



Creative Capital Management Investments LLC

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CCMI Firm Brochure

Dated March 19, 2019

This brochure provides information about the qualifications and business practices of Creative Capital Management Investments LLC (CCMI LLC). If you have any questions about the contents of this brochure, please contact us at (619) 298-3993 or brian@myccmi.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. Additional information about Creative Capital Management Investments LLC is also available on the SEC's website at www.adviserinfo.sec.gov.

References herein to Creative Capital Management Investments LLC as a "registered investment adviser" or any reference being "registered" does not imply a certain level of skill or training.

Item 2 Material Changes

Since CCMI LLC filed its last annual amendment of Form ADV on March 3, 2018, this brochure has not been materially amended.

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Item 4 Advisory Business

- A. Creative Capital Management Investments LLC (“CCMI LLC”) was formed on June 9, 2016 in the state of California and became registered as an investment adviser with the SEC in 2017, thereby continuing many of the client relationships established by its predecessor firm, Creative Capital Management, Inc., which was founded in 1980. CCMI LLC is wholly owned in equal parts by JAMES Family Holdings and M. Ohana Holdings. JAMES Holdings and M. Ohana Holdings are wholly owned by Matt Showley and Brian Matter, respectively. We are a fee only firm, which means our only compensation comes from clients and not any other individuals or entities.
- B. As discussed below, CCMI LLC offers investment advisory services to its clients, and, to the extent specifically requested by a client, financial planning and related consulting services.

INVESTMENT ADVISORY SERVICES

The client can decide to engage CCMI LLC to provide discretionary investment advisory services on a fee-only basis. We manage our advisory accounts on a discretionary basis. This means that we make trades without discussing it with the client beforehand, but use the client’s stated objectives to guide our actions. CCMI LLC does not use its discretionary authority to transfer funds into or out of any managed account, as the advisors can only make trades within the account without the client’s consent.

FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)

To the extent requested by a client, CCMI LLC may provide financial planning or consulting services (including investment and non-investment related matters, including estate, tax, and insurance planning,) on a stand-alone separate fee basis. Neither CCMI LLC, nor any of its representatives, serves as an attorney, accountant, or licensed insurance agent, and no portion of CCMI LLC’s services should be construed as legal or accounting services. CCMI LLC may recommend the services of other professionals for implementation purposes. The client is under no obligation to engage the services of any recommended professional. The client retains absolute discretion over all implementation decisions and is free to accept or reject any recommendation from CCMI LLC. If the client engages any recommended professional, and a dispute arises, the client agrees to seek recourse exclusively from the engaged professional. It remains the client’s responsibility to promptly notify CCMI LLC if there is ever any change in their financial situation or investment objectives so that CCMI LLC can review, and if necessary update its previous recommendations.

FINANCIAL PLANNING PROCESS

Before our initial meeting with a client, CCMI LLC normally has sufficient time to provide the client with an outline of the financial information and documents that will be needed for the first appointment. In order to introduce CCMI LLC to the client, review the client’s personal financial or business planning needs, and determine the scope of services the client desires, this first appointment usually takes approximately one hour, for which there may be no charge. Thereafter, CCMI LLC’s normal hourly fee applies.

Prior to initiating any financial planning services for the client, in follow-up correspondence CCMI LLC will summarize the financial concerns discussed in the meeting. At this time, CCMI will also provide the best estimate of the time involved to address these concerns, and request an initial retainer fee from the client. An outline of any additional data needed for the analysis will also be included in the follow-up correspondence. Upon receipt of all of the additional data or information requested and the retainer fee, CCMI LLC will begin the work for the client's benefit. Once the plan or project is completed, the client will receive a final invoice detailing the work done by members of the CCMI LLC team and the balance of the fee due.

