



**BT Wealth Management, LLC**

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March 28, 2019

This brochure provides information about the qualifications and business practices of BT Wealth Management, LLC ("BTWM"). If you have any questions about the contents of this brochure, please contact us at (770) 635-5000 or [elasco@btwealthllc.com](mailto:elasco@btwealthllc.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state authority.

Additional information is available on the SEC's website at [www.AdviserInfo.sec.gov](http://www.AdviserInfo.sec.gov).

***Material Changes***

There are no material changes to report.

**Table of Contents**

|  | Page |
|--|------|
| Advisory Business .....  | 2    |
| Fees and Compensation .....  | 5    |
| Performance-Based Fees and Side-By-Side Management .....                                   | 7    |
| Types of Clients .....   | 7    |
| Methods of Analysis, Investment Strategies and Risk of Loss.....                           | 7    |
| Disciplinary Information .....   | 12   |
| Other Financial Industry Activities and Affiliations.....                                  | 12   |
| Code of Ethics, Participation or Interest in Client Transactions and Personal Trading..... | 13   |
| Brokerage Practices.....   | 14   |
| Review of Accounts.....  | 16   |
| Client Referrals and Other Compensation.....   | 17   |
| Custody .....  | 19   |
| Investment Discretion .....  | 20   |
| Voting Client Securities .....   | 20   |
| Financial Information .....  | 20   |

## ***Advisory Business***

BT Wealth Management, LLC was formed in 2008 and provides portfolio management and financial planning services to its clients. At the outset of each client relationship, BTWM spends time with the client, asking questions, discussing the client's investment experience and financial circumstances, and reviewing options for the client. Based on its reviews, BTWM develops the following with each client:

- the client's investment objectives and guidelines (the "Investment Plan"); and
- A financial outline for the client based on the client's financial circumstances and goals, and the client's risk tolerance level (the "Financial Profile").

The Financial Profile is a reflection of the client's current financial picture and a look to the future goals of the client. The Investment Plan outlines the types of investments BTWM will make on behalf of the client in order to meet those goals. The Profile and the Plan are discussed regularly with each client, but are not necessarily written documents.

### **Investment Advisory**

As described above, at the beginning of a new client relationship, BTWM gathers information and performs research and analysis as necessary to develop the client's Investment Plan. The Investment Plan will be updated from time to time when requested by the client, or when determined to be necessary or advisable by BTWM based on updates to the client's financial or other circumstances.

To implement the client's Investment Plan, BTWM will manage the client's investment portfolio on a discretionary basis. As a discretionary investment adviser, BTWM will have the authority to supervise and direct the portfolio without prior consultation with the client. The investment plan will be managed in accordance with the client's Investment Plan, and can include the use of Separate Account Managers and/or alternative investments.

### **Wealth Management**

The Wealth Management program is for clients that elect to engage BTWM in ongoing financial planning while also implementing the plan through Investment Advisory services offered by BTWM. If this program is elected, we will provide a financial outline for the client based on the client's financial circumstances and goals, and the client's risk tolerance level (the "Financial Profile"). In general the Financial Profile will address any or all of the following:

- Personal: Family records, budgeting, personal liability, estate information and financial goals
- Cash Flow: Spending analysis and planning for future years.
- Tax: Strategic income tax planning.
- Insurance: Cash needs at death, income needs of surviving dependents, estate planning
- Retirement: Strategies and investment plans to help client achieve their retirement goals
- Investments: Analysis of investment alternatives and their effect on a client's portfolio.

Information on clients will be gathered by in-depth personal interviews and review of personal financial information. Gathering data concerning current financial status, future requirements, risk appetite and goals is essential. It is recommended that the client review their Financial Profile with tax accountants, attorneys and other professional service providers.

Since the Wealth Management Program covers advisory services and financial planning, fees can be higher than those for Investment Advisory Services alone. Fees charged by BTWM can be higher than those otherwise available if the services were provided separately for a discrete fee or if the client were to select another provider for each service. Clients are reminded that they are not under obligation to implement their plan through BTWM and can receive a Financial Plan for an hourly fee as described under General Consulting below. The Wealth Management program can be terminated by the client at any time.

#### General Consulting

From time to time, clients can retain BTWM for specific projects, general consulting services or financial planning. An example of such consulting is the review of a third party money manager. Such projects generally require a clear understanding of the client's current financial situation, as well as the client's short- and long-term financial goals and objectives. Clients can be asked to provide information pertaining to their assets, liabilities, income, expenses, income and estate taxes, trust agreements, wills, investments, insurance, personal and family obligations, and employee benefit programs. Careful consideration also will be given to subjective factors such as the client's prior investment experience, risk comfort level, and knowledge of investment vehicles available on the market. Once the client's financial goals and objectives have been established, BTWM will provide a written report to address the project specified. Clients can choose to have BTWM implement the plan, or implement the plan through other means.

#### 401(k) Services

BTWM has contracted with Capital Directions, LLC ("CD") for 401(k) services, including administrative and marketing support, as well as CD's service as an ERISA 3(38) Investment Manager with full discretion for investment selection and monitoring. For these 401(k) accounts, we consult and advise sponsors of corporate retirement plans on overall plan design and implementation. Included in this service is selection and monitoring of the investment selections offered, including model portfolios, for participants to choose from. We also give guidance on plan expenses and fiduciary liability and all disclosures required under Department of Labor rules. Our overriding goal is to create a better outcome for participants at retirement. Our representatives will not at any time have access to a client's funds, securities, or account(s) and therefore will not have authority to rebalance, reallocate or place trades in the account. All trade implementation under these services is the responsibility of the client through the particular record-keeper and/or custodian in the program. BTWM can provide employee education regarding general information on the funds available under the plan and other general investment information aimed at helping participants make better choices for themselves from among the alternatives available under the plan. BTWM can also provide other information aimed at assisting the plan sponsor in fulfilling its obligations to the plan, for example, information on pending or recent legislative changes that can impact the plan, plan participants and beneficiaries.

