

## Carolinas Wealth Consulting, LLC

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This wrap fee brochure provides information about the qualifications and business practices of Carolinas Wealth Consulting, LLC. If you have any questions about the contents of this Brochure, please contact us at (704) 643-2455. 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.

Carolinas Wealth Consulting, LLC is a Registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training. This Brochure is intended, in part, to provide information which can be used to make a determination to hire or retain an Adviser.

Additional information about Carolinas Wealth Consulting, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### **Material Changes**

Carolinas Wealth Consulting, LLC applied for registration with the SEC in 2019. Advisory accounts were previously managed under Carolinas Investment Consulting, LLC. The firms are affiliated through common ownership and control. In May 2019, through a succession, advisory accounts were acquired by Carolinas Wealth Consulting, LLC.

This is the initial Brochure for Carolinas Wealth Consulting, LLC. We will provide a new Brochure as necessary based on changes or new information, at any time, without charge. This Disclosure Brochure may be requested by contacting us at our main number above.

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## **Services, Fees and Compensation**

Carolinas Wealth Consulting, LLC (“CWC”) was established in September 2018 and approved as a Registered Investment Adviser in May 2019. George H. Edmiston, Jr. is its CEO and 89% owner.

CWC sponsors a wrap fee program (CWC Advisory Program) that is custodied with either Schwab Advisor Services division of Charles Schwab & Co., Inc. (“Schwab”), a registered broker-dealer, member SIPC, or with Fidelity Institutional Wealth Services (“Fidelity”). CWC provides investment advisory services by recommending the CWC Horizons or CWC Advisory Program that best meets the client needs based on the investment objectives given by the client and other selection criteria. The Programs provide investment advice, brokerage, and custodial services under a “wrap fee” arrangement. Generally, in a wrap fee arrangement, the Account pays a combined fee for investment advice, brokerage services, clearance and settlement services, and custodial services. The Account may also be charged for expenses or services that are not covered by the wrap fee. The fees not included in the advisory fee for our wrap services are charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund’s prospectus (i.e., fund management fees and other fund expenses), mark-ups and mark-downs, spreads paid to market makers, fees for trades executed away from custodian, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions.

### ***CWC Horizons Advisory Program***

Through the CWC Horizons Advisory Program (“CWC Horizons”), CWC provides portfolio management services through Institutional Intelligent Portfolios™, an automated, online Investment management platform provided by Schwab for use by independent investment advisors. The platform is sponsored by Schwab Performance Technologies, Inc. (“SPT”), an affiliate of Charles Schwab & Co., Inc. Through the SPT platform, CWC offers a Wrap Program (“the Program”) through which CWC constructs and manages a wide range of investment strategies, each generally consisting of a portfolio of exchange traded funds (ETFs), mutual funds and cash allocations.

Fees for the CWC Horizons Program will cover advisory services, performance measurement, transaction costs, custody services and trading. The fees do not cover the fees and expenses of any underlying funds purchased in the account. Fees are based on the assets in the account and are assessed quarterly. A minimum fee of \$55 annually applies for this program.

### ***CWC Advisory Program***

Through the CWC Advisory Program (“CWC Advisory account”), CWC provides investment recommendations based upon a review of the client’s investment goals, financial situation and risk tolerance. Clients have the option of accepting CWC’s recommendations or selecting alternative investments for their accounts. CWC offers periodic rebalancing of the mutual funds or upon the client’s direction. We also provide monitoring and reporting of portfolio performance to clients on a periodic basis.

CWC may recommend stocks, bonds, mutual funds or other assets of any kind, consistent with the client’s investment objectives. Most types of securities are eligible for purchases in the CWC Advisory account including but not limited to, common and preferred stocks, exchange traded funds, closed end funds, unit investment trusts, corporate and government bonds, certificate of deposit, mutual funds and certain wrap class alternative investments, such as hedge funds.