Once CCMI LLC has completed a preliminary summary focusing on the financial objectives, financial data and assumptions and priorities the client develops and verifies with CCMI LLC's input, an initial draft of CCMI LLC's written plan with supporting documentation and recommendations is presented for the client's review. CCMI LLC asks the client to review the draft of the report, making note of questions or comments that will be reviewed at a follow-up meeting. The client is free to implement any or all of CCMI LLC's recommendations that will be summarized on a detailed implementation schedule for easy reference purposes. The financial planning engagement is considered completed when the final written plan and implementation schedule are finalized and the client reviews the plan with CCMI LLC. Assistance with implementation items is available upon request on an hourly fee basis.

Clients are encouraged to periodically review their financial progress. Upon client request, CCMI LLC provides financial planning reviews that might target a specific concern or provide a general reassessment of the client's overall financial progress. These reviews are also provided on a fee-only basis.

All of the planning services are based on information provided by the client. This data is kept confidential and is shared with third parties only as permitted by law or with prior client consent. This includes situations when client information must be disclosed during examinations performed by the SEC. At times, CCMI may need to consult with the client's other advisors, such as an attorney, accountant, trust officer, or insurance agent. It is helpful to have access to members of the client's professional advisory team and, as such, CCMI LLC will ask for either verbal or written permission from the client to do so.

Miscellaneous financial advice is also available on an hourly fee basis. Reviewing areas such as mortgage options, tax planning, or financial concerns of a limited scope come under this general heading and can be provided on an hourly fee basis.

FIRST STEP FINANCIAL PLANNING SERVICES

First Step Financial Plan

In addition to our traditional financial planning services, we have a First Step Financial Plan offering, suitable for clients with less complex financial lives, also provided on a fee-only basis. Generally, this offering is best suited for clients who have not yet acquired a high level of wealth and are interested

in financial planning for the first time. The CCMI LLC First Step Financial Plan process provides personalized solutions and recommendations based on a client's particular financial concerns; thus, for these clients, we will need to review the aforementioned financial information.

The financial areas that are commonly addressed in a First Step Financial Plan include: properly allocating a company retirement plan, saving to buy a home, navigating the student loan repayment process, establishing a budget for ongoing expenses, learning to optimally allocate extra cash flow, planning for a child's college education, and establishing an estate plan or proper life insurance coverage. First Step Financial plans generally do not focus on retirement planning, but rather on optimizing the use of available funds over 10 or 15 years; specific retirement planning would need to be completed at a later time.

MISCELLANEOUS

Limitations of Financial Planning and Non-Investment Consulting and Implementation Services. When CCMI LLC provides financial planning and consulting services, including through its First Step Financial Plan offering, it can provide advice on investment and non-investment related matters, such as estate, tax, and insurance planning. CCMI LLC does not serve as a law firm, accounting firm, or insurance agency, and no portion of CCMI LLC's services should be construed as legal, accounting, or insurance advice requiring licensing. Accordingly, CCMI LLC does not prepare estate planning documents, tax returns or sell insurance products. To the extent requested by a client, CCMI LLC may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, and insurance agents.). Clients are reminded that they are under no obligation to engage the services of any recommended professional. The client retains absolute discretion over all implementation decisions and is free to accept or reject any recommendation made by CCMI LLC or its representatives: If the client engages any recommended professional, and a dispute arises, the client agrees to seek recourse exclusively from the engaged professional.

Retirement Rollovers. A client or prospective client 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) roll over 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 the CCMI LLC recommends that a client roll over their retirement plan assets into an account to be managed by CCMI LLC, such a recommendation creates a conflict of interest if CCMI LLC will earn an advisory fee on the rolled over assets. No client is under any obligation to roll over retirement plan assets to an account managed by CCMI LLC. CCMI LLC's Chief Compliance Officer, Brian Matter, remains available to address any questions that a client or prospective client may have regarding the potential for conflict of interest presented by a rollover recommendation.