**PLEASE NOTE: RETIREMENT ROLLOVERS-No Obligation/Conflict of Interest:** A client leaving an employer typically has four options (and can engage in a combination of these options): i) leave the money in his former employer's plan, if permitted, ii) roll over the assets to his new employer's plan, if one is available and rollovers are permitted, iii) rollover to an IRA, or iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). BTWM can recommend an investor roll over plan assets to an Individual Retirement Account (IRA) managed by BTWM. As a result BTWM and its representatives can earn an asset-based fee. In contrast, a recommendation that a client or prospective client leave his or her plan assets with his or her old employer or roll the assets to a plan sponsored by a new employer will generally result

in no compensation to BTWM (unless you engage BTWM to monitor and/or manage the account while maintained at your employer). BTWM has an economic incentive to encourage an investor to roll plan assets into an IRA that BTWM will manage or to engage BTWM to monitor and/or manage the account while maintained at your employer. There are various factors that BTWM must consider before recommending a rollover, including but not limited to: i) the investment options available in the plan versus the investment options available in an IRA, ii) fees and expenses in the plan versus the fees and expenses in an IRA, iii) the services and responsiveness of the plan's investment professionals versus BTWM's, iv) protection of assets from creditors and legal judgments, v) required minimum distributions and age considerations, and vi) employer stock tax consequences, if any. No client is under any obligation to rollover plan assets to an IRA managed by BTWM or to engage BTWM to monitor and/or manage the account while maintained at your employer.

#### Private Fund

BTWM also provides investment management services on a discretionary basis to the BT Opportunity Fund, LP, Vendor Assistance Fund, LP, and BT Opportunity Fund II ("the "Funds"), privately offered pooled investment vehicles exempt from registration under the Investment Company of 1940. BT Funds Group, LLC is the general partner ("the "General Partner") of the Funds and is responsible for its overall management. The General Partner is owned by BTWM. BTWM serves as the Funds' investment manager and is responsible for the management of the Funds' portfolios pursuant to the terms of the investment management agreements between itself and the Fund. BTWM has full discretionary authority with respect to the investment decisions for the Funds, and its advice is made in accordance with the investment objectives and guidelines as set forth in the Funds' confidential offering memorandums. BT Opportunity Fund and Vendor Assistance Funds are no longer accepting new investors into the funds.

#### General Information

Clients can impose certain written restrictions on BTWM in the management of their investment portfolios, such as prohibiting the inclusion of certain types of investments (e.g., "sin stocks") in an investment portfolio or prohibiting the sale of certain investments held in the account at the commencement of the relationship. Each client should note, however, that restrictions imposed by a client can adversely affect the composition and performance of the client's investment portfolios. Each client should also note that his or her investment portfolio is treated individually by giving consideration to each purchase or sale for the client's account. For these and other reasons, performance of client investment portfolios within the same investment objectives, goals and/or risk tolerance can differ and clients should not expect that the composition or performance of their investment portfolios would necessarily be consistent with similar clients of BTWM.

Wrap fee programs are offered through third party money managers. In a wrap fee program, clients are charged an all-inclusive wrap fee on program assets that covers advisory, execution, custodial and reporting services. In a non-wrap fee program, BTWM's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. BTWM does not currently participate in any wrap fee programs.

#### Principal Owners

BTWM does not have any individuals or entities that own more than 25% of the firm. Please see "**Brochure Supplement(s)**", Appendix A, for more information on individuals who formulate investment advice and have direct contact with clients, or have discretionary authority over client accounts.

### Type and Value of Assets Currently Managed

As of December 31, 2018, BTWM managed \$888,657,696. on a discretionary basis and \$35,165,285 on a non-discretionary basis.

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

#### General Fee Information

Fees paid to BTWM are exclusive of all custodial and transaction costs paid to the client's custodian, brokers or other third party consultants. Fees paid to BTWM are also separate and distinct from the fees and expenses charged by mutual funds, ETFs (exchange traded funds) or other investment pools to their shareholders (generally including a management fee and fund expenses, as described in each fund's prospectus or offering materials). Fees charged by third party money managers will be charged separately and in addition to BTWM's fees. These fees will be detailed in the individual manager's Firm Brochure. The client should review all fees charged by funds, brokers, BTWM and others to fully understand the total amount of fees paid by the client for investment and financial-related services.

The current standard annual fee schedules, based on a percentage of assets under management, is listed below. Fees are negotiable and specific fees charged will be listed in the client's written advisory agreement.

Investment Advisory services (stand-alone service without a financial planning) are charged according to the fee schedule below:

|                           |       |
|---------------------------|-------|
| First \$2,000,000         | 1.00% |
| Next \$3,000,000          | 0.75% |
| Balance Above \$5,000,000 | 0.50% |

#### Assets In "Cash Management" only Accounts

|                           |       |
|---------------------------|-------|
| First \$2,000,000         | 0.50% |
| Next \$3,000,000          | 0.50% |
| Balance above \$5,000,000 | 0.50% |

Wealth Management program (Investment Advisory with financial planning) are charged according to the fee schedule below:

|                           |       |
|---------------------------|-------|
| First \$5,000,000         | 1.00% |
| Balance above \$5,000,000 | 0.50% |

BTWM receives fees for investment management services to the Funds based on the amount of assets under management as disclosed in the Funds offering documents and investment management agreement. For BTWM clients, the investment management fee for investing in the fund is only included in the total AUM calculation. Investors in the fund that are not direct BTWM clients are charged the 1.0% fee directly from the fund. Fees are negotiable at the sole discretion of BTWM. The fees are payable quarterly in advance directly from Limited Partners accounts based on the amount in that partner's capital account at the beginning of the quarter.

The minimum portfolio value is generally set at \$1,000,000. The minimum investment in the BT Opportunity Fund II is \$250,000. BTWM, in its sole discretion, reserves the right to waive its

minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

Portfolio management fees are generally payable quarterly, in advance or arrears, as described in the client's advisory agreement. Fees are based on the market value of Client's account on the last day of the prior quarter as adjusted and prorated for asset additions/withdrawals. For clients billed in advance, if management begins after the start of a quarter, fees will be prorated accordingly. For clients billed in arrears, deposits and/or withdrawals of \$25,000 or more made during the calendar quarter will be prorated and charged in arrears, as applicable. Fees are debited directly from client accounts and are calculated using the total assets in the account as shown on the client custodial statement, including any assets purchased on margin. Net positive cash balances in type 1 (cash account) and type 2 (margin account) are included in the fee calculation. Upon termination of an account, any prepaid, asset-based fees will be prorated according to the days the account was opened during the calendar quarter and excess fees will be refunded to the client.