Market timing is defined as excessive short-term purchase and sale transactions or exchanges with the intention of capturing short-term profits in violation of the terms of the fund's prospectus. CWC will not support market timing strategies or activities for mutual funds or any other extreme trading activity that CWC, in its sole discretion or by direction of the fund company, deems detrimental to the interest of average mutual fund shareholders or contrary to the policies or interest of the mutual fund companies.

Fees for the CWC Advisory program will cover advisory services, performance measurement, transaction costs, custody services and trading. The fees do not cover the fees and expenses of any underlying funds purchased in the account. Fees are based on the assets in the account and are assessed quarterly. A minimum fee of \$125 quarterly/\$500 annually applies for this program.

CWC Advisory accounts are charged an all-inclusive "wrap fee" on Program Assets that covers advisory, execution, custodial and reporting services on Eligible Assets. Clients pay all of CWC Advisory's usual and customary commissions, transaction fees and other charges for transactions in Excluded Assets. Commissions and fees on Excluded Assets and other charges will be assessed against a client's account on or about the transaction date or such other date assessed by the CWC Advisory Program. See Program Fees and Account Minimums section below for details of fee exclusions, calculations, refunds and other information. The imposition of the minimum fee may cause the effective Program Fee rate (expressed as a percentage) to be greater than the fee rates specified in the table below.

As of 12/31/18, CIC held \$381,887,016 in discretionary assets under management and \$1,107,324,608 in non-discretionary assets under management. On 5/9/2019, through a succession, CWC acquired the assets under management.

### ***Fees and Compensation***

Client agrees to pay CWC for the service detailed above according to the following annual fee schedule, which is negotiable:

<b>CWC Advisory and CWC Horizons – Maximum Standard Fee Schedule</b>	
<b>Total Account Value</b>	<b>Maximum Annualized Program Fee</b>
First \$1,000,000	1.10%
\$1,000,001 - \$2,500,000	1.00%
Over \$2,500,000	Negotiable

The specific manner in which fees are charged by CWC is established in a client's written agreement. CWC will bill its fees on a quarterly basis in advance. Fees will be debited directly from the client's account, are based on the assets under management and in some instances, may be negotiated. Fees are in the form of an annual rate that is calculated and assessed in advance on a quarterly basis.

The account value is calculated as the market value of all long and short securities positions in the account. Although the fees listed above are "default" fees, they may, in some circumstances, be negotiable. The fee encompasses all transaction related costs associated with the execution of the transaction. The client shall pay an initial fee from the account to CWC on the date of acceptance of the contract based upon the value of the account on the date of acceptance and prorated through the end of the calendar quarter. Thereafter, the quarterly fee shall be paid to CWC on the first business day of each succeeding calendar quarter based upon the value of the account on the last business day of the prior calendar quarter. In the

case of a net capital contribution or withdrawal, fees will be prorated and charged or refunded if the net addition or net withdrawal would generate a fee or refund of at least \$40 for that quarter. No fee adjustment will be made during any fee period for appreciation or depreciation in the market value of assets in the account during that period. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. The client will maintain or deposit sufficient funds in the account to cover payment of all fees authorized by the contract and the client authorizes CWC and custodian firm to debit the account balances or redeem money market fund shares in the amount equal to the fee that is due. If there are not funds to cover the fees, then CWC may liquidate assets to cover fees. The service fee schedule may be changed upon written notification from CWC to the client.

A portion of the fees described herein may be paid to CWC Financial Advisors in connection with the provision of investment advice and/or client-related services within those programs. This compensation may be more than CWC's Financial Advisors would receive if clients paid separately for investment advice, brokerage, and other services and; therefore, CWC Financial Advisors may have a financial incentive to recommend the program services over other programs or services.

As a shareholder of a money market fund or mutual fund, in addition to fees paid by a client to CWC under a program, the client will bear a proportionate share of the fund's expenses, including the investment management fees that are paid to the fund's investment adviser, and will bear any other charges levied by a fund (e.g., redemption fees). For more information about fund expenses, see the fund's prospectus. Wrap fees also do not include fees related to adoption, maintenance, and closure of retirement accounts. A description of these and other expenses are available in each fund's prospectus.

