



FORM ADV PART 2

March 27, 2018

This brochure provides information about the qualifications and business practices of Carter Asset Management, Inc. If you have any questions about the contents of this Brochure, please contact us at (325) 673-6171 and/or info@carterasset.com. 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.

Carter Asset Management, Inc. is a Registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training. Additional information about Carter Asset Management, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov.

MATERIAL CHANGES

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV,” which amends the disclosure document provided to clients as required by SEC Rules and Regulations. This Brochure, dated March 27, 2018, is an updated document of the 2017 filing, which was prepared according to the SEC’s new requirements and rules.

Our last annual update of this document was March 27, 2017. Since this time, Carter Asset Management, Inc. has initiated the process to transition ownership of the Firm as part of a planned internal succession. In February 2018, it was formally announced to clients that ownership of the Firm will transition to Cary D. Beard from David L. Carter, effective April 1, 2018. As part of the transition of ownership, all clients have been notified and provided the opportunity to consent to the assignment of their Advisory Agreement to the successor ownership, in accordance with the Adviser’s Act of 1940, as amended.

In the past, we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may provide additional ongoing disclosure information about material changes as necessary. Further, we will provide you with a new Brochure, as necessary, based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting our Senior Accounts Administrator, Carolyn Newton, at (325) 673-6171 or cnewton@carterasset.com. Our Brochure is also available on our web site, www.carterasset.com, free of charge.

Additional information about Carter Asset Management, Inc. is also available via the SEC’s web site www.adviserinfo.sec.gov. The SEC’s web site also provides information about any individuals affiliated with Carter Asset Management, Inc. who are registered, or are required to be registered, as investment adviser representatives of Carter Asset Management, Inc.

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ADVISORY BUSINESS

Carter Asset Management, Inc. (“Carter Asset Management” or “CAM” or “the Adviser” or “the Firm”) provides fee-only investment management, investment consultation, and financial planning services. Carter Asset Management provides investment supervisory and management services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, foundations, corporations, and other business entities.

Carter Asset Management, Inc. was incorporated in February 1997 after commencing fee-only investment services within David L. Carter, P.C. (a Texas Professional Corporation) in May 1996. The firm has been in business since this time. David L. Carter is the President of the Firm and owns 100% of the company. As of December 31, 2017, Carter Asset Management is responsible for the discretionary management of approximately \$290 million in client assets.

Investment Management Services begin with an initial interview and data gathering in an effort to determine the Client’s individual needs, goals, investment time horizons, and risk tolerance. Based upon information provided by the Client, the Adviser will prepare recommendations for investments, which may include planning for long-range goals (e.g. retirement preparation planning, long-term endowments/foundations, or college funding) or other segments of an investment plan that may be needed. The advisory services provided by Carter Asset Management are uniquely tailored to the individual needs of each client.

Recommended investments may include short-term instruments (e.g. CD’s, money market funds), stocks, bonds, stock mutual funds, Exchange-Traded Funds (ETFs), bond mutual funds, exchange-traded Real Estate Investment Trusts (REITS), oil & gas income funds, publicly-traded Master Limited Partnerships, or other traditional investment vehicles. Once the recommendations are implemented, Carter Asset Management provides ongoing management, review, and reporting for the investment portfolio. The underlying portfolio assets will be reviewed internally on a frequent basis, depending upon the types of investments, market conditions, or as often as individual circumstances may warrant. Recommendations are made by the Firm when the investment advisers determine that a client should meet to re-evaluate their current Investment Policy Statement being followed by the Firm on behalf of the Client.

Carter Asset Management encourages Clients to maintain ongoing contact with the Firm and requests consultations with Clients not less frequently than once annually to review and update investment and ongoing financial and investment needs. However, Clients are obligated to contact Carter Asset Management promptly if there has been any change in the Client’s current financial status or information to determine if there needs to be a change in investment objectives and strategies, along with an appropriate modification to the Client’s formal, written Investment Policy Statement. Clients may call the office at any time during normal business hours to discuss the Client’s portfolio, financial situation, or investment needs.

Clients will receive transaction statements as they may occur, as well as regular account statements from custodians or brokerage firms. Additionally, investment management Clients may access portfolio information via the brokerage/custodian’s website and/or the Client’s individual online

portal provided by the Firm. The Adviser, however, provides detailed portfolio performance reports quarterly and on other occasions as determined appropriate.

All Clients have a direct and beneficial interest in their own individual brokerage accounts that hold their own securities, rather than an undivided interest in a pool of securities. Carter Asset Management does not have custody of Clients' funds or securities. An independent third party firm provides execution and custodial services for our Clients.

Carter Asset Management does not routinely aggregate or use block trades when executing transactions for its various Clients due to the nature of our services, the individual nature of the management of a client portfolio, and the size of most trades. Block trades are generally utilized to realize more effective trade execution and the cost efficiencies that come from executing larger order sizes. The Adviser does acknowledge its obligation as a fiduciary to provide best execution given the circumstances of each transaction.

The Adviser will execute block trades when certain opportunities present economic benefit to aggregate trades due to a larger scale of effort that can achieve economies for Clients. In this situation, Carter Asset Management will prepare an allocation statement, specifying the participating Client accounts and the Firm's allocation plan that outlines how the Firm will allocate the order among the selected Client accounts. The objective of the statement is to ensure that, based upon the individual needs and financial objectives of its various Clients (taking into consideration any restrictions or limitations), it is distributing investment opportunities among Client accounts in a rational and predictable manner, and that the distribution is fair and equitable to all. Deviations from the allocation methodology are stated up front in internal documentations and are permitted only for good cause under the direction of David L. Carter, President and Principal of the Firm. Examples of certain circumstances that might warrant such a deviation include account types, tax considerations, particular investment guidelines, or Client-imposed restrictions. Clients are encouraged to discuss any questions that may arise regarding investment policies throughout the course of our engagement.

The Client may terminate the **Investment Advisory Agreement** without penalty (full refund or no fees due) within five business days of signature, if the Client receives the Form ADV Part 2 no earlier than at the time of engagement. Otherwise, investment management services may be immediately terminated upon receipt of written notice by either party.

Carter Asset Management provides **Consultations** pertaining to general or specific investment advisory issues as determined by the Client. Such consultation services can be terminated with no fees due, if requested within five business days of signature on the Agreement, if the Form ADV Part 2 was delivered no earlier than the time of engagement. Otherwise, services can be terminated at any time by either party upon receipt of the written termination request. The Client will be invoiced only for time incurred by the Adviser until the effective date of termination.