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

#### General Consulting Fees

Consulting fees are generally charged at an hourly rate of \$200-\$450. Fees are negotiable and depend on the complexity of the project and the estimated amount of time required to complete the project. Fees for consulting are due and payable upon completion and presentation of the project.

#### 401(k) Services

Annual fees are billed quarterly in arrears, and are billed directly by Capital Directions, LLC ("CD"). The initial fee will be pro-rated to the date that the account was established. A portion of these fees are paid to BTWM for advisory services and a portion is retained by CD for their retirement plan services. Clients will incur certain other charges imposed by other parties that are integral to the operation of these plans. The record keeper, custodian, third party administrator, mutual funds, and other parties impose fees for their services, which will be outlined in their respective contracts or prospectus.

#### Client Terminations

Either BTWM or the client can terminate their Investment Management Agreement at any time, subject to any written notice requirements in the agreement. In the event of termination, any paid but unearned fees will be promptly refunded to the client, and any fees due to BTWM from the client will be invoiced or deducted from the client's account prior to termination. Upon written receipt of notice to terminate and liquidate the client's account, BTWM 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 can result in tax consequences that should be discussed with the client's tax advisor. Factors that can 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 the client's new Investment Advisor, termination orders received from clients are not market orders; it can 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. BTWM and its agent 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.

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

Portfolio Managers for the Vendor Assistance Fund and certain client accounts can be paid amounts based upon the share of profits in the Funds. The existence of performance-based compensation can create an incentive for the Portfolio Managers or the Investment Manager to make riskier and more speculative investments than would otherwise be the case in the absence of such performance-based compensation.

The Portfolio Managers for the Funds can also manage certain accounts that are charged asset-based fees as discussed above. This inherently creates a conflict of interest because of the potential for higher compensation from accounts paying a performance-based fee. The potential for greater compensation creates an incentive to direct potentially better investments or to allocate favorable trades disproportionately to performance-based fee accounts.

To address this conflict, BTWM typically allocates investment opportunities within each strategy based on an allocation policy set forth to mitigate this potential conflict. Furthermore, Portfolio Managers are required by the Code of Ethics and the fiduciary duty to act in the best interest of all clients. For more information, please see Item 11, "Code of Ethics, Participation or Interest in Client Transactions & Personal Trading."

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

BTWM serves individuals, pension and profit-sharing plans, corporations, trusts, estates and charitable organizations, and privately offered pooled investment vehicles. With some exceptions, the minimum portfolio value eligible for conventional investment advisory services is \$1,000,000. The minimum investment for the BT Opportunity Fund II is \$250,000. Minimum annual fees can apply. Under certain circumstances and in its sole discretion, BTWM will negotiate such minimums.

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

#### **Methods of Analysis**

BTWM's investment strategy is firmly rooted in the use of "modern portfolio theory" and a belief that investors' returns are determined principally by asset allocation decisions. Accordingly, BTWM primarily invests client accounts in diversified portfolios. In some situations, a separate account manager can also be recommended, depending on the appropriateness for the individual client. Depending on the client's individual goals and objectives, BTWM may suggest investment in alternative investment vehicles including but not limited to hedge funds, private equity, real estate, and fund of fund ("FOF") investments.

BTWM undertakes a multi-step process to analyze and select investments for client accounts. Mutual funds and ETFs are generally evaluated and selected based on a variety of factors, but not

limited to, past performance, fee structure, portfolio manager, fund holdings, fund sponsor, overall ratings for safety and returns, and other factors. When selecting a particular investment for inclusion in a portfolio, a screen is used to narrow a selected sector/discipline for the best investment options available in that sector/discipline. The screen typically narrows our focus to 3-7 possible options. The next step is to collect and read materials on the funds published by the managers, followed by materials published by 3<sup>rd</sup> party research providers. Our main objective from the information-synthesizing is to determine and analyze philosophy, structure, manager experience and capabilities, returns, fee structure, overall ratings for safety and returns, and information access. BTWM also believes it is important to understand the role each investment plays into the overall portfolio. These steps will typically narrow the field to 1-2 investment options in the sector/discipline. Further due diligence is conducted by meeting with representatives of the funds and/or hosting conference calls. A final decision is then discussed and voted on by an Investment Committee before a particular fund, ETF, Manager or alternative investment is added.

### Investment Strategies

BTWM's strategic approach is to invest each portfolio in accordance with the Plan that has been developed specifically for each client. This means that the following strategies can be used in varying combinations over time for a given client, depending upon the client's individual circumstances.

Long Term Purchases – securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.

Short Term Purchases – securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short term price fluctuations.

Short Sales – securities transactions in which an investor sells securities he or she borrowed in anticipation of a price decline. The investor is then required to return an equal number of shares at some point in the future. A short seller will profit if the stock goes down in price.

Trading – generally considered holding a security for less than thirty (30) days.

Margin Transactions – a securities transaction in which an investor borrows money to purchase a security or when cash is utilized as a loan, in which case the security serves as collateral on the loan. To the extent that a client authorizes the use of margin, and margin is thereafter employed by BTWM in the management of the client's investment portfolio, the market value of the client's account and corresponding fee payable by the client to BTWM can be increased. As a result, in addition to understanding and assuming the additional principal risks associated with the use of margin, clients authorizing margin are advised of the potential conflict of interest whereby the client's decision to employ margin shall correspondingly increase the management fee payable to BTWM. Accordingly, the decision as to whether to employ margin shall be at the sole discretion of client.

Options Trading/Writing: a securities transaction that involves buying or selling (writing) an option. If you write an option, and the buyer exercises the option, you are obligated to purchase or deliver a specified number of shares at a specified price at the expiration of the option regardless of the market value of the security at expiration of the option. Buying an



option gives you the right to purchase or sell a specified number of shares at a specified price until the date of expiration of the option regardless of the market value of the security at expiration of the option.