Generally, CWC purchases no-load mutual funds which do not generate sales charges. Load and no-load mutual funds typically pay distribution charges, sometimes referred to as 12b-1 fees. 12b-1 fees come from fund assets, therefore, indirectly from client assets. The mutual funds the Firm recommends typically offer a variety of share classes, including some that do not charge 12b-1 fees and are, therefore, less expensive. There are instances in which CWC would recommend a mutual fund that carries a 12b-1 fee, even when a lower-cost share class is available for the same fund. For example, a lower-cost class share may not be available to CWC due to investment minimums. In other cases, mutual funds charging 12b-1 fees are transferred into CWC. In which case the Firm may recommend the client holds the existing share class, instead of selling the fund and buying a lower-cost share, which could result in a tax liability. In addition, some mutual funds charge 12b-1 fees, but no transaction fees, while other share classes in the same fund family do not charge 12b-1 fees, but do charge transaction fees. Mutual funds charging 12b-1 fees will be recommended when the overall cost is seen as a benefit to the client if the anticipated transaction fees exceed the anticipated 12b-1 fees. When recommending a particular mutual fund share class, the different available share classes are compared and reviewed along with the anticipated investment timeframe, potential tax consequences, future anticipated transactions and other costs to determine the best selection for the client at that time.

Although CWC believes its fees are reasonable in light of the services provided, transaction fees charged to client accounts may be higher than those otherwise available if the services were provided separately for a discrete fee. All fees described herein may be subject to negotiation depending on a range of factors including, but not limited to, account size and overall range of services requested. Clients should consider the value of the additional consulting services when making such comparisons. The combination of custodial, consulting, and brokerage services may not be available separately or may require multiple

accounts, documentation, and fees. A portion of the fees charged by CWC for the advisory services described herein may be paid to CWC Financial Advisors. Financial Advisors may have a financial incentive to recommend advisory services over broker/dealer services. Costs and transaction fees arising out of transactions effected by entities other than CWC or Schwab or attributable to dealer mark-ups, mark-downs or “spreads” (in transactions where another entity acts as principal for its own account) will be separately borne by clients.

The Program Fees are subject to exclusions, calculations, and conditions contained in each Program’s Advisory Agreement. Additionally, the following are minimum annual program fees, billed quarterly:

- CWC Horizons Program - \$55

The minimum fee may cause the effective Program Fee (expressed as a percentage) to be greater than the fee rates shown above.

The wrap program may cost the client more or less than purchasing such services separately and will depend on the trading activity in the client’s account. The cost of non-wrapped investment advisory services is not necessarily lower than investment advisory services provided under the wrap program. Because CWC may receive more compensation from a client from the client’s participation in the Program than if the client received advisory services and brokerage services separately, CWC may have a financial incentive to recommend the Program to clients over other types of advisory services. CWC may give advice to others that may be different from the advice given to Program clients. Clients should consider the value of the additional consulting services when making such comparisons. The combination of custodial, consulting, and brokerage services may not be available separately or may require multiple accounts, documentation, and fees. In addition, certain advisors may not be available to certain clients outside the consulting relationship because of minimum account sizes, fee schedules, geographic availability, or other factors. A non-wrapped pricing arrangement may be more cost effective for accounts that do not experience frequent trading activity. Because of the single fee charged to a Program account, CWC may be regarded as having a conflict of interest in that it may realize a greater profit on a Program account with a relatively low rate of portfolio turnover compared to other types of accounts, assuming the same level of fees. We do not charge our clients higher advisory fees based on their trading activity, but you should be aware that we may have an incentive to limit our trading activities in your account(s) because we are charged for executed trades. However, CWC is constrained by fiduciary principles to act in its clients’ best interests.

All fees may be subject to negotiation. When negotiating fees, factors considered, but not limited to, include: (i) clients with multiple accounts; (ii) size of the account; (iii) a prior or existing relationship; and (iv) a client’s particular needs or financial characteristics. Due to the fact that fees may vary, clients with existing accounts may be charged fees which do not match precisely the foregoing fee schedules or the fees paid by other clients.