Carter Asset Management also offers **Personal Financial Planning Services** to review and analyze issues pertaining to income and cash management, risk management, education funding, retirement preparation planning, estate planning, and tax planning as requested by the Client. Carter Asset Management's Personal Financial Planning Services can focus on certain components as defined by the Client or can be comprehensive in nature. If desired, the Adviser can develop a written plan based upon the information provided by the Client and the advice and recommendations developed by

Carter Asset Management. If the Client chooses a less comprehensive planning approach, Clients must understand the advice provided does not take the entire scope of Client's overall planning needs into consideration. Carter Asset Management can assist Clients with helpful information regarding the implementation of any recommendations, as desired.

Clients may terminate the Personal Financial Planning Agreement within five business days of signature with no fees due, if the Adviser's Form ADV Part 2 was delivered no earlier than at the time of engagement. Otherwise, Financial Planning Services may be terminated in writing at any time by either party. In this case, the Client will be invoiced for the time and effort incurred by the Adviser on the development of the advice or Plan prior to termination at the Firm's hourly rate.

Sales of investments result in taxable gain(s) or loss(es) to the Client. Also, the sale of investments to maintain the Client asset allocation policy may cause taxable gain(s) or loss(es) to the Client. While the Firm makes every effort to take these matters into consideration in the delivery of its services, the Client understands Carter Asset Management does not render tax advice and is not responsible for the tax consequences to the Client as a result of account transactions. However, Carter & Beard, P.C. (a Texas Professional Corporation), a public accounting firm that is co-located with Carter Asset Management, is available to assist with these issues under separate engagement. Clients are welcome to consult their personal tax adviser about tax consequences as a result of transactions or any particular investment held in their account.

FEES AND COMPENSATION

Investment Management fees are payable quarterly and in advance of services at a rate equal to one-fourth of the agreed annual fee percentage rate multiplied by the "billable balance" on the last day of the preceding calendar quarter. For this purpose, "billable balance" means the value of the Client's portfolio as of the last market day of the relevant quarter, adjusted daily to prorate additions and withdrawals during the previous quarter. A pro-rata fee is calculated for services initiated at any time other than at the beginning of a calendar quarter.

The fees charged by Carter Asset Management for Investment Management services for new Clients are 0.95% annually. Investment management fees may be modified from the foregoing based upon individual circumstances, aggregating of accounts, the complexity of services, the portfolio allocation, or additional resources required and at the discretion of the Adviser. Additionally, management fees may be modified for larger or institutional accounts. Investment management fees are determined at the time of engagement and are outlined and agreed upon in writing by the Adviser and the Client in the Investment Advisory Agreement & Disclosure Statement.

Carter Asset Management, Inc. does not charge industry-standard new client setup fees, nor does the Firm charge an established minimum annual fee. Payment of investment management fees is made through a debit directly to the Client's account by the custodian holding the Client's funds and securities. This is specifically authorized by the client in their initial account application with the brokerage firm.

The aforementioned advisory fees represent fees for investment advisory and investment management services only. Clients pay transaction fees to broker/dealers, custodians, and to other third party

service providers Clients may engage (such as trust companies, etc.). All fees paid to the Adviser for investment advisory services are separate from the fees and expenses charged to shareholders of mutual fund shares by mutual funds, or by the Investment Adviser managing the portfolio. A complete explanation of these expenses charged by the mutual funds is contained in each fund's prospectus. Clients are encouraged to read each fund prospectus and contact the investment manager if they have any questions about these fees.

Presently, Carter Asset Management, Inc. has Charles Schwab Advisor Services, a subsidiary of Charles Schwab & Co., Inc., ("Schwab") maintain custody of all client accounts due to the economies and efficiencies achieved with the use of Schwab, which particularly supports the efforts of fee-only investment advisers. From time to time, Carter Asset Management, Inc. may coordinate with other brokerage firms for the purchase of certain securities not available from Schwab, but all of these transactions will ultimately transact with the Client's account at Schwab. Traditionally, this has been limited to fixed-income investments (e.g. corporate and municipal bonds).

As Carter Asset Management is a fee-only Investment Adviser, the Firm does not charge any form of wrap fees, which include a management fee and commission expenses wrapped into one charge. Carter Asset Management does not charge performance-based fees, as defined by the Securities and Exchange Commission's Investment Adviser's Act of 1940. Advisory fees are not collected for services to be performed more than six months in advance.

If Investment Management Clients require additional services outside the scope of our Investment Management Services, such as consultation or research services, the Firm's hourly rate will apply. The hourly rate will vary depending upon the particular circumstances, complexity or nature of desired services, and at the discretion of the Adviser. The hourly rate will be agreed upon prior to the initiation of services.

Consultation services are available at the Firm's current hourly rate, depending upon the complexity of services and the approximate total fee will be determined at the time of engagement. For more time intensive projects, the Adviser may request a retainer equal to an amount up to one-half of the total estimated fee, with the balance due upon delivery of services. Otherwise, payments for Consultation Service are due upon the delivery of the agreed upon services.

Personal Financial Planning services are offered at the Firm's current hourly rate, depending upon the complexity of services. The approximate total fees will be determined and agreed upon at the time of engagement. If Client circumstances or objectives change such that a new investment plan is required, it is understandable that there may be additional fees. The Client would be notified prior to the initiation of any additional efforts. Financial Planning fees are generally due and payable upon delivery of the plan. However, for more time-intensive projects, the Adviser may request a retainer at the time of engagement and will invoice the Client for the balance upon the delivery of services.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Carter Asset Management, Inc. does not charge any performance-based fees (i.e. fees based on a share of capital gains on or capital appreciation of the assets of a client).

TYPES OF CLIENTS

Carter Asset Management provides Investment Supervisory and Management Services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, foundations, family limited partnerships, corporations, and other business entities.

Unlike many firms, Carter Asset Management does not state the minimum dollar amount required for a client to initiate an investment advisory relationship. The Firm maintains a full awareness of the size of a cost-effective client portfolio, but may, in its own judgment, from time to time, determine to accept a smaller portfolio upon the commencement of the investment advisory relationship, based upon certain factors including, but not limited to, family relationships, intention of the new client to bring additional assets, or younger clients who demonstrate a particular accumulation mindset as they begin their careers. The Firm may accept aggregated household portfolios not meeting an economic minimum where special circumstances exist and at the discretion of the Adviser. The Firm's Consultation and Financial Planning Services, which are billed at hourly rates, do not require a minimum relationship size. The ultimate goal of the Firm is to work with Clients of all ages and sizes with the appropriate attitude that will enable the Firm to assist them with the creation and maintenance of their wealth.