Inverse/Enhanced Market Strategies: BTWM can also utilize long and short mutual funds and/or exchange traded funds that are designed to perform in either an: (1) inverse relationship to certain market indices (at a rate of 1 or more times the inverse [opposite] result of the corresponding index) as an investment strategy and/or for the purpose of hedging against downside market risk; and (2) enhanced relationship to certain market indices (at a rate of 1 or more times the actual result of the corresponding index) as an investment strategy and/or for the purpose of increasing gains in an advancing market. There can be no assurance that any such strategy will prove profitable or successful. In light of these enhanced risks/rewards, a client can direct BTWM, in writing, not to employ any or all such strategies for his/her/their/its accounts.

Private Investment Funds: BTWM can provide investment advice regarding unaffiliated private investment funds. BTWM's role relative to the private investment funds shall include initial and ongoing due diligence and investment monitoring services. If a client chooses to become a private fund investor, the amount of assets invested in the fund(s) shall be included as part of "assets under management" for purposes of BTWM calculating its investment advisory fee. BTWM's clients are under absolutely no obligation to consider or make an investment in a private investment fund(s).

BTWM also serves as the Investment Manager to the BT Opportunity Fund, LP and Vendor Assistance Fund, LP and BT Opportunity Fund II. BTWM's clients can be offered to invest in BT Opportunity Fund II. The Fund intends to provide its investors with diversified Portfolio Investments that BTWM believes can produce attractive risk-adjusted returns over long time periods. Individual investors typically have obtained equity exposure through holdings of domestic and international stocks and mutual funds. The Fund will utilize these types of investments. Given its structure, however, the Fund will have the ability to pursue additional types of investments that BTWM believes can provide benefits to individual investor's portfolios, including separately managed accounts, limited partnerships, open-end and closed-end mutual funds, commingled trust funds and offshore corporations that are more frequently associated with large family offices and institutional investors such as endowments.

When appropriate and in accordance with the Investment Plan for a client, BTWM can utilize one or more Separate Account Managers, each a "Manager". Having access to various Managers offers a wide variety of manager styles, and offers clients the opportunity to utilize more than one Manager, if necessary, to meet the needs and investment objectives of the client. BTWM will usually select the Manager(s) it deems most appropriate for the client. Factors that BTWM considers in recommending/selecting Managers generally include the client's stated investment objective(s), management style, performance, risk level, reputation, financial strength, reporting, pricing, and research.

The Manager(s) will be granted discretionary trading authority to provide investment supervisory services for the portfolio. With respect to assets managed by a Manager, BTWM's role will be to monitor the overall financial situation of the client, to monitor the investment approach and

performance of the Manager(s), and to assist the client in understanding the investments of the portfolio.

When one or more Managers are utilized, the Manager(s)' fees will be separate from and in addition to BTWM's fee. Certain Managers can impose more restrictive account requirements than BTWM, and billing practices can vary. In such instances, BTWM can be required to alter its corresponding account requirements and/or billing practices to accommodate those of the Manager(s).

#### Risk of Loss

While BTWM seeks to diversify clients' investment portfolios across various asset classes consistent with their Investment Plans in an effort to reduce risk of loss, all investment portfolios are subject to risks. Accordingly, there can be no assurance that client investment portfolios will be able to fully meet their investment objectives and goals, or that investments will not lose money.

Below is a description of several of the principal risks that client investment portfolios face.

*Management Risks.* While BTWM manages client investment portfolios based on BTWM's experience, research and proprietary methods, the value of client investment portfolios will change daily based on the performance of the underlying mutual funds and other securities in which they are invested. Accordingly, client investment portfolios are subject to the risk that BTWM allocates assets to asset classes that are adversely affected by unanticipated market movements, and the risk that BTWM's specific investment choices could underperform their relevant indexes.

*Risks of Investments in Mutual Funds, ETFs and Other Investment Pools.* As described above, BTWM can invest client portfolios in mutual funds, ETFs and other investment pools ("pooled investment funds"). Investments in pooled investment funds are generally less risky than investing in individual securities because of their diversified portfolios; however, these investments are still subject to risks associated with the markets in which they invest. In addition, pooled investment funds' success will be related to the skills of their particular managers and their performance in managing their funds. Pooled investment funds are also subject to risks due to regulatory restrictions applicable to registered investment companies under the Investment Company Act of 1940.

*Options Risks.* Options transactions as an investment strategy involve a high level of inherent risk. Option transactions establish a contract between two parties concerning the buying or selling of an asset at a predetermined price during a specific period of time in the future. During the term of the option contract, the buyer of the option gains the right to demand fulfillment by the seller. Fulfillment can take the form of either selling or purchasing a security depending upon the nature of the option contract. Generally, the purchase or the recommendation to purchase an option contract by BTWM shall be with the intent of offsetting/"hedging" a potential market risk in a client's portfolio. Please Note: Although the intent of the options-related transactions that can be implemented by BTWM is to hedge against principal risk, certain options-related strategies (i.e. straddles, short positions, etc.), can, in and of themselves, produce principal volatility and/or risk. Thus, a client must be willing to accept these enhanced volatility and principal risks associated with such strategies. In light of these enhanced risks, clients can direct BTWM, in writing, not to employ any or all such strategies for his/her/their/its accounts.

*Risks Related to Alternative Investment Vehicles.* The value of client portfolios will be based in part on the value of alternative investment vehicles in which they are invested, the success of each of which will depend heavily upon the efforts of their respective Managers. When the investment

objectives and strategies of a Manager are out of favor in the market or a Manager makes unsuccessful investment decisions, the alternative investment vehicles managed by the Manager can lose money. A client account may lose a substantial percentage of its value if the investment objectives and strategies of many or most of the alternative investment vehicles in which it is invested are out of favor at the same time, or many or most of the Managers make unsuccessful investment decisions at the same time. Clients can also face liquidity risk in alternative investments; such investments can have required minimum investment time frames (“lock-up periods”) and other characteristics that limit the availability of the invested funds.

