assets.

ITEM 5: FEES AND COMPENSATION

As discussed below, CCM offers Clients two fee-schedule choices for its asset-management services. One choice is a profit-based management fee and the other is an asset-based management fee (with no profit-based fee). Clients are advised that profit-based fees involve a sharing of any portfolio gains between the client and the adviser. Such profit-based fees could create an economic incentive for CCM to take additional risks in the management of a client portfolio that may be in conflict with the client's current investment objectives and tolerance for risk.

Management Fee Choice #1:

Asset-Based Management Fee: 1% of the Account Assets annually. A quarterly fee of 0.25% (1.0% annualized) will be assessed and charged in advance based on the value of the Client's Account as of the last day of each calendar quarter. Fees will be pro-rated for the first partial quarter under management and based on the starting value of the Client's Account, plus any deposits and minus any withdrawals during the partial quarter. If the managed account relationship is terminated by either the Client or CCM, there will be a pro-rated refund of any fees collected in the final quarter.

Management Fee Choice #2:

Profit-Based Management Fee: 10% of Account profits with an asset-based fee in the first year. This option is available only for Clients who meet the definition of "qualified client" as described below.

The Profit-Based Management Fee has two components:

i. Asset-Based Fee In The First Year

1% of the Account Assets in the first year. A quarterly fee of 0.25% (1.0% annualized) of the Client Account Assets for each quarter under management. Fees for the quarter will be based on Client's account value at the beginning of each calendar quarter. Fees will be pro-rated for the first partial quarter under management and based on the starting value of the Client's Account, plus any deposits and minus any withdrawals during the partial quarter. Also, the quarterly fee will be pro-rated for the partial quarter prior to the Account's one-year anniversary.

Important Notes: 1) the Asset-Based Fee will last for only one year and is a payment for CCM's costs and services; 2) the Asset-Based Fee will accrue, but will not be charged, unless the managed account relationship is terminated by the Client within three years; and 3) after the managed account relationship is maintained for three years, the accrued Asset-Based Fee will be waived and never charged to the Client.

ii. Annual 10%-of-Profits Fee

As of each Annual Fee Assessment Date (defined below) a prospective fee (the "10%-of-Profits Fee") will be charged to the Client's Account for the Billing Period equal to (i) 10% of any New Appreciation. "New Appreciation" shall be the amount that the Client's Account value exceeds the Account's "High-Water Mark" (defined below).

The initial "High-Water Mark" for the Client's Account is the initial Account value. If there are contributions to the Client's Account, the High-Water Mark will be increased by the amount of the contributions. If there are withdrawals from the Client's account, a percentage reduction will be made to the High-Water Mark that is equal to the percentage of

the Account value withdrawn. As of any Annual Fee Assessment Date, if the Client's Account value exceeds the High-Water Mark, the High-Water Mark will be increased to the then-current Account value.

"Annual Fee Assessment Date" is initially the end of the first four complete calendar quarters plus the remainder of the partial calendar quarter that includes the Account's inception. After the initial Annual Fee Assessment Date, the Annual Fee Assessment Date shall be each calendar year anniversary thereof.

"Billing Period", shall be the period of time beginning on the date of the last 10%-of-Profits Fee (or the Account's inception if there is no such date) and ending on Annual Fee Assessment Date or the termination of this Agreement, if applicable.

Qualified Client: As of this date of the Brochure, the term *qualified client* means: (i) A natural person who, or a company that, immediately after entering into an advisory contract has at least \$1,000,000 under the management of the investment adviser; or (ii) A natural person who, or a company that, the investment adviser reasonably believes prior to entering into the contract, either has a net worth of more than \$2,100,000, exclusive of primary residence and net of any debt secured by Client's residence taken out in the last 60 days except for purchase of the residence, or is a qualified purchaser as defined in section 2(a)(51)(A) of the Investment Company Act of 1940 at the time the contract is entered into. Notably, clients who met the definition of "qualified clients" prior to the definitional change are grandfathered from these new requirements which went into effect in May 2012.

Management Fee Choice #2 (offered prior to May 2016):

Profit-Based Management Fee: 10% of account profits with a minimum quarterly prepaid fee. This option is available only for Clients who meet the definition of "qualified client" as described below.

The Profit-Based Management Fee has two components:

iii. Quarterly Prepaid Fee ("Quarterly Fee")

The Quarterly Fee is 0.125% of the Account value (0.5% annualized), charged in advance at the beginning of each calendar quarter. Quarterly Fees will be pro-rated for the partial quarter at commencement of management and based on the starting value of the Client's Account. If the Account is terminated by either the Client or CCM, no Quarterly Fees will be rebated except for a pro-rated refund of Quarterly Fees collected in the final quarter. Important note: While the Quarterly Fee is separate and distinct, the Quarterly Fee reduces any future 10%-of-Profits Fee (see below) in the Client's Account.

iv. Annual 10%-of-Profits Fee

As of each Annual Fee Assessment Date (defined below) a prospective fee (the "10%-of-Profits Fee") will be charged to the Client's Account for the Billing Period equal to (i) 10% of any New Appreciation minus (ii) the aggregate Quarterly Fees paid by the Client's Account during the Billing Period. "New Appreciation" shall be the amount that the Client's Account value exceeds the Account's "High-Water Mark" (defined below).

The initial “High-Water Mark” for the Client’s Account is the initial Account value. If there are contributions to the Client’s Account, the High-Water Mark will be increased by the amount of the contributions. If there are withdrawals from the Client’s account, a percentage reduction will be made to the High-Water Mark that is equal to the percentage of the Account value withdrawn. As of any Annual Fee Assessment Date, if the Client’s Account value exceeds the High-Water Mark and a 10%-of-Profits Fee is due, the High-Water Mark will be increased to the then-current Account value.