Carter Asset Management consults with a number of non-profit organizations to assist them with financial matters relating to foundations, charitable trusts, endowments, and charitable gift annuities, among other items. In certain situations, CAM is engaged by the Executive Director of the non-profit organization, President of a foundation, or the Trustee of certain charitable trusts to manage the assets in the trusts or the organization's endowment, gift annuity proceeds, or other assets. Neither Carter Asset Management nor any of the Firm's Registered Investment Adviser Representatives acts as custodian or trustee for any charitable trust or other assets for which the Firm has management responsibilities.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS

Carter Asset Management seeks to match investment management services to personal financial planning objectives, rather than provide an isolated, independent asset management service without adequate input for development. Carter Asset Management considers the success of an investment management program to be dependent upon a clear financial plan. Personal financial planning services are an integral part of services offered by the firm, when accepted by the Client. Once personal financial goals are quantified, the investor's risk tolerance, investment time horizon, net worth, tax situation, and stage in life are defined for preparation of an initial, formal, written **Investment Policy Statement**, which is to provide guidance to the Adviser in the management of funds.

Investment strategies generally include a focus on long-term portfolio construction rather than short-term trading efforts. Investing in securities involves risk of loss that clients should be prepared to bear. Historically and statistically, risks of loss are greatly reduced when investors utilize a minimum of a five-to-seven year moving window of time as their investment timeline. Meeting individual risk tolerances and investment time horizons contribute to portfolio allocation between fixed-income and equity securities. Asset allocation, which seeks to achieve the most efficient diversification of assets for the accomplishment of specific goals, is customized for each client. The Investment Policy

Statement, which provides guidance for the investment effort, is reviewed periodically with the client for revision to meet changing needs over time. When revisions are determined appropriate, a written modification memorandum to the Investment Policy Statement is made.

Carter Asset Management's premise for Personal Financial Planning is that this effort is a comprehensive, ongoing process that seeks to maximize the utilization of a client's financial resources, while taking into consideration the client's individual uniquenesses and stage in life. Individual uniquenesses include, but are not limited to, tolerance for risk (more commonly expressed as investment volatility), and the historical experience of the Client with regard to investment efforts. The Personal Financial Planning process is a learned and professional discipline for which the firm has considerable training, credentials, and experience. Personal Financial Planning is comprehensive in that it encompasses cash/debt management, risk management (insurance), investments, taxes, retirement preparation planning, and estate planning.

The Personal Financial Planning process (1) assesses and summarizes the current financial condition of the client, (2) identifies and quantifies the financial goals desired for achievement, (3) makes recommendations and implements certain actions to accomplish the identified goals, and (4) sets in place an approach for reviewing and monitoring the progress of achieving the stated goals.

Retirement preparation planning is one of the most significant areas of the financial planning effort that requires investment advisory services. Carter Asset Management takes a well-developed and unique approach to this area of financial planning. The approach used includes (1) defining and quantifying how much will need to be accumulated for retirement, (2) identifying how much will need to be placed monthly into a defined accumulation program to meet that goal and where those funds need to be invested, and (3) providing a measurement tool for monitoring the progress of the accumulation effort on an annual basis.

The concept of asset allocation, that is the balance in an investment portfolio between equity investments, fixed-income investments, and cash, is generally at the forefront of the Firm's strategies. Upon determining the proper allocation of these broad asset classes, a Client's investment portfolio is allocated further among a number of sub-asset classes (e.g. domestic equities, foreign equities, large, mid, and small cap equities, corporate bonds, and government securities). At its core, asset allocation seeks to achieve the most efficient diversification of assets, so as to help lessen risk over time while not sacrificing the effectiveness of the portfolio in an effort to achieve the Client's objectives. Since Carter Asset Management believes that risk reduction is a key element to long-term investment success, asset allocation principles are a key part of the Firm's overall approach in providing advice to Clients.

Decisions for the purchase or recommendation of investments for meeting specific client needs will be based upon publicly available reports and analysis, as well as the utilization of third-party professional research services to which Carter Asset Management subscribes, has access, and uses for analysis, selection, and monitoring of investments.

Carter Asset Management utilizes many sources of public information, including financial news and research materials. The Adviser may also utilize fundamental macro-economic analysis and specialized software products in its development of investment strategies and advice. Additionally, the Firm's Investment Committee maintains direct contact with various investment company portfolio managers

via telephone and online conferences, public professional forums, such as investment manager conferences, and frequent direct contact, as practicable, including personal consultations and on-site Firm 'due diligence' visits.

Certain client Investment Policy Statement criteria may indicate a 100% investment in equity securities. These growth portfolios generally include a mixture of stock mutual funds and some individually-selected stocks. A few clients may have established Investment Policy Statement criteria that require 100% investment in fixed-income securities. In this instance, the Adviser most commonly includes individual bonds and preferred stock issues, rather than or in combination with fixed-income mutual funds. From time to time, however, fixed-income or bond mutual funds may be used for liquidity and for holding funds until individual positions are found that meet criteria. Most client instructions, however, require a specific percentage range allocation between equity securities and fixed-income securities, based upon individual client objectives, needs, investment time horizon, and risk tolerance. On occasion, the Adviser may add fixed-income instruments known as "structured products," which are generally bonds with defined interest rate "step-ups."

Investment advisers, including Carter Asset Management, must depend upon digital and network technologies in order to conduct business. Accordingly, we must be aware of certain cybersecurity risks associated with these technologies. The systems and devices we use, as well as the service providers and vendors who help us implement and maintain them, employ a variety of protections designed to prevent damage or interruption from cybersecurity threats, including computer viruses, network failures, computer and telecommunication failure, infiltration by unauthorized persons, and security breaches. The Firm maintains certain technical and physical safeguards, including specific policies and procedures, to protect the personal, confidential, and sensitive information of the Firm and its clients. Despite such protections, cyberattacks and other failures could occur, resulting in unauthorized access to this information about the Firm or its Clients. Carter Asset Management will seek to notify affected Clients of known cybersecurity incidents that may pose a particular risk of exposing confidential personal information to unintended parties.

DISCIPLINARY INFORMATION

Registered Investment Advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Carter Asset Management, Inc. or the integrity of its management. Carter Asset Management, Inc. has not been subject to any disciplinary events and has no information applicable to this disclosure topic.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

David L. Carter, President of the Firm, is primarily focused on the delivery of investment advisory services and related personal financial planning. He is also President of Carter & Beard, P.C. (a Texas Professional Corporation), a public accounting firm providing professional certified public accounting services to its Clients. This activity varies throughout the year but accounts for less than 10% of his time and efforts. Advisory Clients are advised of this affiliated business and they are not under any obligation to utilize the services of the public accounting practice. However, Clients are welcome to

engage services under a separate agreement with the accounting firm. Clients of Carter & Beard, P.C. are not Clients of the Adviser until a separate engagement letter with Carter Asset Management is executed by the Client and accepted by the Adviser.