*Equity Market Risks.* BTWM will generally invest portions of client assets directly into equity investments, and can utilize pooled investment funds that invest in the stock market or Separate Account Managers, which will select individual stocks for the account. As noted above, while pooled investments have diversified portfolios that will make them less risky than investments in individual securities, funds that invest in stocks and other equity securities are nevertheless subject to the risks of the stock market. These risks include, without limitation, the risks that stock values will decline due to daily fluctuations in the markets, and that stock values will decline over longer periods (e.g., bear markets) due to general market declines in the stock prices for all companies, regardless of any individual security’s prospects.

*Fixed Income Risks.* BTWM can invest portions of client assets directly into fixed income instruments, such as bonds and notes, or can invest in pooled investment funds that invest in bonds and notes. While investing in fixed income instruments, either directly or through pooled investment funds, is generally less volatile than investing in stock (equity) markets, fixed income investments nevertheless are subject to risks. These risks include, without limitation, interest rate risks (risks that changes in interest rates will devalue the investments), credit risks (risks of default by borrowers), or maturity risk (risks that bonds or notes will change value from the time of issuance to maturity).

*Foreign Securities Risks.* BTWM can invest portions of client assets into pooled investment funds that invest internationally. While foreign investments are important to the diversification of client investment portfolios, they carry risks that may can be different from U.S. investments. For example, foreign investments may not be subject to uniform audit, financial reporting or disclosure standards, practices or requirements comparable to those found in the U.S. Foreign investments are also subject to foreign withholding taxes and the risk of adverse changes in investment or exchange control regulations. Finally, foreign investments can involve currency risk, which is the risk that the value of the foreign security will decrease due to changes in the relative value of the U.S. dollar and the security’s underlying foreign currency.

*Private Investment Fund Risks.* Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund’s offering documents, which will be provided to each client for review and consideration. Unlike liquid investments that a client can maintain, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment. BTWM’s clients are under absolutely no obligation to consider or make an investment in a private investment fund(s).

*Private Investment Fund Valuation.* In the event that BTWM references private investment funds owned by the client on any supplemental account reports prepared by BTWM, the value(s) for all such private investment funds shall reflect either the initial purchase and/or the most recent valuation provided by the fund sponsor. If the valuation reflects the initial purchase price (and/or a value as of a previous date), the current value(s) (to the extent ascertainable) could be significantly more or less than the original purchase price.

### ***Disciplinary Information***

BTWM has no disciplinary events to report.

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

Kenneth Thrasher is a member of BT Wealth Management, LLC's Investment Committee, and he is a Partner in and practices as a CPA with Bennett Thrasher LLP, a public accounting firm which is a minority owner of BTWM. Mr. Thrasher spends approximately 90% of his time on these other matters.

Richard Bennett practices as a CPA and is the Managing Partner of Bennett Thrasher LLP. Mr. Bennett spends approximately 50% of his time on these other matters.

Jeffrey Call is a member of the BT Wealth Management, LLC's Investment Committee, and he is a Partner in and practices as a CPA with Bennett Thrasher LLP. Mr. Call spends approximately 90% of his time on these other matters.

BTWM is the owner of BT Funds Group, LLC, the General Partner to the BT Opportunity Fund, L.P.; Vendor Assistance Fund, LP; BT Opportunity Fund II; as well as the newly formed entity in January 2019, BT Select Fund, LP.

The Funds are subject to a number of actual and potential conflicts of interest. Certain inherent conflicts of interest arise from the fact that the General Partner, the Investment Manager and certain of their respective affiliates (collectively, the "BTW Group") will provide investment management services both to the Funds and for other clients, including individuals, other investment funds, managed accounts and proprietary accounts sponsored by the BTW Group in which the Funds will have no interest (such clients, funds and accounts are collectively referred to as the "Other Accounts"). The respective investment programs of the Funds and the Other Accounts may or may not be substantially similar. The portfolio strategies employed by the BTW Group for Other Accounts could conflict with the transactions and strategies employed by the General Partner in managing the Funds and can affect the prices and availability of the securities and instruments in which the Funds invest. Conversely, participation in specific investment opportunities can be appropriate, at times, for both the Partnerships and the Other Accounts over which the General Partner and other members of the BTW Group who are involved in the management of the Funds exercise investment discretion.

The General Partner, the Investment Manager and their respective members, partners, officers and employees will devote to the Funds as much time as the General Partner deems necessary and appropriate to manage the Funds' business. The General Partner and its affiliates are not restricted from forming additional investment funds, entering into other investment advisory relationships or engaging in other business activities, even though such activities can be in competition with the Partnerships and/or can involve substantial time and resources of the General Partner and its

affiliates. These activities could be viewed as creating a conflict of interest in that the time and effort of the members of the General Partner and of the Investment Manager's officers and employees will not be devoted exclusively to the business of the Funds, but will be allocated between the business of the Funds and other business activities of the BTW Group.

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

#### **Code of Ethics and Personal Trading**

BTWM has adopted a Code of Ethics ("the Code"), the full text of which is available to you upon request. BTWM's Code has several goals. First, the Code is designed to assist BTWM in complying with applicable laws and regulations governing its investment advisory business. Under the Investment Advisers Act of 1940, BTWM owes fiduciary duties to its clients. Pursuant to these fiduciary duties, the Code requires BTWM associated persons to act with honesty, good faith and fair dealing in working with clients. In addition, the Code prohibits associated persons from trading or otherwise acting on insider information.

Next, the Code sets forth guidelines for professional standards for BTWM's associated persons (managers, officers and employees). Under the Code's Professional Standards, BTWM expects its associated persons to put the interests of its clients first, ahead of personal interests. In this regard, BTWM associated persons are not to take inappropriate advantage of their positions in relation to BTWM clients.

Third, the Code sets forth policies and procedures to monitor and review the personal trading activities of associated persons. From time to time BTWM's associated persons can invest in the same securities recommended to clients. Under its Code, BTWM has adopted procedures designed to reduce or eliminate conflicts of interest that this could potentially cause. The Code's personal trading policies include procedures for review and reporting of personal securities transactions of associated persons. These policies are designed to discourage and prohibit personal trading that would disadvantage clients. The Code also provides for disciplinary action as appropriate for violations.

#### **Participation or Interest in Client Transactions**

Associated persons from time to time invest in the same securities purchased in client accounts. In these situations, the Code instructs employees to avoid any conflict of interest that can be present in these situations through confirming that no trading is being performed for client accounts in that security. Certain securities, such as CD's, treasury obligations and open-end mutual funds are exempt from reporting. It is the objective of BTWM to always place client's interests first.