Other costs that may be assessed and that are not part of those outlined above include fees for portfolio transactions executed away from the broker/custodian selected by the client, dealer mark-ups, electronic fund and wire transfers, spreads paid to market-makers, and exchange fees, among others. Broker/custodian may charge client certain additional and/or minimum fees.

The Program wrap fee does not include: (i) annual account fees or other administrative fees, such as wire fees, charged by First Clearing (ii) certain odd-lot differentials, transfer taxes, transaction fees mandated

by the Securities Act of 1934, and charges imposed by law with regard to transactions in the client's account; and (iii) advisory fees, expenses or sales charges (loads) of mutual funds (including money market funds), closed-end investment companies or other managed investments, if any, held in client's account.

### ***Account Termination***

Client may initiate termination of the contract at any time by sending written notice to CWC. CWC may terminate the contract at any time for any reason; in which event CWC will refund the pro-rata fee received for the calendar quarter to the extent that such fee exceeds the execution charges that would have been owed based upon CWC's regular commission and execution rates. A full refund will be provided without penalty if the client terminates the contract within 5 business days of signing with CWC.

Upon termination, all securities and cash positions will remain intact; absent any liquidation orders. If specific liquidation orders are received, CWC and its agent will, in an orderly and efficient manner, proceed with liquidation of the client's account. There will not be a charge by us for such redemption; however, the client should be aware that certain mutual funds impose redemption fees as stated in each company's fund prospectus in certain circumstances. Clients must keep in mind that the decision to liquidate security issues or mutual funds may result in tax consequences that should be discussed with the client's tax advisor. Factors that may affect the orderly and efficient manner would be size and types of issues, liquidity of the markets, and market makers' abilities. Should the necessary securities' markets be unavailable and trading suspended, efforts to trade will be done as soon as possible following their reopening. Due to the administrative processing time needed to terminate client's investment advisory service and communicate the instructions to client's Investment Advisor, termination orders received from clients are not market orders; it may take several business days under normal market conditions to process the client's request. During this time, the client's account is subject to market risk. CWC and its agents are not responsible for market fluctuations of the client's account from time of written notice until complete liquidation. All efforts will be made to process the termination in an efficient and timely manner.

## **Account Requirements and Types of Clients**

### ***Account Requirement***

Certain advisors may not be available to certain clients outside the consulting relationship because of minimum account sizes, fee schedules, geographic availability, or other factors.

### ***Types of Clients***

CWC provides portfolio management services to individuals, pension and profit-sharing plans, charitable institutions, foundations, endowments, estates, trusts, and corporations and business entities.

## **Portfolio Manager Selection and Evaluation**

CWC serves as the portfolio manager in the wrap fee program. CWC does not outsource its portfolio management by using outside portfolio managers for the referenced Programs. CWC uses industry standards to measure the performance of its portfolio managers; however, it does not use a third party auditor to review and verify the performance of its portfolio managers.

### ***Performance-Based Fees and Side-by-Side Management***

CWC does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).



### ***Methods of Analysis, Investment Strategies and Risk of Loss***

Our investment strategy begins with an understanding of a client's financial goals. Advisors use demographic and financial information provided by the client to assess the client's risk profile and investment objectives in determining an appropriate plan for the client's assets. Investment strategies ordinarily include long- or short-term trading of stock portfolios, mutual funds, fixed income securities and options.

Investment recommendations are based on an analysis of the client's individual needs, and are drawn from research and analysis. Security analysis methods may include fundamental analysis, technical analysis, charting and cyclical analysis. Information for this analysis may be drawn from financial newspapers and magazines; inspections of corporate activities; research materials prepared by others; annual reports, corporate filings and prospectuses; company press releases; and corporate ratings services.

CWC may also seek the opinion of third party money managers for security analysis. This information will be considered in conjunction with other analysis methodology. In addition, CWC utilizes other sources of information such as Schwab Advisor Services website, which consists of Due Diligence Reports on Money Managers and Research Alerts to notify us of changes occurring on Money Managers.