CODE OF ETHICS

Occasionally, investment objectives of Clients are similar to that of the Advisory Representatives of Carter Asset Management, and this may lead to investment advisers of the Firm personally investing in the same investments. The Firm reviews and maintains records of the personal securities transactions of its Advisory Representatives and Associated Persons and information pertaining to personal trading activities are required to be available for review by the SEC. Due to the relatively immateriality of investments made by the Advisory Representatives relative to the total investments managed, these personal transactions would have no noticeable affect on market prices or movement. In any case, the Advisory Representatives will generally be “last in” and “last out” for the trading day. All rules of the Investment Adviser’s Act of 1940 (the “Act”) will be strictly enforced. The Investment Adviser will not permit insider trading and in no case will the Firm or a representative of the Firm buy or sell any general securities ahead of Client transactions. At all times, Carter Asset Management, and its representatives, places the Client’s interest above its own, such that there is no conflict of interest in these securities transactions. Additionally, the Firm recommends that Clients primarily invest in highly liquid securities.

In addition to the ethical standards and requirements set forth by the Certified Financial Planning Board of Standards, the Texas State Board of Public Accountancy, and the Center for Fiduciary Studies, the standards of which must be maintained and followed by all members, Carter Asset Management has implemented an internal Code of Ethics that must be read, acknowledged, and signed by all owners, executives, and employees. Carter Asset Management’s Code of Ethics is predicated on the principle that the Firm owes a fiduciary duty to all of its clients, to serve its clients’ best interests, and place client interests ahead of the interests of Carter Asset Management, Inc. and its employees. This is fundamentally and clearly demonstrated by the Firm’s adoption of practice as a fee-only investment adviser.

The following set of principles frame the professional and ethical conduct that Carter Asset Management expects from its employees and consultants:

- Act with honesty, integrity, competence, diligence, respect, and in an ethical manner with the public, Clients, prospective Clients, employers, employees, colleagues in the investment profession, and other participants in the global capital markets;
- Place the integrity of the investment profession, the interests of Clients, and the interests of the Firm above one’s own personal interests;
- Adhere to the fundamental standard that you should never take inappropriate advantage of your position;
- Avoid any conflict of interest, real or perceived;

- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities;
- Practice and encourage others to practice in a professional and ethical manner that will reflect favorably on you, the Firm, and the profession;
- Promote the integrity of, and uphold the rules governing, capital markets;
- Not exploit any relationship or responsibility that has been entrusted to you;
- Maintain and improve your professional competence and strive to maintain and improve the competence of other investment professionals.

A complete copy of the Firm's Code of Ethics may be provided to any client or prospective client upon request.

BROKERAGE PRACTICES

The Advisory Representatives of the Firm are **not** Registered Representatives of any Broker/Dealer firm. Carter Asset Management recommends that Clients open their managed accounts with Charles Schwab & Co., Inc. ("Schwab"), a registered broker/dealer, member SIPC, as a qualified custodian to maintain custody of clients' assets and to effect trades for their accounts since the Firm is able to efficiently monitor investments and execute trades using extensive computer technology available through its relationship with Schwab. Carter Asset Management is independently owned, managed, and operated and is **not** legally or financially affiliated with Schwab. We routinely provides assistance to the Client in the establishment of their individual brokerage accounts and the attendant administrative coordination with Schwab for those accounts. Schwab holds client assets in a brokerage account and buys and sells securities when we instruct them to do so.

Commission-waived load funds and no-load mutual funds are available in the Schwab brokerage account in addition to stocks and bonds. Clients enjoy significantly reduced transaction charges in the managed Schwab accounts. Clients also have access to reduced-fee institutional mutual fund shares, in some instances, where ordinarily they would not be able to buy commission-waived funds or meet minimum holding amounts in their traditional brokerage relationships. The Adviser considers this as an efficient and economical approach for fee-only investment managers and their Clients. The Adviser supports the independent nature of the adviser-client relationship and maintains that this precludes inappropriate conflicts of interest. For Client accounts maintained in its custody, Schwab generally does not charge separately for custody, but it is compensated by account holders through transaction-related fees for securities trades, which are executed through Schwab or that settle into the Schwab accounts.

This commitment benefits Clients because the overall commission rates (i.e. transaction costs) paid by clients are lower than they would be otherwise. In addition to commissions, Schwab charges a flat dollar amount as a "prime broker" or "trade away" fee for each trade executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into

a Client's account at Schwab. These fees are in addition to the commissions or other compensation paid to the executing broker-dealer. Because of this, in order to minimize trading costs, we have Schwab execute most trades within clients' accounts. We have determined that having Schwab execute most trades is consistent with our duty to seek "best execution" of Client trades. Best execution means the most favorable terms for a transaction based on all relevant factors.

Schwab Advisor Services™ (formerly called Schwab Institutional®) is Schwab's business serving independent investment advisory firms like Carter Asset Management. They provide us and our clients with access to its institutional brokerage services (trading, custody, reporting, and related services), many of which are not typically available to Schwab retail customers. Schwab also makes available various support services, some of which help us manage or administer our clients' accounts, while others help us manage and grow our business. Schwab's support services are generally available on an unsolicited basis (i.e. we don't have to request them) and at no charge to us.

Schwab's 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 Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit the Client and their account(s).

Carter Asset Management has no written or verbal arrangements whereby it receives soft dollar compensation. Carter Asset Management is, by legal definition, a fee-only investment advisory firm, which means the only revenues it receives are fees paid directly by its clients for investment management, financial planning, or other consulting services. The Firm **does not** receive any third-party direct compensation whatsoever, such as commissions or what is known as "trailers" (i.e. fees paid in subsequent years the investor holds an investment). The Firm receives no referral fees.

Carter Asset Management may receive some certain products and services from Schwab or a similar firm that benefit the Firm but may not directly benefit Clients or their accounts. These products and services assist us in managing and administering our clients' accounts, and include investment research, both Schwab's own and that of third parties. The Firm may use this research to service our clients' accounts.

In addition to investment research, Schwab also makes available software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution and allocation of aggregated trade orders for multiple client accounts, provide related professional development, provide pricing information and other market data, facilitate payment of management fees from Clients' accounts, and assist with back-office functions, recordkeeping and client reporting.

Schwab also offers other services intended to help the Firm manage and further develop its business enterprise. These services may include educational conferences and events, consulting on technology, compliance, legal, and business needs, publications and conferences on practice management and business succession, or access to employee benefits providers, human capital consultants, and insurance providers. Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services. Schwab may also discount or waive fees it would

otherwise charge for some of these services or pay all or a part of a third-party's fees. Schwab may also provide other benefits, such as occasional business entertainment of our personnel.

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services. These services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. We may have an incentive to recommend that clients maintain their accounts with Schwab, based on our interest in receiving Schwab's 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. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services and not Schwab's services that benefit us.

Clients for whom the Adviser will provide only investment Consultation or Financial Planning are able to maintain their accounts with a brokerage firm of their choice. Many mutual fund investors will maintain their accounts with the individual mutual fund families. Clients who request a brokerage firm recommendation will be directed to Schwab. This recommendation is based upon the Adviser's positive experiences with Schwab and its assistance to investors of all experience levels.