Consistent with the foregoing, BTWM maintains policies regarding participation in initial public offerings (IPOs) and private placements in order to comply with applicable laws and avoid conflicts with client transactions. If a BTWM associated person wishes to participate in a private placement, he or she must submit a pre-clearance request and obtain the approval of the Chief Compliance Officer. The Code prohibits employees from participating in IPOs. If associated persons trade with client accounts (e.g., in a bundled or aggregated trade), and the trade is not filled in its entirety, the associated person's shares will be removed from the block, and the balance of shares will be allocated among client accounts in accordance with BTWM's written policy.

## ***Brokerage Practices***

When given discretion to select the brokerage firm that will execute orders in client accounts, BTWM seeks “best execution” for client trades, which is a combination of a number of factors, including, without limitation, quality of execution, services provided and commission rates. Therefore, BTWM can use or recommend the use of brokers who do not charge the lowest available commission in the recognition of research and securities transaction services, or quality of execution. Research services received with transactions can include proprietary or third party research (or any combination), and can be used in servicing any or all of BTWM’s clients. Therefore, research services received may not be used for the account for which the particular transaction was effected.

BTWM recommends the brokerage and custodial services of Schwab Institutional and TD Ameritrade, (collectively, the “Custodians”). BTWM, TD Ameritrade, and Schwab Institutional are independent and unaffiliated. Custodians are registered broker-dealers that charge brokerage commissions or transaction fees for effecting securities transactions. We recommend the services of Custodians based on a number of factors including their responsiveness, financial strength, reputation, execution, pricing, fees, research, historical relationship with BTWM and other services available.

BTWM participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. (“TD Ameritrade”) member FINRA/SIPC. TD is an independent (and unaffiliated) SEC-registered broker-dealer. In addition, BTWM participates in Schwab institutional program. TD Ameritrade and Schwab both offers services to independent investment advisors, which include custody of securities, trade execution, and clearance and settlement of transactions.. There is no direct link between Advisor’s participation in the program and the investment advice it gives to clients, although BTWM receives economic benefits through its participation in the program that are typically not available to retail investors. In addition, BTWM participates in the TD Ameritrade AdvisorDirect Referral program. (Please see the disclosure under **Client Referrals and Other Compensation** below.)

BTWM receives certain economic benefits from participation in these Custodial relationships (provided without a cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Advisor participants; access to block trading(which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and compliance, marketing, research, technology, and practice management products or services provided to Advisor by third party vendors without cost or at a discount. These custodial relationships may also have paid for business consulting and professional services received by Advisor’s related persons. Some of the products and services made available by the custodians through these programs may benefit Advisor but may not benefit its Clients account. These products or services may assist Advisor in managing and administering Client accounts, including accounts not maintained at TD or Schwab. Other services made available by TD and Schwab are intended to help Advisor manager and further develop its business enterprise. The benefits received by Advisor or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD or Schwab. As part of its fiduciary duties to clients, Advisor endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Advisor or its related

persons in and of itself creates a potential conflict of interest and my indirectly influence the Advisor's choice of TD or Schwab for custody and brokerage services.

The benefits are received by BTWM, in part because of commission revenue generated for Custodians by BTWM's clients. Additional service related benefits are provided based on the total assets under management held with a custodian, such as Schwab Institutional. This means that the investment activity in client accounts is beneficial to BTWM, because Custodians does not assess a fee to BTWM for these services. This creates an incentive for BTWM to continue to recommend certain Custodians to its clients. While it is possible to obtain similar custodial, execution and other services elsewhere at a lower cost, BTWM believes that Custodians provide an excellent combination of these services.

An example of services provided to BTWM is through the following contractual relationship: BT Wealth Management ("Advisor") considers a number of factors in selecting brokers and custodians at which to locate (or recommend location of) its client accounts, including, but not limited to, execution capability, experience and financial stability, reputation, and the quality of services provided. In selecting TD Ameritrade, Inc. as the broker and custodian for certain of its current and future client accounts, Advisor takes into consideration its arrangement with TD Ameritrade as to obtaining price discounts for TD Ameritrade's automatic portfolio rebalancing service for advisors known as "iRebal".

The standard iRebal annual license fee applicable to Advisor is \$20,000. That fee is subject to specified reductions (and even complete waiver) if specified amounts of client taxable assets are either already on the TD Ameritrade Institutional platform or are committed to be placed on it. Specified taxable client assets either maintained on or committed to the TD Ameritrade Institutional platform will bring fee reductions of up to a full waiver of fees per year for each of as many as three years or more. The non-taxable assets excluded from the maintenance and commitment levels described above are those that constitute "plan assets" of plans subject to Title 1 of the Employee Retirement Income Security Act of 1974, amended, or of plans as defined in section 4975 of the Internal Revenue Code (which include IRAs).

If advisor does not maintain the relevant level of taxable assets on the TD Ameritrade Institutional platform, Advisor can be required to make a penalty fee payment to TD Ameritrade calculated on the basis of the shortfall.

Although Advisor believes that the products and services offered by TD Ameritrade are competitive in the market place for similar services offered by other broker-dealers or custodians, the arrangement with TD Ameritrade as to the iRebal service can affect Advisor's independent judgment in selecting or maintaining TD Ameritrade as the broker or custodian for client accounts.

When BTWM acquires a client account that is already invested in securities, we review the security holdings and evaluate whether it is prudent to hold or liquidate these securities based on a number of factors including but not limited to the profitability of the fund, tax implications of liquidating the security, alignment with the clients risk tolerance and investing objectives. Prior to liquidating a security, we discuss with the client any associated tax implications. In some instances, the client may specify securities that they do not want to be liquidated (legacy positions). In cases where a client account contains mutual funds that charge a 12b-1 fee, the Advisor reviews and makes any recommendations regarding possible liquidation of the mutual fund. Generally, 12b-1 fees are paid to the Advisor for investing the client's assets into the fund. However, BTWM does not participate in

these fee arrangements and as such has not been paid 12b-1 associated fees. If there is another share class available that does not include 12b-1 fees, we recommend a transition to this share class. If an alternative fund or share class is not available and there are tax implications to liquidating the fund with 12b-1 fees, we will, at the direction of the client, either continue to hold the fund or liquidate the securities. Please note that the 12b-1 fee will be charged by the fund as long as the client holds the security.

