

# Dynasty Wealth Management, LLC

SEC File Number: 801 – 71301

## ADV Part 2A Brochure

**August 1, 2019**

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**This Disclosure Brochure provides information about the qualifications and business practices of Dynasty Wealth Management, LLC (“DWM”). If you have any questions about the contents of this Disclosure Brochure, please contact the Chief Compliance Officer at (212) 373-1000. DWM is an SEC-registered investment adviser. The information in this Disclosure Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (“SEC”) or by any state securities authority.**

**Additional information about DWM is also available on the SEC’s Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with our firm name or our CRD# 153377.**

**References herein to Dynasty Wealth Management, LLC or DWM as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.**

## **Item 2 - Material Changes**

**Form ADV 2 is divided into two parts: *Part 2A (the "Disclosure Brochure")*, and *Part 2B (the "Brochure Supplement")*. The Disclosure Brochure provides information about a variety of topics relating to an Adviser's business practices and conflicts of interest. The Brochure Supplement provides information about advisory personnel of DWM.**

This Disclosure Brochure has been updated since its last annual amendment was filed with the SEC in March 2018, with respect to the following items: DWM has exited the B2C (private wealth) business but will continue to offer Advisory services to a small number of legacy clients.

### **Future Changes**

From time to time, we may amend this Disclosure Brochure to reflect changes in our business practices, changes in regulations and routine annual updates as required by the securities regulators. This complete Disclosure Brochure or a Summary of Material Changes shall be provided to each Client annually and if a material change occurs in the business practices of DWM.

**A copy of DWM's complete Disclosure Brochure and Brochure Supplement is available without charge by contacting Dynasty at (212) 373-1000. Additional information about Dynasty is also available on the SEC's website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with our firm name or our CRD# 153377.**

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## **Item 4 - Advisory Business**

### **A. General Description**

Dynasty Wealth Management, LLC (“DWM” or “Registrant”) is an investment adviser registered with the U.S. Securities and Exchange Commission (“SEC”) under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Dynasty Financial Partners, LLC (herein the “Parent,” “Dynasty”, or “Company”), is a financial services company that previously served as the investment adviser and registrant. As a limited liability company formed on March 2, 2010 in the State of Delaware, the Parent became registered as an investment adviser with the SEC on April 7, 2010. The Parent officially transferred its registration to DWM in March 2013.

As a privately-owned company, the Parent’s core business is to offer middle and back office operational support services to a network of independent registered investment advisers in the investment adviser community (each herein a “Network Adviser”). The Parent’s subsidiary, DWM (and registrant) operates the following distinct businesses: 1) Investment Management Platform, 2) Investment Programs/Model Portfolios/OCIO Services, and 3) Private Wealth Management (legacy clients). Each business is described below.

This brochure provides important information about DWM, its services and compensation, the costs of participation in its programs, and situations where conflicts may exist between the interests of its clients and the interests of the Company, Registrant or its investment adviser representatives. Clients should pay particular attention to these conflicts of interest because they can affect certain aspects of DWM’s decision-making, in recommending a custodian or choosing a broker-dealer for the account, and in making investment recommendations among other important considerations.

### **B. Advisory Services Offered**

#### ***Investment Management Platform***

DWM sponsors an investment management platform (the “Platform”), also known as the Dynasty Turnkey Asset Management Program (“TAMP” or “Program”) that is available to the Network Advisers supported by the Parent. This Platform is offered in connection with Folio Dynamic, Inc. and provides certain technology, administrative, operations and advisory support services that allow advisers to manage their own portfolios and access to independent third party managers that provide discretionary services in the form of traditional managed accounts and investment models. Advisers can allocate all or a portion of client assets among the different independent investment sub-managers in the Program. Advisers may also use the overlay management feature of the TAMP by creating their own asset allocation model and underlying investments that comprise the model. Through the overlay feature, Folio Dynamix implements trade orders and performs periodic rebalancing of the model when needed. There is no form of legal partnership, agency, affiliated or similar relationship between Folio Dynamix and Dynasty.

Network Advisers may engage DWM through a Sub-advisory Investment Advisory Agreement, also referred to as the “Program Agreement”, to provide access to unaffiliated investment sub-managers to their clients. In this Program, DWM is appointed as a sub-adviser to perform all or

some of the services for program clients as specified in agreements with advisers who participate in the Program. The Network Adviser will have the direct contractual relationship with each of their clients and obtain, through such agreements, the authority to engage DWM for services rendered through the Platform. DWM engages unaffiliated investment sub-managers as investment sub-sub-advisers to perform discretionary investment management services and to manage, invest and reinvest program client assets in the strategy as designated by the adviser.