Independent Managers. CCMI LLC may allocate a portion of a client's investment assets to unaffiliated independent investment managers (each an "Independent Manager") in accordance with the client's designated investment objectives. The Independent Manager will have day-to-day responsibility for the active discretionary management of the allocated assets. CCMI LLC will continue to monitor and review the client's account performance, asset allocation and investment objectives. The factors CCMI LLC considers in recommending Independent Managers includes the client's investment objectives, and the manager's management style, performance, reputation, financial strength, and pricing. Any fees charged by the Independent Manager are in addition to CCMI LLC's advisory fee outlined in Item 5.

Client Obligations. In performing its services, CCMI LLC is not required to verify any information received from the client or from the client's other professionals, and will not be responsible for relying on that information. Clients are responsible for notifying CCMI LLC if there is ever any change in their financial situation or investment objectives so that it can review, and if necessary revise its previous recommendations.

- C. CCMI LLC provides investment advisory services specific to the needs of each client. Prior to providing services, an investment adviser representative will determine each client's investment objectives. Thereafter, CCMI LLC shall invest or recommend that the client invest their assets consistent with their investment objectives. The client may, at any time, impose reasonable restrictions, in writing, on CCMI LLC's services.
- D. CCMI LLC does not participate in a wrap fee program.
- E. As of December 31, 2018, CCMI LLC had \$329,701,448 in assets under management on a discretionary basis and \$0 in assets under management on a non- discretionary basis.

Item 5 Fees and Compensation

A. INVESTMENT ADVISORY SERVICES

CCMI's annual investment advisory fee is based on a percentage (%) of the market value of the assets placed under CCMI LLC's management. The current annual fee for CCMI LLC investment advisory services is billed in arrears in quarterly installments based on the average daily balance of the portfolio per quarter as follows:

- 1.0% of assets valued between \$0 and \$1 million
- .80% of assets valued between \$1,000,001 and \$2 million
- .60% of assets valued between \$2,000,001 and \$3 million
- .40% of assets in excess of \$3 million

Unless authorized to be debited directly from the client's account, investment advisory fees are due upon receipt of the invoice and are non-negotiable. Any

changes to this fee schedule will be sent to clients at least thirty days in advance.

When a managed portfolio is established, the first quarterly investment advisory fee will be billed at the end of the first quarter and will be prorated for the time the funds were under CCMI LLC's direction based on the average daily balance during the quarter. CCMI reserves the right to charge a portfolio setup fee.

The ideal minimum portfolio size at CCMI LLC is \$500,000; however, depending on the relationship the client or their family has with the firm, smaller portfolios can be accommodated on a specialized basis. Similar advisory services may be available from other investment advisers for higher, similar, or lower fees.

FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)

For Investment Advisory clients with liquid assets in excess of \$3 million, Financial Planning services are provided to the client for no additional fee. For all other clients, CCMI LLC's planning and consulting fees are negotiable, but generally range from \$2,500 to \$15,000, depending on the number of hours involved. Hourly fees range from \$160 to \$225 depending upon the level and scope of the services required and the professional rendering the services. Prior to engaging CCMI LLC to provide financial planning or consulting services, clients are required to sign a *Financial Planning and Consulting Agreement* with CCMI LLC setting forth the terms and conditions of the engagement and the portion of the fee that is due from the client prior to CCMI LLC commencing services.

FIRST STEP FINANCIAL PLANNING SERVICES

The fee for a First Step Financial Plan generally ranges from \$2,000 to \$3,500, and an initial retainer will be requested from the client before any work is performed for the client's benefit. The remainder of the fee will be billed upon completion of the plan. The fee includes time spent in a meeting with a CCMI LLC team member, reviewing the recommendations and possible alternative solutions and reviewing the completed planning work. The client may choose not to have a review meeting conducted; however, the balance of the financial planning fee will be billed at the completion of the plan.