#### Directed Brokerage

Clients can direct BTWM to use a particular broker for custodial or transaction services on behalf of the client's portfolio. In directed brokerage arrangements, the client is responsible for negotiating the commission rates and other fees to be paid to the broker. Accordingly, a client who directs brokerage should consider whether such designation can result in certain costs or disadvantages to the client, either because the client can pay higher commissions or obtain less favorable execution, or the designation limits the investment options available to the client.

The arrangement that BTWM has with Custodians is designed to maximize efficiency and to be cost effective. Clients who direct BTWM to use a particular broker will not be eligible to participate in aggregated trades. As a result, the client can pay higher brokerage commissions or receive less favorable prices. While every effort is made to treat clients fairly over time, the fact that a client chooses to use the brokerage and/or custodial services of these alternative service providers can in fact result in a certain degree of delay in executing trades for their account(s) and otherwise adversely affect management of their account(s).

By directing BTWM to use a specific broker or dealer, clients who are subject to ERISA, confirm and agree with BTWM that they have the authority to make the direction, that there are no provisions in any client or plan document which are inconsistent with the direction, that the brokerage and other goods and services provided by the broker or dealer through the brokerage transactions are provided solely to and for the benefit of the client's plan, plan participants and their beneficiaries, that the amount paid for the brokerage and other services have been determined by the client and the plan to be reasonable, that any expenses paid by the broker on behalf of the plan are expenses that the plan would otherwise be obligated to pay, and that the specific broker or dealer is not a party in interest of the client or the plan as defined under applicable ERISA regulations.

#### Aggregated Trade Policy

BTWM typically directs trading in individual client accounts as and when trades are appropriate based on the client's Investment Plan, without regard to activity in other client accounts. However, from time to time BTWM wherever possible attempts to aggregate trades together for multiple client accounts, most often when these accounts are being directed to sell the same securities at the same time. If such an aggregated trade is not completely filled, BTWM will allocate shares received (in an aggregated purchase) or sold (in an aggregated sale) across participating accounts on a pro rata or other fair basis; provided, however, that any participating accounts that are owned by BTWM or its officers, directors, or employees will be excluded first.

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

Managed portfolios are reviewed at least quarterly, but can be reviewed more often if requested by the client, upon receipt of information material to the management of the portfolio, or at any time such review is deemed necessary or advisable by BTWM. Each Advisor is responsible for reviewing their client accounts on a regular basis.



For those clients to whom BTWM provides separate financial planning and/or consulting services, reviews are conducted on an as needed or agreed upon basis. Such reviews are conducted by one of BTWM's investment adviser representatives or principals.

Account custodians are responsible for providing monthly or quarterly account statements which reflect the positions (and current pricing) in each account as well as transactions in each account, including fees paid from an account. Account custodians also provide prompt confirmation of all trading activity, and year-end tax statements, such as 1099 forms. In addition, BTWM provides a quarterly report for each managed portfolio. This written report normally includes a summary of portfolio holdings and performance results. Additional reports are available at the request of the client.

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

As noted above, BTWM can receive some benefits from the Custodians based on the amount of client assets held at each respective custodian. Please see ***"Brokerage Practices"*** for more information.

As disclosed under **Brokerage Practices** above, BTWM participates in TD Ameritrade's AdvisorDirect Referral program and BTWM may require clients to maintain accounts with TD Ameritrade/recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between Advisor's participation in the program and the investment advice it gives to its Clients, although Advisor receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits are highlighted in Brokerage Practices.

Advisor can receive client referrals from TD Ameritrade through its participation in TD Ameritrade AdvisorDirect Referral program. In addition to meeting the minimum eligibility criteria for participation in AdvisorDirect Referral program, an Advisor can be selected to participate in AdvisorDirect Referral program based on the amount and profitability to TD Ameritrade of the assets in, and trades placed for, client accounts maintained with TD Ameritrade. TD Ameritrade is a discount broker-dealer independent of and unaffiliated with Advisor and there is no employee or agency relationship between them. TD Ameritrade has established AdvisorDirect Referral program as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisors. TD Ameritrade does not supervise Advisor and has no responsibility for Advisor's management of client portfolios or Advisor's other advice or services. Advisor pays TD Ameritrade an on-going fee for each successful client referral. This fee is usually a percentage (not to exceed 25%) of the advisory fee that the client pays to Advisor ("Solicitation Fee"). Advisor will also pay TD Ameritrade the Solicitation Fee on any advisory fees received by Advisor from any of a referred client's family members, including a spouse, child or any other immediate family member who resides with the referred client and hired Advisor on the recommendation of such referred client. Advisor will not charge clients referred through AdvisorDirect Referral program any fees or costs higher than its standard fee schedule offered to its clients or otherwise pass Solicitation Fees paid to TD Ameritrade to its clients. For information regarding additional or other fees paid directly or indirectly to TD Ameritrade, please refer to the TD Ameritrade AdvisorDirect Referral program Disclosure and Acknowledgement Form.

Advisor's participation in AdvisorDirect Referral program raises potential conflicts of interest. TD Ameritrade will most likely refer clients through AdvisorDirect Referral program to investment advisors that encourage their clients to custody their assets at TD Ameritrade and whose client accounts are profitable to TD Ameritrade. Consequently, in order to obtain client referrals from TD Ameritrade, Advisor can have an incentive to recommend to clients that the assets under management by Advisor be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. In addition, Advisor has agreed not to solicit clients referred to it through AdvisorDirect Referral program to transfer their accounts from TD Ameritrade or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. Advisor's participation in AdvisorDirect Referral program does not diminish its duty to seek best execution of trades for client accounts.

BT Wealth Management LLC ("BTWM") receives client referrals from Charles Schwab & Co., Inc. ("Schwab") through BTWM's participation in Schwab Advisor Network ("the Service"). The Service is designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with BTWM. Schwab does not supervise Advisor and has no responsibility for BTWM's management of clients' portfolios or Advisor's other advice or services. BTWM pays Schwab fees to receive client referrals through the Service. BTWM's participation in the Service may raise potential conflicts of interest described below.