“Annual Fee Assessment Date” is initially the end of the first four complete calendar quarters plus the remainder of the partial calendar quarter that includes the Account’s inception. After the initial Annual Fee Assessment Date, the Annual Fee Assessment Date shall be each calendar year anniversary thereof.

“Billing Period”, shall be the period of time beginning on the date of the last 10%-of-Profits Fee (or the Account’s inception if there is no such date) and ending on Annual Fee Assessment Date or the termination of this Agreement, if applicable.

The components of the Profit-Based Management Fee are illustrated in the following examples:

Example 1: Client A engages CCM to manage a \$1 million account on 8/14/2015. The first Annual Fee Assessment Date is 09/30/2016. During the initial Billing Period (8/14/2015 - 09/30/2016), the account value gains 10% to \$1,100,000 (assuming no deposits/withdrawals). Also, over the initial Billing Period, Client A would have paid CCM an annualized 0.5% of the account value in Quarterly Fees (here, approximately \$5,250). The \$5,250 reduces the 10%-of-Profits Fee due. Below is the calculation for the 10%-of-Profits Fee.

Account’s inception value (initial High-Water Mark): \$1,000,000
New Appreciation = \$1,100,000 - \$1,000,000 = \$100,000
10% of any New Appreciation: $10\% \times \$100,000 = \$10,000$
Quarterly Fees since the High-Water Mark: \$5,250
10%-of-Profits Fee due on 09/30/2016: $\$10,000 - \$5,250 = \$4,750$
New High-Water Mark after year one: \$1,100,000

Example 2: Client A engages CCM to manage a \$1 million account on 8/14/2015. The first Annual Fee Assessment Date is 09/30/2016. During the initial Billing Period (8/14/2015 - 09/30/2016), the account value declines 10% to \$900,000 (assuming no deposits/withdrawals). Since there’s no profit, no 10%-of-Profits Fee would have been due. However, Client A would have paid CCM an annualized 0.5% of the account value in Quarterly Fees (here, approximately \$4,750 total). The \$4,750 reduces any 10%-of-Profit Fee subsequently due. The Billing Period is extended and the next Annual Assessment Date is 09/30/2017. In year two (10/01/2016 – 09/30/2017), Client A’s account value appreciates from \$900,000 to \$1,200,000 (again, assuming no deposits/ withdrawals). CCM would assess Quarterly Fees of approximately \$5,250 for this period, which also reduces any 10%-of-Profits Fee due. Below is the calculation for the 10%-of-Profits Fee due at the end of year two.

Account's inception value (initial high-water mark): \$1,000,000

New Appreciation = \$1,200,000 - \$1,000,000 = \$200,000

10% of New Appreciation: $10\% \times \$200,000 = \$20,000$

Quarterly Fees since the High-Water Mark: \$4,750 (year one) + \$5,250 (year two) = \$10,000

10%-of-Profits Fee due on 09/30/2017: \$20,000 - \$10,000 = \$10,000

New High-Water Mark after year two: \$1,200,000

Qualified Client: As of this date of the Brochure, the term *qualified client* means: (i) A natural person who, or a company that, immediately after entering into an advisory contract has at least \$1,000,000 under the management of the investment adviser; or (ii) A natural person who, or a company that, the investment adviser reasonably believes prior to entering into the contract, either has a net worth of more than \$2,100,000, exclusive of primary residence and net of any debt secured by Client's residence taken out in the last 60 days except for purchase of the residence, or is a qualified purchaser as defined in section 2(a)(51)(A) of the Investment Company Act of 1940 at the time the contract is entered into. Notably, clients who met the definition of "qualified clients" prior to the definitional change are grandfathered from these new requirements which went into effect in May 2012.

Management Fee Payment: We will send you an invoice for the payment of our management fee, or we will deduct our fee directly from your account through the custodian holding your funds and securities. We will deduct our management fee only when you have given our firm written authorization permitting the fees to be paid directly from your account. Further, the custodian will deliver an account statement to you at least quarterly. These account statements will show all the disbursements from your account. You should review all statements for accuracy.

Blue Chip Investor Fund: The mutual fund pays an asset-based management fee to CCM. For those assets invested in the Fund, CCM shall only receive its Fund management fee (i.e., the assets allocated to the Fund shall not be included in CCM's assets under management for purpose for calculating its advisory fee per the above referenced fee schedules).

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

Termination of the Advisory Relationship: Either party may terminate the Investment Advisory Agreement at any time by giving written notice to the other. Upon termination, any prepaid, unearned fees will be refunded.

Limited Prepayment of Fees: Under no circumstances does CCM require or solicit payment of fees more than six months in advance of services rendered.

Wrap-Fee Programs: In a wrap-fee arrangement, clients pay a single fee for advisory, brokerage and custodial services. That means that Client portfolio transactions are executed without commission charges pursuant to a written wrap-fee agreement. For Clients participating

in wrap-fee managed account programs, they may be charged various program fees in addition to the advisory fee charged by CCM. Currently, CCM does not open wrap-fee accounts.

Advisory Fees in General: The fees outlined represent the fees CCM generally charges for portfolio management services. However, CCM fees may be negotiable and arrangements with any particular Client may differ from those described above. Also, Clients should note that similar advisory services may (or may not) be available from other investment advisers for similar or lower fees. More information regarding directly debiting advisory fees from Client accounts can be found in Item 15.