REVIEW OF ACCOUNTS

Investment Management Services involve frequent monitoring and review of underlying portfolio assets. Internal reviews will occur at least quarterly but may occur more frequently (daily or weekly), depending upon the types of investments, the development cycle of a particular client's portfolio, or at the specific request of the Client. Reviews will examine investment results, asset allocation, income production (where required), Client objectives, investment time horizons, and risk tolerance to ensure the investment plans continue to conform to the Client's investment needs. Carter Asset Management requires that Clients immediately notify the Firm of any changes in the Client's financial status so the Adviser can determine if there needs to be an update in the investment strategies for the Client.

Carter Asset Management also offers Personal Financial Planning, which provides advice on cash management, income, retirement preparation planning, college planning, income tax considerations, estate planning, and risk management issues. Financial Planning Services can focus on specific components as requested by the Client or can be comprehensive in nature. The Financial Planning Services are not ongoing and terminate upon the delivery of services. The advice may include recommendations for reviews and updates. Additional services can be obtained through a new request or an amended engagement agreement with the Firm.

Carter Asset Management may provide investment advisory services on an hourly consultation basis. Services provided are at the request of the Client. Consultation Services terminate upon delivery of the agreed upon services and do not involve ongoing reviews, although advice given may include the recommendations for reviews or updates. The advice given may include the recommendation of annual reviews/updates and it would be the Client's responsibility to update goals or secure additional services as may be needed.

Administrative personnel may assist with client and administrative services. The review of investment portfolios, primary contacts with Clients, and all investment-related research is conducted by David Carter, the President and Principal of the Firm, Cary D. Beard, Vice President of the Firm, and Dillon A. Cobb, Investment Adviser Representative.

Clients receive standard account statements from the custodial brokerage firms monthly and confirmations as transactions occur. Clients are also able, as they determine, to access their account information via the brokerage/custodian's website. Investment Management Clients receive specific quarterly reports on portfolio performance and allocation from the Adviser, which are intended to provide an appropriate ongoing reporting on the efforts of the portfolio management efforts.

CLIENT REFERRALS AND OTHER COMPENSATION

A small element of the formula used by Carter Asset Management, Inc. to calculate the total compensation it pays to its employees is based upon new clients for whom an employee is directly responsible for bringing to the Firm. This is an understandable Firm incentive for all employees to be proactive in developing clients for the firm. This compensation has no impact at all on the fees charged to the Client and is merely a standard work incentive issue. The Firm does not compensate any non-employee or third party for any referrals whatsoever.

The Firm may receive an economic benefit from Schwab in the form of the support products and services Schwab makes available to us and other independent investment advisers whose clients maintain their accounts at Schwab. These products and services, how they benefit us, and the potential conflicts of interest are described above (see Brokerage Practices). The availability of Schwab's products and services is not based on the Firm giving particular investment advice, such as buying particular securities for our clients.

CUSTODY

Carter Asset Management does not have custody of clients' assets. Under government regulations, however, Carter Asset Management is deemed to have custody of Client assets if, for example, the Client authorizes the Adviser to instruct Schwab to deduct advisory fees directly from the Client's account or if the Firm is granted authority to direct Schwab to move Client funds from their account to another person's account. Schwab maintains actual custody of Clients' assets. Carter Asset Management does not receive for deposit any Client funds into its corporate accounts. All checks, deposits, or other transactions are made between the Client and the brokerage custodian.

Clients receive account statements from Schwab at least quarterly, which are sent to the email or postal mailing address provided to Schwab. Carter Asset Management urges Clients to carefully review account statements and compare such official custodial records to the portfolio reports provided by Carter Asset Management. The Firm's statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

INVESTMENT DISCRETION

Carter Asset Management maintains discretionary trading authority over Investment Management accounts, as evidenced by the formal written Investment Advisory Agreement executed with each Client. Clients have the ability to leave standing instructions with the Adviser to refrain from investing in particular industries, invest in limited amounts of securities, request third-party checks or transfers, and to rebalance portfolios. Carter Asset Management may be given the authority to request disbursements, which will be made directly to the Client from the Client's custodial brokerage account. Carter Asset Management will not have authority to take custody of Client funds or securities.

Execution and custodial services are provided by a third-party firm as outlined in agreements delivered to Clients and is dependent upon the types of services used. When a client has given the Firm broker discretion, there is no restriction on the brokers we may select to execute client transactions. Carter Asset Management's general guiding principle is to trade through broker/dealers who offer the best overall execution under the particular circumstances. With respect to execution, the Firm considers a number of factors, including if the broker/dealer has custody of Client assets, the actual handling of the order, the ability of the broker/dealer to settle the trade promptly and accurately, the financial standing of the broker/dealer, the ability of the broker/dealer to position stock to facilitate execution, past experience with similar trades, costs incurred, and other factors which may be unique to a particular order. Based on these judgmental factors, Carter Asset Management may trade through broker/dealers that charge fees that are higher than the lowest available fees in unusual circumstances.

Carter Asset Management, Inc. usually receives discretionary authority from the client at the outset of an advisory relationship to select the particular securities and the corresponding amount to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular Client.

When selecting securities and determining amounts, the Firm as the Adviser observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, the Adviser's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made. Investment guidelines and restrictions must be provided to Carter Asset Management in writing.

VOTING CLIENT SECURITIES

It is the policy of Carter Asset Management that it will vote proxies on behalf its clients. We believe it is in the Client's best interest for proxies to be voted and that most Clients are not knowledgeable or informed regarding such matters, prefer not to address these administrative issues, and may not vote their proxies, if they were required to do it themselves. Therefore, Carter Asset Management has implemented the policy that it will generally vote proxies on the Client's behalf in accordance with the recommendations of the respective company's Board of Directors. Carter Asset Management attempts to invest only in companies and funds in which it is confident in Management and the Board of Directors, and in which it has reasonable confidence that proxies can be voted according to Management's recommendations. If Carter Asset Management believes the Board of Directors'

recommendations are not in the best interest of its Clients, Carter Asset Management will vote in opposition to the recommendations and, in most cases, will not continue to maintain an investment in the particular company or fund.

Clients may obtain a copy of Carter Asset Management's complete proxy voting policies and procedures upon request. Clients may also obtain information from Carter Asset Management about how it voted any proxies on behalf of their account(s).

FINANCIAL INFORMATION

Registered Investment Advisers are required in this disclosure item to provide Clients with certain financial information or disclosures about the Adviser's financial condition. In this regard, Carter Asset Management, Inc. indicates that it has no financial commitments that impair its ability to meet contractual and fiduciary commitments to clients. The Firm has been in business in its current corporate form for more than 20 years. The Firm has never been the subject of a bankruptcy proceeding. The Firm is sound financially and fully capable of meeting all operational commitments.