It is important to note that investing in securities involves a risk that clients should be prepared to bear. For any risks associated with Investment Company products, please refer to the prospectuses for additional details about these risks. Our investment approach constantly keeps the risk of loss in mind. These risks include, but are not limited to:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **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 particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **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.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of clients who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because CWC must meet the terms of its obligations in good times and bad. During

periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

### ***Voting Client Securities***

As a matter of firm policy and practice, CWC does not vote proxies on any client's behalf. Clients can authorize investment managers to vote proxy requests on their behalf in their client agreements. Please refer to the respective investment manager's Form ADV for a full disclosure of its proxy voting policies and procedures. Clients should contact their financial consultant if they have any questions and/or to obtain this information. Clients will receive their proxies or other solicitations directly from their custodian or transfer agent.

### **Client Information Provided to Portfolio Managers**

CWC is both your registered investment adviser and your portfolio manager. CWC does not outsource its portfolio management by using outside portfolio managers for the referenced Programs. Therefore, your portfolio manager has the same access to your information as CWC. Your information includes, among other things, income, net worth, risk tolerance, and investment objectives. Your portfolio manager uses this information to determine the appropriate asset allocation and manage your investments. When you update your information with CWC, your portfolio manager will have immediate access to the same updated information.

### **Client Contact with Portfolio Managers**

You may communicate with portfolio managers directly. Consultations beyond normal business practices may require additional negotiated fees.

### **Additional Information**

#### ***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 CWC or the integrity of CWC's management. CWC has no information applicable to this Item.

#### ***Other Financial Industry Activities and Affiliations***

CWC offers Family Office Services for a fee, which include Comprehensive Financial Planning, Estate/Tax Planning Review and Strategies (in coordination with tax and legal advisors), Cash Flow Budgeting and Analysis, Document Aggregation, Multi-Generation Services and Education, Charitable Giving Strategies, Family Gifting & Education Funding Strategies, Life Insurance Review and Planning and Outside Trust Services Review.

Individuals associated with CWC as an Investment Adviser Representative ("IAR") may also be registered with Carolinas Investment Consulting LLC ("CIC") as a Registered Representative ("RR"). CIC is a general securities broker-dealer with the U.S. Securities and Exchange Commission and various state regulatory agencies. CIC is also a member of FINRA and SIPC.

Certain IARs are licensed as insurance agents/brokers through CIC, which is also separately licensed as an Insurance Agency. When applicable, these individuals may recommend insurance or broker-dealer transactions for advisory clients. In their capacities as Registered Representatives or as insurance agents, clients will be charged separately from their advisory services.

On average individual Investment Advisor Representatives and the principals of CWC spend less than 10% of their time on these aforementioned non-advisory activities. No CWC client is obligated to purchase any recommended insurance products.

CWC recommends that clients establish brokerage accounts with Schwab Advisor Services division of Charles Schwab & Co., Inc. ("Schwab"), a registered broker-dealer, member SIPC, or Fidelity Institutional Wealth Services ("Fidelity") (collectively "the Custodians.") to maintain custody of clients' assets and to effect trades for their accounts. Although CWC may recommend that clients establish accounts at the Custodians, it is the client's decision. CWC is independently owned and operated and not affiliated with Schwab or Fidelity.

### ***Brokerage Practices***

CWC is not registered as a broker-dealer. For CWC client accounts maintained in its custody, CWC may recommend/require that clients establish brokerage accounts with Schwab and/or Fidelity (collectively, the "Custodians") to maintain custody of clients' accounts and to effect trades for those accounts. CWC is independently owned and operated and not affiliated with Custodians. The final decision to custody assets with a Custodian is at the discretion of the Advisor's clients, including those accounts under ERISA or IRA rules and regulations, in which case the client is acting as either the plan sponsor or IRA accountholder. Generally, the Custodians do not charge separately for custody services but are compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through the Custodians. The Custodians make products and services available to CWC that benefit CWC but may not directly benefit its clients' accounts. Many of these products and services are used to service all or a substantial number of CWC accounts. Some of these products and services provided by the Custodians include software and other technology that (i) provides access to client account data (such as trade confirmations and account statements); (ii) facilitates trade execution and allocates aggregated trade orders for multiple client accounts; (iii) provides research, pricing and other market data; (iv) facilitates payment of CWC fees from its clients' accounts; and (v) assists with back-office functions, recordkeeping and client reporting.