Retirement Rollovers – Potential for Conflict of Interest: A Client or prospective leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): i) leave the money in the former employer's plan, if permitted, ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, iii) rollover to an Individual Retirement Account ("IRA"), or iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If CCM recommends that a client roll over their retirement plan assets into an account to be managed by CCM, such a recommendation creates a conflict of interest if CCM will earn an advisory fee on the rolled over assets. No client is under any obligation to rollover retirement plan assets to an account managed by CCM.

CCM's Chief Compliance Officer, Robert Hill, remains available to address any questions that a client or prospective client may have regarding the potential for conflict of interest presented by such engagement rollover recommendation.

Additional Fees and Expenses: For Clients receiving portfolio management services, the Client's account assets are generally custodied with National Financial Services LLC and Fidelity Brokerage Services LLC (collectively, and together with all affiliates, "Fidelity"), or in the alternative, may be custodied at Schwab Institutional, a division of Charles Schwab & Co., Inc. ("Schwab") or TD Ameritrade (collectively hereinafter "broker/custodians"). In addition to those fees charged by CCM, there are certain transactional charges applicable when purchasing and selling securities in Client accounts. The additional fees are charged by the broker/custodians and are separate and in addition to those fees charged by CCM. A written confirmation of each transaction, including all transaction charges, will be sent by the broker/custodians to the Client following execution of each transaction. Please refer to Item 12 for detailed information on these brokerage services.

All fees paid to CCM for the various services it provides to Clients are separate and distinct from the fees and expenses charged by third parties (including broker/custodians). These separate fees and expenses include, but are not limited to, custodial fees, execution costs, and mutual fund fees and expenses. Client assets also may be subject to transaction fees, brokerage fees and commissions, retirement plan administration fees (if applicable), trustee fees, deferred sales charges on mutual funds initially deposited in the account, 12b-1 fees, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. For mutual funds and exchange traded funds, a Client may

be charged internal management fees, distribution fees, redemption fees and other expenses, which are fully described in the applicable fund's prospectus.

Assignment: Neither CCM nor the Client may assign the written agreement without the consent of the other party. Transactions that do not result in a change of actual control or management of CCM shall not be considered an assignment.

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

As noted in Item 5 above, CCM may charge certain Clients a performance-based fee (*i.e.*, a fee calculated based on a share of capital gains upon or capital appreciation of the assets or any portion of the assets of an advisory Client) as part of our profit-based fee for separately manage accounts. Performance-based compensation payable to CCM may be larger than otherwise would be the case if the fee was calculated as a percentage of assets under management because the amount of the fee will be based on account performance. Performance-based fee arrangements may create certain conflicts of interest due to the following: (i) performance-fee arrangements may create an incentive for the manager to make investments that are riskier or more speculative than would be the case in the absence of a performance fee; (ii) the manager may receive compensation with regard to unrealized (not sold) appreciation as well as realized (sold) gains in the Client's account; and (iii) the fees charged by managers in performance-fee arrangements may be higher or lower than fees charged by other advisers for comparable services.

Side-by-side management refers to the fact the CCM manages accounts for Clients and the Blue Chip Investor Fund. This can create a conflict of interest if and when the same security is purchased in the fund(s) and in client accounts at different times. To mitigate this conflict of interest, CCM had developed a trade rotation policy which is described in Item 12 below. In addition, it is CCM's policy to not show a preference to any fund or client, regardless of their custodian or management-fee arrangement.

ITEM 7: TYPES OF CLIENTS

CCM manages accounts for individuals, corporations, partnerships, etc., in almost any type of account (individual, joint, trust, IRA, profit-share, etc.) that can be opened at a brokerage firm. In addition, CCM serves as manager to the Blue Chip Investor Fund.

Additionally, CCM manages ERISA accounts, including employee benefit, pension and profit sharing plans, and is deemed to be a "fiduciary" to such Clients pursuant to the Employee Retirement Income and Securities Act ("ERISA") and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively.

Minimum Account Requirements: CCM imposes a minimum investment of \$500,000 per new Client. This requirement may be waived, at CCM's sole discretion.

There may be times when certain restrictions are placed by a Client, which prevents CCM from accepting or continuing to manage the portfolio management account. CCM reserves the right to not accept and/or terminate management of a Client's account for any reason.

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

A. Methods of Analysis

CCM's investment philosophy is based on a "Warren Buffett style" approach which stems from Ben Graham's classic observation that "investing is most intelligent when it is most business-like." That means that CCM does not just view stocks as financial instruments that trade up or down; instead, we view them as ownership stakes in the underlying businesses.

For its portfolio holdings, CCM generally seeks a "margin of safety" in terms of price paid relative to business value received. We believe that buying at a discount to intrinsic business value not only offers a magnified prospective return, but more importantly, provides a buffer against the things that can go wrong. CCM's commitment is to focus on the long term.

CCM does its own fundamental research. We read company annual reports, listen to conference calls, and review company presentations. We compare companies to their peers. We try to envision what the company will be earning three (3) to five (5) years from now. We often write our own proprietary research reports on companies whose stocks we own for Clients.

CCM also utilizes research such as Morningstar, Value Line, Bloomberg and other commercial software, to assist in its overall evaluation of securities.

B. Investment Strategies

Depending on Clients' investment objectives, risk tolerance and time horizons, Clients choose (with our guidance) a CCM investment program or fund. The portfolios usually consist of stocks, bonds and/or covered-call options. Our investment programs are known as 1) Quality Growth Program; 2) Equity-Income Program; 3) Balanced Program; 4) Private Program and 5) flexFOLIO Program. Each program is briefly described below.