Margin Accounts CCMI LLC does not generally recommend the use of margin as an investment strategy. The entire market value of the client's assets under management will be used to compute CCMI LLC's advisory fee without regard to any margin debit balances. As a result, CCMI LLC has a conflict of interest in recommending that you do not sell securities in your account and instead incur margin or find other sources of borrowing, so that your account value does not decrease and CCMI LLC does not lose revenues. We address this conflict of interest by disclosing it to clients and allowing clients to make an informed decision on whether to incur margin.

- B. Clients may elect to have CCMI LLC's advisory fees deducted from their custodial account. Both CCMI LLC's *Investment Advisory Agreement* and the

custodial/clearing agreement may authorize the custodian to debit the client's account(s) for the amount of CCMI LLC's investment advisory fee and to directly remit that management fee to CCMI LLC in compliance with regulatory procedures. In the limited event that CCMI LLC bills the client directly, payment is due upon receipt of CCMI LLC's invoice. CCMI LLC shall deduct fees and/or bill clients quarterly, in arrears, based upon the average daily market value of the assets on the last business day of the previous quarter.

- C. Unless the client directs otherwise or an individual client's circumstances require, CCMI LLC generally recommends that *Schwab* serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *Schwab* charge brokerage commissions and transaction fees for effecting securities transactions (e.g. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). In addition, client accounts may invest in mutual funds (including money market funds) and ETFs that have various internal fees and expenses (i.e. management fees), which are paid by these funds but ultimately borne by clients as a fund shareholder. These internal fees and expenses are in addition to the fees charged by CCMI LLC. Clients may also incur additional fees charged by Independent Managers as more fully described in Item 4 above.
- D. CCMI LLC's annual investment advisory fee shall be prorated and paid quarterly, in arrears, based upon the average daily market value of the assets of the portfolio during the previous quarter. If an independent manager is used, the investment management fees for the independent managers will be billed quarterly, either in advance of the quarter or in arrears, depending on the billing procedure of the independent manager. CCMI LLC generally requires an annual minimum fee of \$5,000. However, CCMI LLC, in its sole discretion, may reduce its investment management fee or its minimum fee.

The *Investment Advisory Agreement* between CCMI LLC and the client will continue in effect until terminated by either party by written notice. Upon termination, CCMI LLC shall debit the account for the pro-rated portion of the unpaid advisory fee based upon the number of days that services were provided during the billing quarter.

- E. Neither CCMI LLC, nor its representatives accept compensation from the sale of securities or other investment products. CCMI LLC is strictly a fee-only firm.

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

Neither CCMI LLC nor any supervised person of CCMI LLC accepts performance-based fees.

Item 7 Types of Clients

CCMI LLC's clients generally include individuals, pension and profit sharing plans, business entities, trusts, and estates. Item 5 above contains additional information about CCMI LLC's minimum fees and account minimums.

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

A. Methods of Analysis

At CCMI, we are guided by the following investment principles and beliefs:

1. Markets are efficient: Security prices reflect available information.
2. Structure determines performance: Asset allocation along with size, value and market exposure primarily determine the results of a broadly diversified portfolio.
3. Risk and return are related: Exposure to meaningful risk factors determines expected return.
4. Diversification is essential: Diversification reduces uncertainty; concentrated investments add risk with no additional expected return.
5. Costs and taxes matter: Expenses and taxes reduce net returns.

Recommendations for our purchases of investments are based on publicly available reports and analysis. We utilize many sources of public information including financial news and research materials. CCMI may utilize the following methods of security analysis:

- Fundamental - analysis performed on historical and present data, with the goal of making financial forecasts
- Technical – analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices

One of the prime bases of our investment approach is Modern Portfolio Theory. We also respect a variety of well-known studies focusing on efficient markets, the long-term performance histories of value stocks versus growth stocks, small capitalization stocks versus large capitalization stocks, and passive versus active management.

We objectively attempt to apply this historical and ongoing research to construct portfolios for relative and absolute performance. More importantly, each client's portfolio is designed to meet that client's stated objectives.