David L. Carter

CARTER ASSET MANAGEMENT, INC.

242 Beech Street
Abilene, Texas 79601
(325) 673-6171

March 27, 2018

This Brochure Supplement provides information about David L. Carter that supplements the Brochure of Carter Asset Management, Inc. You should have received a copy of that Brochure. Please contact Carolyn Newton, Sr. Accounts Administrator, if you did not receive a copy of Carter Asset Management's Brochure or if you have any questions about the contents of this supplement.

Additional information about David L. Carter is available on the SEC's website at www.adviserinfo.sec.gov.

EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

David L. Carter, President

Year of Birth: 1950

Examinations/Professional Designations:

Certified Public Accountant (CPA) 1986

As governed by the Texas State Board of Public Accountancy (“TSBPA”), a CPA must satisfy requirements of higher education to be eligible to take the Uniform CPA Examination, which is a comprehensive examination including subject areas such as auditing, financial accounting, tax law, business law, governmental and non-profit accounting, and managerial accounting. Minimum professional practice experience is also required for at least one year in accounting, attest functions, compilation, management advisory services, financial advisory, tax or consulting skills, all of which must be achieved under the supervision of or verification by a CPA. As required by the TSBPA, a CPA must obtain 120 hours of continuing professional education in every three-year period, and no less than 20 hours in a single year, including a specified four hour ethics class every two years.

In order to maintain a CPA license, states generally require the completion of 40 hours of continuing professional education (CPE) each year (120 hours over a three-year period in the State of Texas). Additionally, all members of the American Institute of Certified Public Accountants (AICPA) are required to follow a rigorous Code of Professional Conduct, which requires that they act with integrity, objectivity, due care, competence, fully disclose any conflicts of interest (and obtain client consent if a conflict exists), maintain client confidentiality, disclose to the client any commission or referral fees, and serve the public interest when providing financial services. The vast majority of state boards of accountancy, including Texas, have adopted the AICPA’s Code of Professional Conduct within their state accountancy laws or have created their own. The TSBPA requires CPA licensees to complete a four-hour ethics class at least every two years.

Personal Financial Specialist (PFS) 1997

The PFS credential demonstrates that an individual has met the minimum education, personal financial planning practice experience, and testing required of a CPA in addition to a minimum level of expertise in personal financial planning. To attain the PFS credential, a candidate must hold an un-revoked CPA license, fulfill 3,000 hours of personal financial planning business experience, complete 80 hours of personal financial planning CPE credits, pass a comprehensive financial planning exam and be an active member of the AICPA. A PFS credential holder is required to adhere to AICPA’s Code of Professional Conduct, and is encouraged to follow AICPA’s Statement on Responsibilities in Financial Planning Practice. To maintain their PFS credential, the recipient must complete 60 hours of financial planning CPE credits every three years. The PFS credential is administered through the AICPA.

CERTIFIED FINANCIAL PLANNER™ (CFP®) 1991

The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP (with flame design) marks (collectively, the “CFP® marks”) are professional certification marks

granted in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP Board”).

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold the CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 62,000 individuals have obtained CFP® certification in the United States.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board’s studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor’s Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board’s financial planning subject areas include financial planning process, insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;
- Examination – Pass the comprehensive CFP® Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies and client scenarios designed to test one’s ability to correctly diagnose financial planning issues and apply one’s knowledge of financial planning to real world circumstances;
- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- Ethics – Agree to be bound by CFP Board’s Standards of Professional Conduct, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the Code of Ethics and other parts of the Standards of Professional Conduct, to maintain competence and keep up with developments in the financial planning field; and
- Ethics – Renew an agreement to be bound by the Standards of Professional Conduct. The Standards prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board’s enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

ACCREDITED INVESTMENT FIDUCIARY® (AIF®) 2006

The AIF® designation certifies that the recipient has specialized knowledge of fiduciary standards of care and their application to the investment management process. To receive the AIF® designation, individuals must complete a training program, successfully pass a comprehensive final examination under the supervision of a proctor, and agree to abide by the AIF® Code of Ethics. In order to maintain the AIF® designation, the individual must annually renew their affirmation of the AIF® Code of Ethics and complete six hours of specifically approved continuing education credits. The certification is administered by the Center for Fiduciary Studies, LLC (a Fiduciary360 (fi360) company) in association with the Center for Executive Education, Joseph M. Katz Graduate School of Business, University of Pittsburgh.

Education:

Abilene Christian University, Abilene, Texas
 B.S. Biology/Chemistry, 1972
 Chapman University, Orange, California
 B.A. Business & Economics (Finance emphasis), 1977
 Abilene Christian University, Abilene, Texas
 Graduate Studies in Accounting, 1978 – 1980
 College for Financial Planning, University of Phoenix, Denver, CO
 M.S. Wealth Management, 1995

Business Experience (most recent):

Carter Asset Management, Inc., Abilene, TX, Registered Investment Adviser
 President, Advisory Representative, 02/1997 – Present
 Carter & Beard, P.C., Abilene, TX, Public Accounting Firm
 CPA, President, 01/2010 – Present
 David L. Carter, P.C., Abilene, TX, Public Accounting Firm
 CPA, President, 05/1992 – 12/2009
 Birdwell & Carter, P.C., Abilene, TX, Public Accounting Firm
 Officer and CPA, 09/1987 – 05/1992
 Carter Heatherly & Associates, Abilene, TX, Ad Valorem Tax Consultant
 Managing Partner, 01/1990 – 12/1999
 Joyce, Hail, Butler & Birdwell, Abilene, TX, Public Accounting Firm
 Principal and Accountant, 01/1984 – 09/1987
 Abilene Christian University, Abilene, TX, College of Business Administration
 Adjunct Professor of Finance & Accounting, 01/1982 – 9/2000
 Davis, Kinard & Co., Abilene, TX, Public Accounting Firm
 Manager, Management Advisory Services 12/1980 – 12/1983
 Cullers-Bailey & Co., Abilene, TX, Ad Valorem Tax Consulting Firm
 Principal and Tax Consultant, 5/1978 – 12/1980
 U.S. Naval Reserve
 U.S. Military Logistics Officer, 06/1978 – 08/1995
 U.S. Navy – Active Duty
 U.S. Military Logistics Officer & ASW Specialist, 08/1972 – 05/1978

DISCIPLINARY INFORMATION

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this item.

OTHER BUSINESS ACTIVITIES

David L. Carter is primarily focused on the delivery of investment advisory services and related personal financial planning. He is also President of Carter & Beard, P.C., a Public Accounting Firm that provides professional certified public accounting services to its Clients. This activity varies throughout the year but accounts for less than 10% of his time and efforts. Advisory Clients are advised of this affiliated business and they are not under any obligation to utilize the services of Carter & Beard, P.C. However, Clients are welcome to engage the services under a separate agreement with the accounting firm.