Quality Growth Program portfolios emphasize capital appreciation and preservation through investments in high quality companies. Accounts usually hold 15-25 stocks when fully invested. For taxable accounts, tax considerations are usually taken into account.

Equity-Income Program accounts emphasize income generation through investments in individual stocks and covered-call option positions. Individual stock investments are usually in large-cap stocks that pay dividend income.

Balanced Program accounts are similar to the Equity-Income Program accounts except in-the-money covered call option positions are employed. High-quality bonds or bond funds may also be purchased.

Private Program accounts use leverage. While money is not borrowed, leverage is employed by buying stock options instead of stocks. The investments are often hedged. Call options are owned at a lower strike price and shorted at a higher strike price. The investments are very focused and extreme volatility should be expected. Only clients seeking high returns with high risk should invest in the Private Program.

flexFOLIO Program accounts are non-discretionary. The Program is for Clients where CCM's other investment programs are not appropriate.

Clients can learn more about the above programs by discussing them with CCM personnel. The performance of discretionary CCM programs is verified by a CPA and the verification report is available upon request.

Our investment fund is known as Blue Chip Investor Fund.

Blue Chip Investor Fund is used to accommodate a Client's smaller accounts (UTMA, IRA, etc.). The mutual fund's assets are maintained at US Bank. The Fund maintains an independent administrator that makes all required regulatory filings and an independent Board of Directors (no person associated with CCM sits on the Board). Please see Item 5 above for information relating to CCM's compensation from the Fund.

No Legal, Accounting or Insurance Services: CCM, nor any of its representatives, serves as an attorney, accountant, or insurance agent, and no portion of CCM's services should be construed as same.

Conflict of Interest: To the extent that any Client or prospective Client has questions regarding the potential for a conflict of interest pertaining to an investment in the Blue Chip Investor Fund. CCM's Chief Compliance Officer, Robert Hill, is available to address questions.

C. Risk of Loss

CCM employs a fundamentals-based investment methodology. Our securities analysis makes use of publicly available sources of information. There is always a risk that our analysis may be compromised by undetected inaccuracies. In addition, our conclusions may prove to be wrong and investments for Clients may consequently result in losses.

Notably, investing in securities involves risk of loss that Clients should be prepared to bear. CCM's investment recommendations are subject to various markets, currency, economic, political and business risks, and such investment decisions may not always be profitable. Clients should be aware that there may be a loss or depreciation to the value of their account and there can be no assurance that a Client's investment objectives will be obtained and no inference to the contrary is being made.

In addition, generally, the market value of stocks will fluctuate with market conditions. The market value of bonds will generally fluctuate inversely with interest rates and other market conditions prior to maturity and will equal par value (face value) at maturity.

Mutual fund investing involves risk including the possible loss of principal. Non-diversified funds are more susceptible to financial, market and economic events effecting the particular issuers and industry sectors in which they invest and therefore may be more volatile or risky than less concentrated investments. In addition, there is no assurance that a mutual fund will achieve its investment objective. Mutual fund investments also may result in unexpected tax liabilities which cannot be controlled by CCM or the Client.

Importantly, past performance of investments is no guarantee of future results. Some additional investment risks a Client should be aware of include, but are not limited, to the following:

- **Management Risk.** There is the risk that the investment techniques and risk analyses applied by CCM may not produce the desired results and that legislative, regulatory, or tax developments, may affect the investment techniques available to CCM. There is no guarantee that a Client's investment objectives will be achieved.
- **Liquidity Risk.** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **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.

From time to time CCM investment opportunities may also employ option strategies. The following risks are associated with these types of transactions:

- **Option buying.** This is a basic options strategy where investors buy a call or put option with the hope that the price of the underlying stock will move far enough to cover the premium paid for the option.
- **Option writing.** Investors can sell options in order to obtain additional income from premiums paid by the option buyer. Option writing is often associated with the investment strategy known as covered call writing. Covered calls limit the upside of a stock holding.
- **Uncovered Options and Spreading strategies.** Uncovered options trading can be more risky than writing covered call options. The potential loss is theoretically unlimited. An option spread involves combining two different option strikes as part of a limited risk strategy.

Prior to entering into an agreement with CCM, the Client should carefully consider committing to stock portfolio management only those assets that the Client believes will not be needed for current purposes and that can be invested on a long-term basis, usually a minimum of three to five years.

Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by CCM) will be profitable or equal any specific performance level(s).

ITEM 9: DISCIPLINARY INFORMATION

CCM is required to disclose all legal and disciplinary events that are material to a Client's or prospective Client's evaluation of our advisory business or the integrity of our management. CCM and its management personnel have no reportable disciplinary events to disclose.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Neither CCM nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, futures commission merchant, commodity pool operator, a commodity trading adviser, or an associated person of the foregoing entities. Moreover, CCM does not have any relationship or arrangement that is material to its advisory business or to its Clients. CCM does not recommend or select other investment advisers for Clients in exchange for compensation from those advisers.

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

A. Code of Ethics Summary

The Investment Advisers Act of 1940 imposes a fiduciary duty on all investment advisers to act in the best interest of its clients. CCM's Clients therefore entrust us to use the highest standards of integrity when dealing with their assets and making investments that impact their financial future. Our fiduciary duty compels all employees to act with integrity in all of our dealings. Because CCM's investment professionals may transact in the same securities for their personal accounts as they may buy or sell for Client accounts, it is important to mitigate potential conflicts of interest. To that end, CCM has adopted personal securities transaction policies in the form of a Code of Ethics ("Code"), which all CCM associated persons must follow.