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 CCMI LLC) will be profitable or equal any specific performance level(s). Investing in securities involves risk of loss that clients should be prepared to bear.

B. Investment Strategies

The investment advisors at CCMI LLC believe that investing is done for the long-term. However, every investment strategy has its own inherent risks and limitations. For example, longer-term investment strategies require a longer investment period to allow for the strategy to potentially develop. Shorter-term investment strategies require a shorter investment period to potentially develop but, because of more frequent trading, may incur higher transactional costs when compared to a longer-term investment strategy.

CCMI LLC may utilize the following investment strategies when implementing investment advice given to clients:

- Long-Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Periodically rebalancing a portfolio due to a major change in economic conditions or a change in asset classes selected by the CCMI advisors. Wide latitude is given to rebalancing, as taxes and transaction costs influence the decisions made.

CCMI LLC's methods of analysis and investment strategies do not present any significant or unusual risks.

However, every method of analysis has its own inherent risks. To perform an accurate market analysis CCMI LLC must have access to current/new market information. CCMI LLC has no control over the dissemination rate of market information; therefore, unbeknownst to CCMI LLC, certain analyses may be compiled with outdated market information, severely limiting the value of CCMI LLC's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

C. Risk of Loss.

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 CCMI) will be profitable or equal any specific performance level(s).

Our investment approach keeps the risk of loss in mind. Investors face several investment risks which include:

- Business Risk: These risks are associated with a particular industry or a particular company within an industry.
- Cash Positions: At any time and for a substantial length of time CCMI LLC may hold a significant portion of a client's assets in cash or money market mutual funds. Investments in these assets may cause a client to miss upswings in the markets. Although currently CCMI LLC is not

billing for cash in money market accounts, at some future date, all cash and cash equivalents (money markets, etc.) can be included as part of assets under management for purposes of calculating CCMI LLC's advisory fee. A client can advise CCMI LLC not to maintain (or to limit the amount of) cash holdings in the client's account.

- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Interest Rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate.
- **Investment Company (including ETF) Risk:** Investments in investment companies, such as ETFs and mutual funds, involves the duplication or layering of advisory fees and certain other expenses. Investment company shareholders bear the fund's proportionate share of the fees and expenses in connection with the fund's own operations, and indirectly the fees and expenses of any underlying investment, which may include other investment companies. If the investment company or ETF fails to achieve its investment objective, the value of the fund's investment will decline, adversely affecting the fund's performance. In addition, ETF shares potentially may trade at a discount or a premium and are subject to brokerage and other trading costs, which could result in greater expenses to the fund. In addition, most mutual funds and ETFs are available directly to the public. You can obtain many of the mutual funds and ETFs used by CCMI LLC without engaging CCMI LLC. However, you will not receive CCMI LLC's initial and ongoing investment advisory services. Other mutual funds, such as those issued by Dimensional Fund Advisors ("DFA"), are generally only available through registered investment advisers. CCMI LLC may invest in DFA mutual funds. If a client terminates CCMI LLC, restrictions regarding the transfer and additional purchase of, or reallocation among DFA funds will apply. Clients selling their DFA mutual funds may be subject to tax consequences.
- **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
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's underlying circumstances.
- **Portfolio Inactivity:** CCMI LLC reviews client portfolios on a quarterly basis as described in greater detail in Item 13 below. Depending on the results of those reviews, CCMI may determine that changes to a client's portfolio are unnecessary. CCMI will continue to charge its advisory fees described in Item 5 above regardless of the level of trading in the client's account.
- **REITs:** REITs are subject to risks generally associated with investing

in real estate, such as: possible declines in the value of real estate; adverse general and local economic conditions; possible lack of availability of mortgage funds; changes in interest rates; and environmental problems. In addition, REITs are subject to certain other risks related specifically to their structure and focus such as: dependency upon management skills; limited diversification; the risks of locating and managing financing for projects; heavy cash flow dependency; possible default by borrowers; the costs and potential losses of self-liquidation of one or more holdings; the possibility of failing to maintain exemptions from securities registration; and, in many cases, relatively small market capitalization, which may result in less market liquidity and greater price volatility.