David Carter also provides continuing education to Certified Public Accountants, CERTIFIED FINANCIAL PLANNER™ professionals, and other professional groups. His participation in this activity involves approximately 1% of his time and efforts.

ADDITIONAL COMPENSATION

David Carter receives no additional compensation or economic benefit from any other person or organization for providing advisory services to clients. This includes, but is not limited to, sales commissions, awards, and prizes.

SUPERVISION

As Founder and President of Carter Asset Management, Inc., David Carter is primarily responsible for the supervision of Cary D. Beard, Dillon A. Cobb, and all employees of the Firm, including the advice provided to clients. He is the chairperson of the investment team responsible for managing clients' assets under the discretionary management of Carter Asset Management, Inc.

Cary D. Beard

CARTER ASSET MANAGEMENT, INC.

242 Beech Street
Abilene, Texas 79601
(325) 673-6171

March 27, 2018

This Brochure Supplement provides information about Cary D. Beard that supplements the Brochure of Carter Asset Management, Inc. You should have received a copy of that Brochure. Please contact Carolyn Newton, Sr. Accounts Administrator, if you did not receive a copy of Carter Asset Management's Brochure or if you have any questions about the contents of this supplement.

Additional information about Cary D. Beard is available on the SEC's website at www.adviserinfo.sec.gov.

EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Cary D. Beard

Year of Birth: 1976

Examinations/Professional Designations:

Certified Public Accountant (CPA) 2002

As governed by the Texas State Board of Public Accountancy (“TSBPA”), a CPA must satisfy requirements of higher education to be eligible to take the Uniform CPA Examination, which is a comprehensive examination including subject areas such as auditing, financial accounting, tax law, business law, governmental and non-profit accounting, and managerial accounting. Minimum professional practice experience is also required for at least one year in accounting, attest functions, compilation, management advisory services, financial advisory, tax or consulting skills, all of which must be achieved under the supervision of or verification by a CPA. As required by the TSBPA, a CPA must obtain 120 hours of continuing professional education in every three-year period, and no less than 20 hours in a single year, including a specified four hour ethics class every two years.

In order to maintain a CPA license, states generally require the completion of 40 hours of continuing professional education (CPE) each year (120 hours over a three-year period in the State of Texas). Additionally, all members of the American Institute of Certified Public Accountants (AICPA) are required to follow a rigorous Code of Professional Conduct, which requires that they act with integrity, objectivity, due care, competence, fully disclose any conflicts of interest (and obtain client consent if a conflict exists), maintain client confidentiality, disclose to the client any commission or referral fees, and serve the public interest when providing financial services. The vast majority of state boards of accountancy, including Texas, have adopted the AICPA’s Code of Professional Conduct within their state accountancy laws or have created their own. The TSBPA requires CPA licensees to complete a four-hour ethics class at least every two years.

Personal Financial Specialist (PFS) 2008

The PFS credential demonstrates that an individual has met the minimum education, experience, and testing required of a CPA in addition to a minimum level of expertise in personal financial planning. To attain the PFS credential, a candidate must hold an un-revoked CPA license, fulfill 3,000 hours of personal financial planning business experience, complete 80 hours of personal financial planning CPE credits, pass a comprehensive financial planning exam and be an active member of the AICPA. A PFS credential holder is required to adhere to AICPA’s Code of Professional Conduct, and is encouraged to follow AICPA’s Statement on Responsibilities in Financial Planning Practice. To maintain their PFS credential, the recipient must complete 60 hours of financial planning CPE credits every three years. The PFS credential is administered through the AICPA.

CERTIFIED FINANCIAL PLANNER™ (CFP®) 2004

The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP (with flame design) marks (collectively, the “CFP® marks”) are professional certification marks

granted in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP Board”).

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold the CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 62,000 individuals have obtained CFP® certification in the United States.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board’s studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor’s Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board’s financial planning subject areas include financial planning process, insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;
- Examination – Pass the comprehensive CFP® Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies and client scenarios designed to test one’s ability to correctly diagnose financial planning issues and apply one’s knowledge of financial planning to real world circumstances;
- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- Ethics – Agree to be bound by CFP Board’s Standards of Professional Conduct, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the Code of Ethics and other parts of the Standards of Professional Conduct, to maintain competence and keep up with developments in the financial planning field; and
- Ethics – Renew an agreement to be bound by the Standards of Professional Conduct. The Standards prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board’s enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board's enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

ACCREDITED INVESTMENT FIDUCIARY® (AIF®) 2007

The AIF® designation certifies that the recipient has specialized knowledge of fiduciary standards of care and their application to the investment management process. To receive the AIF® designation, individuals must complete a training program, successfully pass a comprehensive final examination under the supervision of a proctor, and agree to abide by the AIF® Code of Ethics. In order to maintain the AIF® designation, the individual must annually renew their affirmation of the AIF® Code of Ethics and complete six hours of specifically approved continuing education credits. The certification is administered by the Center for Fiduciary Studies, LLC (a Fiduciary360 (fi360) company) in association with the Center for Executive Education, Joseph M. Katz Graduate School of Business, University of Pittsburgh.

Education:

Abilene Christian University, Abilene, Texas
B.B.A., Accounting, 1998
Masters of Accountancy, 1999

Business Experience:

Carter Asset Management, Inc., Abilene, TX, Registered Investment Adviser
Advisory Representative, Financial Planner, 01/2006 – Present
Carter & Beard, P.C., Abilene, TX, Public Accounting Firm
CPA, Tax & Accounting Partner, 01/2010 – Present
David L. Carter, P.C., Abilene, TX, Public Accounting Firm
CPA, Tax & Accounting Manager, 01/2006 – 12/2009
Capital Advisory Group, Inc., Dallas, TX, Registered Investment Adviser
Advisory Representative, Financial Planner, 12/2000 – 12/2005
Hopson & Associates, CPA's, Dallas, TX, Public Accounting Firm
CPA, Senior Associate, 12/2000 – 12/2005
PricewaterhouseCoopers, LLP, Dallas, TX, Public Accounting Firm
Assurance Associate (Auditor), 06/1999 – 12/2000
Mouser & Young, CPA's, Abilene, TX, Public Accounting Firm
Staff Accountant, 01/1998 – 06/1999

DISCIPLINARY INFORMATION

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this Item.

OTHER BUSINESS ACTIVITIES

Cary D. Beard is focused primarily on the delivery of investment advisory services and related personal financial planning. He is also a shareholder and Vice President of Carter & Beard, P.C., a Public Accounting Firm providing professional certified public accounting services to its Clients. He is responsible for oversight of the Firm's tax practice. This activity varies throughout the year but accounts for approximately 25% of his time and efforts. Advisory Clients are advised of this affiliated business and they are not under any obligation to utilize the services of Carter & Beard, P.C. However, Clients are welcome to engage the services under a separate agreement with the accounting firm.