CCM's Code of ethics sets forth high ethical standards of business conduct which we require of our employees. CCM and its personnel owe a duty of loyalty, fairness and good faith toward all Clients and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

The CCM Code of Ethics sets forth policies and procedures for the review of quarterly securities transactions reports, as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (*e.g.*, private placement) or an initial public offering. Moreover, our Code includes oversight, enforcement and recordkeeping provisions.

The CCM Code of Ethics further includes our policy prohibiting the use of material non-public information for insider trading.

All CCM associated persons receive a copy of the Code of Ethics no less than annually, at which time they acknowledge their receipt and understanding. CCM will provide a copy of the Code to

any Client or prospective Client upon written request by emailing info@checkcapital.com or by calling us at (714) 641-3579.

B. Participation or Interest in Client Transactions

CCM's Code permits associated persons of the firm to invest in the same securities as Clients. Consequently, there is a possibility that the CCM associated person could benefit from market activity by a Client in a security held by that person. To mitigate this conflict, CCM's Code is designed to ensure that the personal securities transactions, activities and interests of our employees will not interfere with making decisions in the best interest of advisory Clients.

Employees are prevented from benefiting from transactions placed on behalf of advisory accounts. To that end, Employee trading is continually monitored under the Code, with an eye to reasonably prevent conflicts of interest between CCM and its Clients.

Side-by-side management refers to the fact that CCM manages accounts for individuals and a mutual fund. CCM has policies in place to ensure that all Clients of the firm, regardless of entity, are treated similarly regarding trade order and allocation. See additional information in Items 6 and 12.

CCM does not affect any principal or agency cross securities transactions for Client accounts, nor does it affect cross-trades between Client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory Client. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory Client and for another person on the other side of the transaction. Should CCM ever decide to affect principal trades or cross-trades in Client accounts, it will comply with the provisions of Rule 206(3) of the Advisers Act.

ITEM 12: BROKERAGE PRACTICES

CCM does not maintain custody of your assets that we manage. Nevertheless, we may be deemed to have custody of Client assets because Clients give us authority to deduct management fees from their accounts (*see Item 15 Custody, below*). Client assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. As further described in Item 5, CCM currently recommends that Clients use primarily Fidelity, in addition to Schwab or TD Ameritrade (collectively hereinafter "broker/custodians") to maintain custody of Client assets and to effect trades for Client accounts. CCM is independently owned and operated and not affiliated with any broker/custodians. The broker/custodians will hold our Clients' assets in a brokerage account and buy and sell securities when CCM instructs them to. While CCM recommends using one or more of the broker/custodians mentioned above, Clients will decide whether to do so when they open an account with a broker/custodian by entering into an account agreement directly with the selected broker/custodian.

As further described below, factors considered by CCM in recommending Client's utilize the services of a broker/custodian include, but are not limited to, the reasonableness of their commissions, their financial strength, product availability, research and other services available to both the Client and the CCM.

A. Selection Criteria

CCM generally places all transactions through the broker/custodians mentioned above. CCM periodically evaluates the commissions charged and the services provided by these broker/custodians and compare those with other broker-dealers to evaluate whether overall best qualitative execution could be achieved by using alternative custodians.

How We Select Broker/Custodians

CCM seeks to select and recommend broker/custodians who will hold your assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. CCM considers a wide range of factors, including, among others, the following:

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody);
- capability to execute, clear and settle trades (buy and sell securities for your account);
- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.);
- breadth of investment products made available (stocks, bonds, mutual funds, ETFs, etc.);
- availability of investment research and tools that assist us in making investment decisions;
- quality of services;
- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them;
- reputation, financial strength and stability of the provider;
- the custodian/broker's prior service to us and our other Clients; and
- availability of other products and services that benefit us, as discussed below (*see "Products and Services Available to Us"*).

Custody and Brokerage Costs

Our recommended broker/custodians generally do not charge CCM Client accounts separately for custody services, but rather are compensated by charging commissions or other fees on trades that they execute or that settle into broker/custodian accounts. Each broker/custodian's commission rates applicable to CCM Client accounts are negotiated based on our commitment to maintain CCM Client assets in accounts at these recommended broker/custodians. In addition to commissions, broker/custodians may charge a flat dollar amount as a "trade away" fee for each trade that CCM executes by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into a broker/custodian account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. In

order to minimize trading costs, CCM will only use the recommended broker/custodians to execute trades for your account if CCM believes it is in your best interest to do so.

Products and Services Available to Us From the Broker/Custodian

Each of the recommended broker/custodians employs certain platforms that serve independent investment advisory firms like CCM. These platforms provide CCM and our Clients with access to their institutional brokerage – trading, custody, reporting and related services – which are not typically available to retail customers. These broker/custodians also make available various support services. Some of those services help us manage or administer our Clients' accounts while others help us manage and grow our business. The broker/custodians' support services generally are available on an unsolicited basis (*i.e.*, CCM does not have to request them) and at no charge to us. Below is a detailed description of available support services:

Services that Benefit You. Institutional brokerage services include access to a broad range of investment products, execution of securities transactions and custody of Client assets. The investment products available through the broker/custodians include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our Clients. The services described in this paragraph generally benefit you and your account.