Schwab provides CWC with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to advisors. Schwab's services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

Schwab also makes available to CWC other products and services that benefit CWC but may not benefit its clients' accounts. These benefits may include national, regional or CWC specific educational events organized and/or sponsored by Schwab Advisor Services. Other potential benefits may include occasional business entertainment of personnel of CWC by Schwab Advisor Services personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist CWC in managing and administering clients' accounts. These include software and other technology (and related technological training) 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 research, pricing information and other market data, facilitate payment of CWC's fees

from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of CWC's accounts, including accounts not maintained at Schwab Advisor Services. Schwab Advisor Services also makes available to CWC other services intended to help CWC manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, Schwab may make available, arrange and/or pay vendors for these types of services rendered to CWC by independent third parties. Schwab Advisor Services may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to CWC. While, as a fiduciary, CWC endeavors to act in its clients' best interests, CWC's recommendation/requirement that clients maintain their assets in accounts at Schwab may be based in part on the benefit to CWC of the availability of some of the foregoing products and services and other arrangements and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

### ***Code of Ethics, Participation or Interest in Client Transactions and Personal Trading***

Access persons are required to report their trading activities. Access persons have restrictions on personal trading in securities that the firm purchases for clients. The firm has adopted a Code of Ethics to govern personal trading by such access persons. In addition, the firm has an Insider Trading Policy applicable to all its employees, which prohibits the use of material inside information in connection with personal transactions.

The Code of Ethics and trading policies are overseen by the Chief Compliance Officer, who is responsible for the review of such transactions. A copy of the firm's Code of Ethics is provided to all employees. The firm's Code emphasizes the firm's philosophy of honesty, integrity, and professionalism, setting forth standards of conduct expected of the firm's personnel, promoting honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships, and promoting compliance with applicable government laws, rules, and regulations. The firm's investment advisers are fiduciaries who have the responsibility to render professional, continuous, and unbiased investment advice to clients. Advisers owe clients the duties of care, loyalty, honesty, good faith, and fair dealing, and must act at all times in the client's best interest. All personnel have the obligation to uphold these duties. A free copy of the firm's Code of Ethics is available to clients upon request.

The accounts of certain employees, or related persons, may be managed in a similar fashion to many clients' accounts. As a result, securities held in employees' portfolios may be substantially the same as securities owned by clients of the firm. In any purchase or sale by the firm and/or employees of the firm, client transactions are completed prior to the initiation of any transactions for employee or related person accounts. CWC has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at CWC must acknowledge the terms of the Code of Ethics annually, or as amended.

Advisors of CWC may buy or sell securities that are recommended to clients. CWC's employees and persons associated with CWC are required to follow the Code of Ethics. Subject to satisfying this policy

and applicable laws, officers, directors and employees of CWC and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for CWC's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of CWC will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would not materially interfere with the best interest of CWC's clients. In addition, the Code requires pre-approval of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client. Employee trading is continually monitored under the Code of Ethics to reasonably prevent conflicts of interest between CWC and its clients.

CWC's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting us at (704) 643-2455 or (800) 255-2904.

### ***Review of Accounts***

The Chief Compliance Officer will review accounts for which CWC provides supervisory services, discretionary investment advisory services or holds itself out as providing financial planning or some similarly termed service ("Investment Consulting Program") at least annually to determine the suitability of investments in relation to a client's objectives. The review process contains each of the following elements:

- a. Investment Policy Statement, where applicable, is reviewed as to any changes necessitated;
- b. Asset Allocation is reviewed and rebalanced as appropriate,
- c. Performance vs. appropriate selected indices are reviewed as are any variances on a current year-to-date and annual since inception basis; and
- d. All client comments and concerns are discussed and appropriately handled.