ADDITIONAL COMPENSATION

Cary Beard receives no additional compensation or economic benefit from any other person or organization for providing advisory services to clients. This includes, but is not limited to, sales commissions, awards, and prizes. An element of the formula used by Carter Asset Management to calculate the total compensation it pays to its employees is based upon new clients for whom an employee is responsible for bringing to the Firm. This compensation has no impact on the fees charged to the Client.

SUPERVISION

Cary Beard is a lead supervisor and Senior Investment Advisor of Carter Asset Management, Inc. He assists in the development and supervision of all employees of the Firm. He also provides professional advice to clients and participates in portfolio management efforts. He is a member of the Firm's investment committee and assistant to the Firm's Chief Compliance Officer.

Dillon A. Cobb

CARTER ASSET MANAGEMENT, INC.

242 Beech Street
Abilene, Texas 79601
(325) 673-6171

March 27, 2018

This Brochure Supplement provides information about Dillon A. Cobb that supplements the Brochure of Carter Asset Management, Inc. You should have received a copy of that Brochure. Please contact Carolyn Newton, Sr. Accounts Administrator, if you did not receive a copy of Carter Asset Management's Brochure or if you have any questions about the contents of this supplement.

Additional information about Dillon A. Cobb is available on the SEC's website at www.adviserinfo.sec.gov.

EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Dillon A. Cobb

Year of Birth: 1981

Examinations/Professional Designations:

Certified Public Accountant (CPA) 2008

As governed by the Texas State Board of Public Accountancy (“TSBPA”), a CPA must satisfy requirements of higher education to be eligible to take the Uniform CPA Examination, which is a comprehensive examination including subject areas such as auditing, financial accounting, tax law, business law, governmental and non-profit accounting, and managerial accounting. Minimum professional practice experience is also required for at least one year in accounting, attest functions, compilation, management advisory services, financial advisory, tax or consulting skills, all of which must be achieved under the supervision of or verification by a CPA. As required by the TSBPA, a CPA must obtain 120 hours of continuing professional education in every three-year period, and no less than 20 hours in a single year, including a specified four hour ethics class every two years.

In order to maintain a CPA license, states generally require the completion of 40 hours of continuing professional education (CPE) each year (120 hours over a three-year period in the State of Texas). Additionally, all members of the American Institute of Certified Public Accountants (AICPA) are required to follow a rigorous Code of Professional Conduct, which requires that they act with integrity, objectivity, due care, competence, fully disclose any conflicts of interest (and obtain client consent if a conflict exists), maintain client confidentiality, disclose to the client any commission or referral fees, and serve the public interest when providing financial services. The vast majority of state boards of accountancy, including Texas, have adopted the AICPA’s Code of Professional Conduct within their state accountancy laws or have created their own. The TSBPA requires CPA licensees to complete a four-hour ethics class at least every two years.

Personal Financial Specialist (PFS) 2014

The PFS credential demonstrates that an individual has met the minimum education, experience, and testing required of a CPA in addition to a minimum level of expertise in personal financial planning. To attain the PFS credential, a candidate must hold an un-revoked CPA license, fulfill 3,000 hours of personal financial planning business experience, complete 80 hours of personal financial planning CPE credits, pass a comprehensive financial planning exam, and be an active member of the AICPA. A PFS credential holder is required to adhere to AICPA’s Code of Professional Conduct, and is encouraged to follow AICPA’s Statement on Responsibilities in Financial Planning Practice. To maintain their PFS credential, the recipient must complete 60 hours of financial planning CPE credits every three years. The PFS credential is administered through the AICPA.

CERTIFIED FINANCIAL PLANNER™ (CFP®) 2012

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granted in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP Board”).

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold the CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 62,000 individuals have obtained CFP® certification in the United States.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board’s studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor’s Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board’s financial planning subject areas include financial planning process, insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;
- Examination – Pass the comprehensive CFP® Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies and client scenarios designed to test one’s ability to correctly diagnose financial planning issues and apply one’s knowledge of financial planning to real world circumstances;
- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- Ethics – Agree to be bound by CFP Board’s Standards of Professional Conduct, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the Code of Ethics and other parts of the Standards of Professional Conduct, to maintain competence and keep up with developments in the financial planning field; and
- Ethics – Renew an agreement to be bound by the Standards of Professional Conduct. The Standards prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board’s enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

Education:

Abilene Christian University, Abilene, Texas
B.B.A., Accounting, 2004
Masters of Accountancy, 2005
College for Financial Planning, University of Phoenix, Denver, CO
Personal Financial Planning Program, 2011

Business Experience:

Carter Asset Management, Inc., Abilene, TX, Registered Investment Adviser
Advisory Representative, Financial Planner, 10/2009 – Present

Carter & Beard, P.C., Abilene, TX, Public Accounting Firm
CPA, Tax & Accounting Associate, 01/2010 – Present

David L. Carter, P.C., Abilene, TX, Public Accounting Firm
CPA, Tax & Accounting Associate, 09/2009 – 12/2009

Citibank, N.A., Abilene, TX, National Bank
Commercial Relationship Manager, 09/2007 – 09/2009

Condley & Company, LLP, Abilene, TX, Public Accounting Firm
Staff Auditor, 11/2006 – 09/2007

Texas Heritage Bank, Boerne, TX, Regional Bank
Commercial Loan Officer, 05/2005 – 11/2006

DISCIPLINARY INFORMATION

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this Item.

OTHER BUSINESS ACTIVITIES

Dillon A. Cobb is focused primarily on the delivery of investment advisory services and related personal financial planning, as professional support staff. He is also a Tax and Accounting Associate at Carter & Beard, P.C., a Public Accounting Firm that provides professional certified public accounting services to its Clients. This activity varies throughout the year but accounts for approximately 25% of his time and efforts. Advisory Clients are advised of this affiliated business and they are not under any obligation to utilize the services of Carter & Beard, P.C. However, Clients are welcome to engage the services under a separate agreement with the accounting firm.

ADDITIONAL COMPENSATION

Dillon Cobb receives no additional compensation or economic benefit from any other person or organization for providing advisory services to clients. This includes, but is not limited to, sales commissions, awards, and prizes. An element of the formula used by Carter Asset Management to

calculate the total compensation it pays to its employees is based upon new clients for whom an employee is responsible for bringing to the Firm. This compensation has no impact on the fees charged to the Client.

SUPERVISION

As Founder and President of Carter Asset Management, Inc., David L. Carter is responsible for the supervision of all of the Firm's employees. Dillon A. Cobb is directly supervised by Cary D. Beard.