Services that May Not Directly Benefit You. The broker/custodians also make available to us other products and services that benefit us, but may not directly benefit you or your account. These products and services assist CCM in managing and administering our Clients' accounts. They include investment research of both the broker/custodian and of third parties. Currently, within the support services that is obtained by CCM from Fidelity is a Bloomberg terminal and Bloomberg's media services which provide CCM with real-time and archived financial and market data, pricing, trading, news and communication tools in a single integrated package. The cost of the Bloomberg service is paid directly by Fidelity to Bloomberg, thereby resulting in an economic benefit to CCM. CCM may use this research to service all, some or a substantial number of our Clients' accounts. In addition to investment research, we also may receive access to software and other technology that:

- provide access to Client account data (such as duplicate trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple Client accounts;
- provide pricing and other market data;
- facilitate payment of our fees from our Clients' accounts; and
- assist with back-office functions, recordkeeping and Client reporting.

Services that Generally Benefit Only Us. The broker/custodians also offer other services intended to help us manage and further develop our business enterprise. These services include:

- educational conferences and events;
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and

- access to employee benefits providers, human capital consultants and insurance providers.

The broker/custodians may provide some of these services themselves. In other cases, they may arrange for third-party vendors to provide the services to us.

Other potential benefits to CCM only may include occasional business entertainment of personnel of CCM, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. We also may receive software and other technology. While as a fiduciary CCM endeavors to act in its Clients' best interests, CCM's recommendation that Clients maintain their assets in accounts at these broker/custodians may be based in part on the benefit to CCM of the availability of some of the foregoing products and services and other arrangements, and not solely on the nature, cost or quality of custody and brokerage services provided by the broker/custodians, which may create a potential conflict of interest.

Compliance Officer, Robert Hill, remains available to address any questions that a client or prospective client may have regarding the above and the corresponding conflict of interest presented by such engagement.

CCM's Beneficial Interest in the Broker/Custodian's Services

The availability of these services from the broker/custodians benefits us because CCM does not have to produce or purchase them. CCM does not have to pay for such services so long as certain conditions are met. Such conditions may give CCM an incentive to recommend that you maintain your account with these broker/custodians based on our interest in receiving those services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest.

In addition to the products and services described in this Item, CCM receives client referrals from Fidelity. This may also be a conflict of interest. For more information on this referral arrangement, please see Item 14 below. CCM has a soft-dollar arrangement with Fidelity for the provision of a Bloomberg terminal. The terminal is tied into real time information on a vast array of financial securities, indexes and news feeds. CCM uses the terminal to access information on a large number of securities held by our clients.

CCM believes, however, that our selection of the broker/custodians is in the best interests of our Clients. It is primarily supported by the scope, quality and price of their services (based on the factors discussed above – *see "How We Select Custodians/Brokers"*) and not the services that benefit only us.

B. Best Execution and Soft Dollar Considerations

It is the policy and practice of CCM to strive for the best price and execution that are competitive in relation to the value of the transaction ("best execution"). In order to achieve best execution,

CCM will use its best judgment to choose the broker-dealer most capable of providing the brokerage services necessary to obtain the best overall qualitative execution, taking into consideration the full range of a broker-dealer's services, including among other things, the value of research provided, execution capability, commission rates, and responsiveness. Although CCM will strive to achieve the best execution possible for Client securities transactions, this does not require it to solicit competitive bids and CCM does not have an obligation to seek the lowest available commission cost.

To ensure that brokerage firms recommended by CCM are conducting overall best qualitative execution, CCM will periodically evaluate the trading process for the broker/custodians recommended and utilized. CCM's evaluation will consider the full range of brokerage services offered by the brokers, which may include, but is not limited to price, commission, timing, research, aggregated trades, capable floor brokers or traders, competent block trading coverage, ability to position, capital strength and stability, reliable and accurate communications and settlement processing, use of automation and administrative ability.

CCM's Client account custodians generally also serve as the broker of record for the Client account. All custodial fees and brokerage charges are fully disclosed on the account statements sent by the custodian to each client. Please refer to Item 12.A above and item 14.A below for a detailed description of the services and benefits received by CCM through its Clients' broker/custodians.

It is important for clients to consider and compare the significant differences between having assets custodied at a broker-dealer, bank, or other custodian prior to opening an account with CCM. Some of these differences include, but are not limited to: total account costs, trading freedom, commission rates, and security and technology services.

Section 28(e) of the Exchange Act allows investment advisers to use client commissions to pay for brokerage and research services under certain circumstances without breaching their fiduciary duties to clients. This practice is commonly referred to as "soft dollars." Brokerage and research services may include, among other things, effecting securities transactions and performing services incidental thereto (such as clearance, settlement and custody) and providing research information regarding the economy, industries, sectors of securities, individual companies, statistical information, taxation, political developments, legal developments, technical market action, pricing and appraisal services, credit analysis, risk measurement analysis and performance analysis. Such research information can be received in the form of written reports, telephone conversations, personal meetings with security analysts and/or individual company management, and attending conferences. The research services provided by a broker may be proprietary (*i.e.*, provided by the broker providing the execution services) and/or provided by a third party (*i.e.*, it originates from a party independent from the broker providing the execution services).

Specifically, as mentioned above, CCM has entered into a formal soft-dollar arrangement with Fidelity who provides CCM with access to a Bloomberg terminal and Bloomberg's media services which enables CCM to monitor and analyze real-time financial market data and place trades on their electronic execution management platform.

Compliance Officer, Robert Hill, remains available to address any questions that a client or prospective client may have regarding the above and the corresponding conflict of interest presented by such engagement.