At least annually, the firm will contact the client and request current information to determine whether there have been any changes in the information provided in the questionnaire. Client agrees to inform the firm in writing of any material changes to the information included in the questionnaire or any other change in the client's financial circumstances that might affect the manner in which client's assets should be invested. Client may contact the firm during normal business hours to consult with the firm concerning the management of the client's account(s).

Clients will receive performance reports at least annually, or more frequently as agreed. These reports could include some or all of the following information:

- a. Consistency with policy statement;
- b. Current asset allocation;
- c. Beginning and ending valuation;
- d. Net flows;
- e. Returns on trailing 12 months as well as on a calendar basis since inception as compared to the appropriate indices and their corresponding variances;
- f. Up and down capture ratio as percent of index return;
- g. Market values and cash flows on quarterly basis since inception; and

- h. Measurement of volatility, which may include Alpha, Beta, R<sup>2</sup> calculations.

The client understands that it is his/her responsibility to review this material and report any discrepancies to CWC as soon as possible.

### ***Client Referrals and Other Compensation***

CWC, in some instances, may compensate third-party solicitors for client referrals. The solicitor's agreements entered into by CWC comply with Rule 206(4)-3 under the Investment Advisers Act of 1940. Currently CWC has agreements with Mary A. Ferguson, CPA, Martha Louise Ramage Lewis, PLLC and Ralph N. Strayhorn, III. Additional solicitor agreements may be initiated, or existing ones terminated at any time. Compensation will be based on a percent of referred clients' account value managed by CWC. Such fees are paid pursuant to a written agreement between CWC and the solicitor. A client who is solicited will receive an additional disclosure document specifically describing the arrangement and the compensation paid to the solicitor. Solicitor's fees will be based on CWC's normal fee schedule; clients will not be charged any additional fees or expenses as a result of the referral.

### ***Financial Information***

Registered Investment Advisers are required to provide clients with certain financial information or disclosures about CWC's financial condition. CWC has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of any bankruptcy proceeding.

### ***Custody***

Clients should receive statements at least quarterly from the qualified custodian that holds and maintains your investment assets. These reports include: (1) trade confirmations reflecting all transactions in securities (except money market mutual fund transactions) unless specifically waived by the client; (2) monthly and/or quarterly statements of the client's account itemizing all transactions in cash and securities, and all deposits and withdrawals of principal and income during the preceding calendar month; and (3) statements of securities in custody, listing securities held in the account, submitted at least quarterly.

CWC urges clients to carefully review such statements and compare the official custodial records to the account statements that we may provide. CWC's statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. CWC may furnish periodic statements of account activity in lieu of transaction-by-transaction confirmations as described above, to the extent and in the manner permitted by Rule 10b-10 under the Securities Exchange Act of 1934, as amended.

### ***Investment Discretion***

Through the CWC Advisory Programs, certain selected Financial Advisors of CWC may provide investment advisory services to client accounts on a non-discretionary basis or on a discretionary basis. When the client chooses to grant investment discretion to the Adviser, the Adviser will have authority to supervise and direct the investments of and for the client's account(s) without prior consultation with the client. Pursuant to this discretionary authority, the Adviser will determine which securities are bought and sold for the account and the total amount of such purchases and sales. The Adviser will make investment decisions for client accounts in accordance with the investment objectives, risk tolerance, investment time horizon, and any investment policies, guidelines, or reasonable restrictions as the client may impose in

writing, and to which the Adviser agrees. Pursuant to the client's instruction, client money/cash may be invested in a money market mutual fund managed by their custodian who may charge a fee. Clients should contact their custodian for more information about this investment of their cash.

***Privacy Policy***

CWC collects nonpublic personal information about clients from the following sources: Information we receive on applications or other forms and information about client transactions with affiliates, others, or us. CWC does not disclose any non-public information about current or former clients to anyone, except as permitted by law or in order to provide the current services. Employees have limited access to clients' personal information based on their responsibilities to provide products or services. Be assured that we maintain physical, electronic and procedural safeguards in compliance with federal standards to protect client information.