- **Reinvestment Risk:** This is the risk that future proceeds from investments – primarily fixed income securities – may have to be reinvested at a potentially lower rate of return (i.e. interest rate).

Item 9 Disciplinary Information

CCMI LLC has not been the subject of any disciplinary actions.

Item 10 Other Financial Industry Activities and Affiliations

- A. Neither CCMI LLC, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker- dealer.
- B. Neither CCMI LLC, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. CCMI LLC has no other relationship or arrangement with a related person that is material to its advisory business.
- D. CCMI LLC does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients. CCMI receives fees only from its clients.

Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

- A. CCMI LLC has a fiduciary obligation to place our clients' interests above those of the advisory firm and disclose instances where it might be conflicted. CCMI LLC maintains a Policies and Procedures manual which contains an overall Code of Ethics, which serves to establish a standard of business conduct for all of CCMI LLC's Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, CCMI LLC also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by CCMI LLC or any person associated with CCMI LLC.

- B. Neither CCMI LLC nor any related person of CCMI LLC recommends, buys, or sells for client accounts, securities in which CCMI LLC or any related person of CCMI LLC has a material financial interest.
- C. CCMI LLC and/or representatives of CCMI may buy or sell securities that are also recommended to clients. This practice may create a situation where CCMI LLC and/or representatives of CCMI are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as “scalping” (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if CCMI LLC did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, “front-running” (i.e., personal trades executed prior to those of CCMI LLC’s clients) and other potentially abusive practices.

CCMI LLC has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of CCMI LLC’s “Access Persons”. CCMI LLC’s securities transaction policy requires that an Access Person of CCMI LLC must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, the Chief Compliance Officer will generate a written report of the Access Person’s current securities holdings at least once each twelve (12) month period thereafter on a date CCMI LLC selects.

- D. CCMI and/or representatives of CCMI LLC may buy or sell securities, at or around the same time as those securities are recommended to clients. This practice may create a situation where CCMI LLC and/or representatives of CCMI LLC are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11 C, CCMI LLC has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of CCMI LLC’s Access Persons.

Item 12 Brokerage Practices

- A. In the event that the client requests that CCMI LLC recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct CCMI to use a specific broker-dealer/custodian), CCMI LLC generally recommends that investment management accounts be maintained at Schwab. Prior to engaging CCMI LLC to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with CCMI setting forth the terms and conditions under which CCMI shall manage the client’s assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that CCMI LLC considers in recommending *Schwab* (or any other broker-dealer/custodian to clients) include historical relationship with CCMI LLC, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by CCMI LLC's clients shall comply with CCMI LLC's duty to seek best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where CCMI LLC determines, in good faith, that the commission/transaction fee is reasonable. The determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although CCMI LLC will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, CCMI LLC's investment management fee.

1. Non-Soft Dollar Research and Additional Benefits

CCMI LLC receives from Schwab (and potentially other broker-dealers, custodians, investment platforms, unaffiliated investment managers, vendors, or fund sponsors) free or discounted support services and products. Certain of these products and services assist CCMI LLC to better monitor and service client accounts maintained at these institutions. The support services that CCMI LLC obtains can include investment-related research; pricing information and market data; compliance or practice management-related publications; discounted or free attendance at conferences, educational or social events; or other products used by CCMI LLC to further its investment management business operations.

Certain of the support services or products received may assist CCMI LLC in managing and administering client accounts. Others do not directly provide this assistance, but rather assist CCMI LLC to manage and further develop its business enterprise.

CCMI LLC's clients do not pay more for investment transactions effected or assets maintained at Schwab or other broker-dealers and custodians because of these arrangements. There is no corresponding commitment made by CCMI LLC to any broker-dealer or custodian or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products because of the above arrangements.