The Network Adviser delegates discretionary trading authority to DWM to effect investment and reinvestment of program client assets with the ability to buy, sell or otherwise effect investment transactions and or allocate client assets in the client's name or for client accounts. DWM or the designated manager, where applicable, is also authorized without prior consultation of the adviser or the client to buy, sell trade or allocate client assets in accordance with the client's designated portfolio and to deliver instructions to the designated broker-dealer and or custodian of client assets.

In providing investment advice and portfolio management services to clients, the Network Adviser acts as an investment adviser and fiduciary to and on behalf of each client and not as an agent of DWM. The Network Adviser maintains responsibility for the initial and ongoing client relationship, including the initial and ongoing suitability determination. Network Advisers retain the sole authority and responsibility for providing customized investment advice and portfolio management services to clients and for implementing client investment recommendations in accordance with the network adviser's own judgement and exercise of investment discretion and the implementation of any investment recommendation or model. Network Advisers are responsible for obtaining and furnishing to DWM information pertaining to client manager selection, account guidelines and applicable restrictions, which enable DWM to perform applicable overlay services or other services.

Overlay or other services may include:

- Investment model administration
- Manager facilitation services
- Account administration, billing and reconciliation
- Account aggregation and reporting
- Client account reporting
- Business management reporting
- Technology services

Clients who participate in the program pay a program fee, which covers Dynasty's services in maintaining and administering the program.

### ***Investment Programs / Model Portfolios and OCIO Services***

As noted above, the Parent (Dynasty) offers operational and back office support to existing independent registered investment advisers and investment advisers seeking to go independent through third party service providers and additional services it provides directly to the investment adviser. These services are typically funded through the fees charged by the investment adviser to its clients. As part of these services to the investment adviser community, DWM provides the investment advisers with access to a range of investment advisory services for use by advisers with

their clients, including Separately Managed Accounts (“SMA’s”), Mutual Fund and Exchange Traded Funds (“ETF’s”) Asset Allocation Strategies and Unified Managed Accounts (“UMA’s”) (each an “Investment Program” and collectively, the “Investment Programs”). The Investment Programs are generally made available by Dynasty (through DWM) to the independent advisers in the Dynasty Network, who may recommend one or more Investment Programs to their clients. The investment adviser determines which services and Investment Programs of DWM to use with its clients and may use the services of other third-party service providers in conjunction with the Investment Programs. Clients of the investment advisers in the Dynasty Network should therefore consult their individual investment advisers’ Form ADV Part 2A – Disclosure Brochure for a fuller description of that investment adviser’s specific uses of the Investment Programs.

In connection with the above Investment Program, Dynasty’s Investment Committee works in conjunction with Callan Associates and iCapital to create and make available Fund Strategist Portfolios (“FSPs”) to the network of independent advisers. These FSPs are offered in the form of investment models (i.e. third-party models whereby DWM, in its capacity as a Model Provider constructs an asset allocation and selects the underlying investments for each portfolio). DWM uses a third-party provider to perform overlay management of the models by implementing trade orders and periodically updating and rebalancing each model pursuant to DWM’s direction.

***Fund Strategist Portfolios (“FSPs”)***

Capital Growth: The Capital Growth segment is designed to contain exposure to global equity investments. Capital Growth investments are expected to be levered to global economic cycles. Investments in this segment typically include both domestic and international allocations. Furthermore, the Capital Growth segment is designed to be an effective hedge against long term inflation

Opportunistic Income: The Income segment is designed to provide current income to the portfolio and serve to mitigate volatility. The income segment is designed to be an effective hedge against deflationary environments. Income investments seek to provide current income and reasonable stability of principal. Investments in this segment are fixed income oriented and include instruments across the credit quality spectrum as well as both domestic and non-US exposures. The primary drivers of returns for Income investments include interest rates, credit spreads, and global currency fluctuations.

Real Return: The Real Asset segment is designed to provide exposure to assets that are expected to preserve purchasing power in inflationary environments. Investments in this segment are constructed to provide some level of positive correlation with broad measures of inflation such as the Consumer Price Index (CPI) while also seeking to preserve long term purchasing power by generating positive real returns.

Volatility Management: The Volatility Management segment is designed to mitigate overall portfolio volatility and provide exposure to less correlated investment strategies and professional investment managers. Volatility Hedge investments are often niche strategies with less equity directionality, which is achieved through aggressive hedging. Access to these less directional and less volatile strategies is obtained through hedge fund related products.

Aggregated All Asset (“AAA”): The AAA portfolio is typically intended for smaller accounts where advisers and clients seek a diversified solution employing the same institutional research as the aforementioned portfolios. This portfolio is an integrated solution that provides exposure to all four of the standard Dynasty asset classes.

ETF Model Portfolios: The ETF models are intended for accounts where investors seek an efficient and lower cost diversified asset allocation solution backed by the same research as the aforementioned models. The ETF models allocate to a selection of underlying ETFs selected based upon cost, liquidity volume and tracking error characteristics.