BTWM pays Schwab a Participation Fee on all referred clients' accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee paid by BTWM is a percentage of the fees the client owes to BTWM or a percentage of the value of the assets in the clients' account, subject to a minimum Participation Fee. BT Wealth pays Schwab the Participation Fee for so long as the referred clients' account remains in custody at Schwab. The Participation Fee is billed to BTWM quarterly and may be increased, decreased, or waived by Schwab from time to time. The Participation Fee is paid by BTWM and not by the client. BTWM has agreed not to charge clients referred through the Service fees or costs greater than the fees or costs BTWM charges clients with smaller portfolios who were not referred through the Service.

BTWM generally pays Schwab a Non-Schwab Custody Fee if custody of a referred clients' account is not maintained by, or assets in the account are transferred from Schwab. This fee does not apply if the client was solely responsible for the decision not to maintain custody at Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees Advisor generally would pay in a single year. Thus, BTWM will have an incentive to recommend that client accounts be held in custody at Schwab.

The Participation and Non-Schwab Custody Fees will be based on assets in accounts of BTWM clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, BTWM will have incentives to encourage household members of clients referred through the Service to maintain custody of their accounts and execute transactions at Schwab and to instruct Schwab to debit BTWM fees directly from the accounts.

For accounts of BTWM clients maintained in custody at Schwab, Schwab will not charge the client separately for custody but will receive compensation from BTWM clients in the form of commissions or other transaction-related compensation on securities trades executed through Schwab, Schwab also will receive a fee (generally lower than the applicable commission on trades it executes) for clearance and settlement of trades executed through broker-dealers other than

Schwab. Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealer's fees. Thus, BTWM may have an incentive to cause trades to be executed through Schwab rather than another broker-dealer. BTWM nevertheless acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at Schwab may be executed through a different broker-dealer than trades for BTWM other clients. Thus, trades for accounts custodied at Schwab may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

In addition, BTWM utilizes an attorney relationship for client referrals. The attorney is paid 25% of the fee collected for the mutual client relationships.

Employees, owners and officers of BTWM and its affiliates can from time to time receive compensation for referring clients to BTWM. Any referral fees will be based on BTWM's normal fee schedule; clients will not be charged any additional fees or expenses as a result of any referral.

From time to time BTWM can receive tickets to sporting and entertainment events from fund companies that are recommended to clients. It is the policy of BTWM to make an effort to pass such tickets on to our clients and referral partners. Such gifts are not contingent based on an amount of sales. BTWM does not base recommendations on the expectation of such gifts.

### ***Custody***

BTWM does not maintain physical possession of client cash and/or securities in accounts outside of the Funds. It is the custodian's responsibility to provide clients with confirmations of trading activity, tax forms and at least quarterly account statements. Clients are advised to review this information carefully, and to notify BTWM of any questions or concerns. Clients are also asked to promptly notify BTWM if the custodian fails to provide statements on each account held.

Under government regulations, we are deemed to have custody of our clients' assets if, for example, the client authorizes us to instruct the Custodian to deduct advisory fees directly from the client account, or if the client grants BTWM the authority to move your money to another person's account, and based on the management of private funds. However, the Custodian will still maintain the actual custody of your assets. The client will receive account statements directly from the Custodian at least quarterly. The statements will be mailed to the client's address of record or a notification will be sent to the client's email. We recommend that you carefully review these statements. We also urge our clients to compare their custodial statements to the quarterly account statements provided from BTWM.

BT Wealth intends to comply with the SEC No-Action Letter dated February 21, 2017 (Investment Adviser Association) allowing firms who comply with all of the provisions of the no-action letter to forego the annual surprise custody examination.

From time to time and in accordance with BTWM's agreement with clients, BTWM will provide additional reports. Clients are urged to compare the account balances reflected on these reports to the balances shown on the custodial statements to ensure accuracy. There can be instances where small differences can occur due to the timing of dividend reporting, pending trades, etc.

As the investment manager and related party to the General Partner for the Funds. BTWM does have access to cash and securities in the Fund, along with the authority to perform various acts that can be deemed to result in custody, as defined under Rule 206(4)-2 of the Advisers Act.

Consistent with the requirements under the Advisers Act, the assets of the Funds are held in an account maintained with a third party unaffiliated bank custodian, who is a “qualified custodian” within the meaning of the Advisers Act. Our custodian will hold Fund assets in separate accounts (or in a separate customer account with records identifying the assets of the Funds in accordance with applicable broker-dealer and custodial bank regulation).

Cash is kept in the Funds’ bank accounts which are administered by the Funds’ administrator. The third-party administrator oversees all cash transfers into and out of the Funds.

The financial statements of the Funds are audited annually (in accordance with GAAP) by an independent public accounting firm that is registered with, and subject to regular inspection by, the PCAOB (the Public Company Accounting Oversight Board).

Copies of the audited financial statements are independently distributed to each of the investors in each Fund within 180 days of such Fund’s fiscal year end. Each investor should carefully review these statements upon receipt.

### ***Investment Discretion***

As described above under “***Advisory Business***”, BTWM manages portfolios on a discretionary basis. This means that after an Investment Plan is developed for the client’s investment portfolio, BTWM will execute that plan without specific consent from the client for each transaction. For discretionary accounts, a Limited Power of Attorney (“LPOA”) is executed by the client, giving BTWM the authority to carry out various activities in the account, generally including the following: trade execution; the ability to request checks on behalf of the client; and, the withdrawal of advisory fees directly from the account. BTWM then directs investment of the client’s portfolio using its discretionary authority. The client can limit the terms of the LPOA to the extent consistent with the client’s investment advisory agreement with BTWM and the requirements of the client’s custodian. The discretionary relationship is further described in the agreement between BTWM and the client.

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

BTWM does not assume any responsibility for voting proxies, the client shall be responsible for voting all proxies.

### ***Financial Information***

A balance sheet is not required to be provided because BTWM does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$1,200 per client, and six months or more in advance.