CCMI LLC's Chief Compliance Officer, Brian Matter, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.

2. CCMI LLC does not receive referrals from broker-dealers.
3. CCMI LLC does not generally accept directed brokerage arrangements (when a

client requires that account transactions be effected through a specific broker-dealer). In a client directed arrangement, the client will negotiate terms and arrangements for their account with that broker-dealer, and CCMI LLC will not seek better execution services or prices from other broker-dealers or be able to “batch” the client’s transactions for execution through other broker-dealers with orders for other accounts managed by CCMI LLC. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

In the event that the client directs CCMI LLC 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 through CCMI LLC. Higher transaction costs adversely impact account performance. Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts.

CCMI’s Chief Compliance Officer, Brian Matter, remains available to address any questions that a client or prospective client may have regarding the above arrangement.

- B. To the extent that CCMI LLC provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless CCMI LLC decides to purchase or sell the same securities for several clients at approximately the same time. CCMI LLC may (but is not obligated to) combine or “block” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among CCMI LLC’s clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. CCMI LLC does not receive any additional payments as a result of any order aggregation.

Item 13 Review of Accounts

- A. For those clients to whom CCMI LLC provides investment supervisory services, account reviews are conducted at least quarterly by CCMI LLC’s Managing Members and/or representatives. All investment supervisory clients are advised that it remains their responsibility to advise CCMI LLC of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with CCMI LLC on an annual basis.

- B. CCMI LLC may conduct additional account reviews within other time frames, because of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, monthly or quarterly statements with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. CCMI LLC also provides a written periodic report summarizing account activity and performance.

Item 14 Client Referrals and Other Compensation

- A. As referenced in Item 12.A.1 above, CCMI LLC may receive indirect economic benefit from Schwab or other fund companies.
- B. Neither CCMI LLC nor its representatives compensate non-supervised persons for client referrals or solicitation of client referrals. At CCMI LLCs discretion, a charitable gift of up to \$50 may be made directly to a charity in honor of a referral source, one time per referral. This is done as a thank you for the referral, and the non-supervised person does not receive any direct benefit from the charitable donation.

Item 15 Custody

CCMI LLC shall have the ability to have its advisory fee for each client debited by the custodian. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. CCMI LLC may also provide a written periodic report summarizing account activity and performance.

Client are urged to compare reports provided by CCMI LLC with the account statements received from the account custodian. The account custodian does not verify the accuracy of CCMI LLC's advisory fee calculation.

CCMI LLC is also deemed to have custody of certain non-Schwab client accounts because of the services it provides on behalf of certain of its clients. The client accounts for which CCMI LLC is deemed to have custody are subjected to an annual, independent verification in accordance with Rule 206(4)-2 under the Investment Advisers Act of 1940.

Item 16 Investment Discretion

The client can determine to engage CCMI LLC to provide investment advisory services on a discretionary basis. Prior to CCMI LLC assuming discretionary authority over a client's account, the client shall be required to execute an *Investment Advisory Agreement*, naming CCMI LLC as the client's attorney and agent in fact, granting CCMI LLC full authority to buy, sell, or otherwise

effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage CCMI LLC on a discretionary basis may, at any time, impose restrictions, in writing, on CCMI LLC's discretionary authority (i.e. limit the types/amounts of securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe CCMI LLC's use of margin, etc.).

Item 17 Voting Client Securities

- A. CCMI LLC does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.
- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact CCMI LLC to discuss any questions they may have with a particular solicitation.

Item 18 Financial Information

- A. CCMI LLC does not solicit fees of more than \$1,200, per client, six months or more in advance of providing services.
- B. CCMI LLC is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. CCMI LLC has not been the subject of a bankruptcy petition.

ANY QUESTIONS: CCMI LLC's Chief Compliance Officer, Brian Matter, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.