C. Directed Brokerage

In circumstances where CCM is required to execute transactions through a specific broker (aka "Directed Brokerage"), the Client should understand that: (1) CCM will not negotiate specific brokerage commission rates with the broker on the Client's behalf or seek better execution services or prices from other broker/dealers and, as a result, the Client may pay higher commissions and/or receive less favorable net prices on transactions for their account than might otherwise be the case; (2) CCM may enter trade orders for the Client's account after large batched trade orders are executed for Clients at other brokerage firms, with the result that market movements may work against the Client; and (3) conflicts may arise between the Client's interest in receiving best execution with respect to transactions effected for the account and CCM's interest in receiving future Client referrals from the broker. In the event that the Client directs CCM to effect securities transactions for the Client's accounts through a specific broker/dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect Account transactions through alternative clearing arrangements that may be available to CCM. Higher transaction costs adversely impact Account performance. Furthermore, pursuant to CCM's trade order rotation policy, transactions for directed accounts may be executed following the execution of portfolio transactions for non-directed accounts.

D. Aggregation of Orders

CCM will order block trades where possible and when advantageous to Clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple Client accounts. Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price.

CCM will typically aggregate trades among Clients whose accounts can be traded at a given broker and will generally rotate or vary the order of brokers through which it places trades for Clients on any particular day. When this happens, these circumstances may, in turn, give rise to actual or potential conflicts of interest among the accounts for whom the security purchase or sale is appropriate, and among the subset of those accounts actually participating in a block trade, especially if the block trade order results in a partial fill. In order to address these conflicts, CCM has adopted certain policies and procedures that it follows when aggregating trades in an effort to provide an objective and equitable method of trade allocation so that all Clients are treated fairly. The basic objectives of these policies and procedures are as follows:

- (a) CCM will only aggregate trades when it believes that such aggregations are consistent with its duty to seek best execution for its Clients;
- (b) CCM will strive to ensure that no Client account is favored over any other Client account;

(c) Transactions will generally be averaged as to price for each account that participates in an aggregated transaction; and

(d) Partial fills are allocated using a rotational allocation method whereby each account will receive a full allocation in their order of priority until the entire order has been allocated. On sells, the accounts with the lowest percentage of cash will be allocated the shares first; for buys, the accounts with the largest percentage of cash will be allocated the shares first.

Considerations for the Blue Chip Investor Fund

From time to time, CCM may determine that the purchase or sale of a particular security is appropriate for multiple Client accounts, including the Blue Chip Investor Fund, based on a variety of reasons. When this occurs, the following trade rotation policy is implemented.

CCM's policy is to provide a fair and equitable method of trade rotation in placing trades for Clients' accounts, including the Blue Chip Investor Fund. For more information, please contact us at the telephone number or e-mail address listed on the cover page to this Brochure.

E. Trade Errors

CCM has trade-error policies that neither advantage nor disadvantage Clients; errors are simply corrected. When there is an error, CCM attempts to correct the error as soon as possible and make the Client whole. Soft dollar arrangements or the promise of future trade commissions cannot be used to correct errors when placing a trade for a Client's account and CCM cannot correct a trade error made in a Client's account by allocating the trade to a different account, unless that account was meant to receive the trade in the first place.

F. Tradeaway/Prime Broker Fees

Relative to its discretionary investment management services, when beneficial to the client, individual equity and/or fixed income transactions may be effected through broker-dealers other than the account custodian, in which event, the client generally will incur both the fee (commission, mark-up/mark-down) charged by the executing broker-dealer and a separate "tradeaway" and/or prime broker fee charged by the account custodian.

ITEM 13: REVIEW OF ACCOUNTS

Underlying securities within managed accounts are continuously monitored. Client portfolios are reviewed on a regular basis. Triggering factors for additional review include, but are not to, changes in a Client's financial situation, such as investment goals, tax considerations or change in employment. Additional reviews are also available at the Client's request.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

A. Compensation for Client Referrals

CCM may pay referral fees to independent persons or firms ("Solicitors") for introducing Clients to CCM.

CCM enters into a written agreement with the solicitor and complies with the requirements of Rule 206(4)-3 of the Advisers Act. Compensation to the solicitor will be based upon CCM's engagement of new Clients and the retention of those Clients. Any such fee shall be paid solely from CCM's fees, and shall not result in any additional charge to the Client.

Each prospective Client who is referred to CCM under such an arrangement will receive a copy of CCM's Form ADV Part 2 and a separate written disclosure document disclosing the nature of the relationship between the third party solicitor and CCM and the amount of compensation that will be paid by CCM to the third party. The solicitor is required to obtain the Client's signature acknowledging receipt of CCM's Form ADV Part 2 and the solicitor's written disclosure statement.

Participation in Fidelity Wealth Advisor Solutions®. CCM participates in the Fidelity Wealth Advisor Solutions® Program (the "WAS Program"), through which CCM receives referrals from Strategic Advisers, Inc. ("SAI"), a registered investment adviser and subsidiary of FMR LLC, the parent company of Fidelity Investments. CCM is independent and not affiliated with SAI or FMR LLC. SAI does not supervise or control CCM, and SAI has no responsibility or oversight for CCM's provision of investment management or other advisory services.

Under the WAS Program, SAI acts as a solicitor for CCM, and CCM pays referral fees to SAI for each referral received based on CCM's assets under management attributable to each client referred by SAI or members of each client's household. The WAS Program is designed to help investors find an independent investment advisor, and any referral from SAI to CCM does not constitute a recommendation or endorsement by SAI of CCM's particular investment management services or strategies.

More specifically, CCM pays the following amounts to SAI for referrals: for referrals made prior to April 1, 2017, an annual percentage of 0.20% of any and all assets in client accounts; for referrals made after April 1, 2017, the sum of (i) an annual percentage of 0.10% of any and all assets in client accounts where such assets are identified as "fixed income" assets by SAI and (ii) an annual percentage of 0.25% of all other assets held in client accounts. For referrals made prior to April 1, 2017, these fees are payable for a maximum of seven years. Fees with respect to referrals made after that date are not subject to the seven year limitation. In addition, CCM has agreed to pay SAI a minimum annual fee amount in connection with its participation in the WAS Program. These referral fees are paid by CCM and not the client.

To receive referrals from the WAS Program, CCM must meet certain minimum participation criteria, but Advisor may have been selected for participation in the WAS Program as a result of its other business relationships with SAI and its affiliates, including Fidelity Brokerage Services,

LLC ("FBS"). As a result of its participation in the WAS Program, CCM may have a potential conflict of interest with respect to its decision to use certain affiliates of SAI, including FBS, for execution, custody and clearing for certain client accounts, and Advisor may have a potential incentive to suggest the use of FBS and its affiliates to its advisory clients, whether or not those clients were referred to CCM as part of the WAS Program.

Under an agreement with SAI, CCM has agreed that Advisor will not charge clients more than the standard range of advisory fees disclosed in its Form ADV 2A Brochure to cover solicitation fees paid to SAI as part of the WAS Program. Pursuant to these arrangements, CCM has agreed not to solicit clients to transfer their brokerage accounts from affiliates of SAI or establish brokerage accounts at other custodians for referred clients other than when CCM's fiduciary duties would so require, and Advisor has agreed to pay SAI a one-time fee equal to 0.75% of the assets in a client account that is transferred from SAI's affiliates to another custodian; therefore, CCM may have an incentive to suggest that referred clients and their household members maintain custody of their accounts with affiliates of SAI. However, participation in the WAS Program does not limit CCM's duty to select brokers on the basis of best execution. CCM examined potential conflicts and determined that a strong working relationship with Fidelity was in the best interests of our Clients.

Prior to January 1, 2007, CCM received Client referrals from Charles Schwab through participation in Schwab's Adviser Network ("the Service"). The Service was similar to Fidelity's WAS Program. CCM continues to pay Schwab a referral fee on past referrals. The referral fee is 15% of the Client's management fees.

All referral fees paid as part of the WAS program and/or the Service represent a portion of the fees actually charged CCM for investment advisory services on behalf of the Client. There is no differential between the amount or level of investment advisory fees which CCM will charge for managing your account in excess of that which it would customarily charge for managing any other Client with similar assets and which was not referred to CCM via WAS or the Service program.

B. Other Compensation

It is CCM's policy not to accept (or allow our related persons to accept) any form of compensation—including cash, sales awards or other prizes—from a non-client in conjunction with the advisory services we provide to our Clients.

ITEM 15: CUSTODY

CCM does not have physical custody of Client accounts. Nevertheless, pursuant to Rule 206(4)-2 of the Advisers Act, CCM is deemed to have custody because the firm has the authority and ability to instruct Schwab, Fidelity, TD Ameritrade and other broker/custodians to deduct our advisory fees directly from your account. The broker/custodian maintains actual custody of your assets. Clients will receive account statements directly from the broker/custodian at least quarterly. They will be sent to the email or postal mailing address the Client provided to the broker/custodian. Clients should carefully review those statements promptly when received.

CCM also urges Clients to compare the broker/custodian's account statements to the periodic portfolio reports you will receive from us. Please contact CCM with any questions.

ITEM 16: INVESTMENT DISCRETION AND LIMITATIONS

Clients hire CCM to provide discretionary asset-management services, which means we trade securities in a Client's account without contacting the Client for permission prior to each trade.

Our discretionary authority includes the ability to do the following without contacting the Client:

- determine the security to buy or sell; and/or
- determine the amount of the security to buy or sell.

Clients give CCM discretionary authority when they sign a discretionary agreement with our firm and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions. For example, investment authority may be subject to specified investment objectives, guidelines, and/or conditions imposed by the Client, such as restricting investment in a particular stock and/or prohibiting transactions in the securities of a specific industry.

ITEM 17: VOTING CLIENT SECURITIES

CCM votes proxies for Client accounts; however, Clients always have the right to vote proxies themselves. Clients can exercise this right by instructing us in writing to not vote proxies related to their account.

We vote proxies in accordance with our established policies and procedures. CCM retains a) all proxy voting records for the requisite period of time and b) copies of written Client requests enquiring how we voted proxies.

Clients may obtain a copy of our complete proxy-voting policies and procedures by contacting us at the telephone number or e-mail address listed on the cover page to this Brochure. Clients may request, in writing, information on how proxies for his/her shares were voted. If any Client requests a copy of CCM's complete proxy policies and procedures or how we voted proxies for his/her account(s), we will promptly provide such information.

We will neither advise nor act on behalf of the Client in legal proceedings involving companies whose securities are held in the Client's account(s). We may assist Clients in the filing of "Proofs of Claim" in class-action settlements.

ITEM 18: FINANCIAL INFORMATION

Under no circumstances does CCM require or solicit payment of fees in excess of \$1,200 per Client more than six months in advance of services rendered. Therefore, we are not required to include a balance sheet.

As an advisory firm that maintains discretionary authority for Client accounts, we are required to disclose any financial condition that is reasonably likely to impair our ability to meet contractual obligations. No such conditions currently exist.

CCM has not been the subject of a bankruptcy petition at any time during the past ten years.

ITEM 19: QUESTIONS

CCM's Chief Compliance Officer, Robert Hill, is available to address any questions regarding this Brochure.