***Outsourced Chief Investment Officer (“OCIO”) Program***

Dynasty also offers customized portfolio solutions to investment advisers through its OCIO program. Dynasty outsources investment management capabilities offered through its Dynasty Investment Committee, in concert with research furnished by Callan Associates and iCapital Securities, LLC (“iCapital”). The OCIO approach is designed, to address specific adviser needs through the implementation of a customized approach. OCIO strategies may entail active or passive management strategies with the goal of creating portfolios focused on asset protection and growth of capital. Passive portfolios typically employ inexpensive, passive ETFs, while active portfolios typically employ active third-party investment strategies, as appropriate. Portfolios are constructed, implemented and monitored through an institutional due diligence program that functions at the sub-manager and product level.

***Dynasty Select Program***

Dynasty Financial Partners LLC (“Dynasty”) makes available the Dynasty Select Program (“Dynasty Select”), through the recommendations of its Investment Committee and in collaboration with Callan Associates and iCapital. Dynasty Select is a platform offering investment advisers access to private equity funds, hedge funds, ETFs, Mutual Funds, SMAs and direct investments. This platform also provides processing and administrative solutions for advisers working with their own alternative managers. Dynasty, in connection with its Dynasty Select platform, acts in concert with iCapital to make available a selection of private equity funds, hedge funds and direct investments in addition to institutional quality research and due diligence. While Dynasty does not serve as an investment adviser to the underlying investment vehicle, Dynasty may provide certain administrative, marketing and technical support services to iCapital and may receive fees typically ranging from 7.5 to 25 basis points in relation to Dynasty Select platform transactions through its wholly owned subsidiary Dynasty Securities LLC. iCapital is an independent company and unaffiliated with Dynasty. There is no form of legal partnership, agency, affiliated or similar relationship between iCapital or Callan Associates and Dynasty. See Item 8 below for risks associated with investing in private equity funds, hedge funds, ETFs, Mutual Funds, SMAs and direct investments.

DWM, through the OCIO Program, may recommend investments through iCapital to the client accounts of network advisers. DWM is compensated through a revenue sharing agreement for making certain iCapital/Dynasty Select products available to the network

advisers. For additional information regarding fees charged by the independent network adviser, please consult the applicable brochure prepared by the independent network adviser. To the extent DWM recommends the inclusion of iCapital as an option through which to invest a client's account. The receipt of such compensation could create a potential conflict of interest for DWM.

### ***Research Partners***

Dynasty, on behalf of its subsidiaries and for the benefit of the Dynasty Network, has established research and due diligence services working in concert with professional due diligence firms, (collectively the "Research Partners") such as Callan Associates and iCapital. The Investment Committee is responsible for evaluating and selecting the appropriate Research Partners. Research Partners are selected based on their expertise in the area of sub-manager research and their ability to provide diligence from an investment, operations, compliance and overall risk management perspective. The Investment Committee leverages these relationships and resources in its development of its investment guidance to its internal entities and the Dynasty Network.

For each sub-manager recommended by Dynasty, a member of the Investment Committee or its Research Partners will typically perform all or some of the following:

- perform regular on-site visits
- meet with senior personal to assess organizational and management stability
- review due diligence protocols
- review quarterly work product; and
- discuss specific sub-manager activity

Due to the dynamic nature of Dynasty's services and affiliations, different due diligence methodologies may be employed. The level of due diligence and the responsible party (ies) for such due diligence shall vary depending on the source(s)/need(s) for review and the investment program(s)/platform(s).

DWM and Research Partners review many factors, in addition to performance, of a portfolio sub- manager before approval including but not limited to:

- Operational functionality
- Safety of client assets
- Investment Review
- Track Record
- Compliance

Once the appropriate topics have been reviewed, DWM makes the determination whether to approve the sub-manager or not. DWM does not have a uniform and consistent basis to calculate performance.



### ***Private Wealth Management - Legacy clients***

DWM provides private wealth services to a limited number of legacy high net worth and ultra-high net worth clients. As noted, DWM recently exited the private wealth management business but is retaining a limited number of those clients who have had an ongoing relationship with certain personnel. These services are offered on a non-discretionary and non-wrap fee basis. Certain clients may have allocated their assets to unaffiliated investment managers.

### **Other Matters**

Valuation: In the event that DWM references private investment funds owned by the client on any supplemental account reports prepared by DWM, 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.

### **C. Assets Under Management**

As of February 28, 2019, DWM had \$605,555,128.52 in assets under management on a discretionary basis and \$17,273,232.00 on a non-discretionary basis for total assets under management of \$622,828,360.52. In addition, as of February 28, 2019, DWM had \$2,079,969,196.17 in assets under advisement on the Dynasty TAMP Platform.

### **Item 5 - Fees and Compensation**

#### **Investment Platform Services**

The Investment Platform fee is paid quarterly, in advance, based upon the market value of the assets being managed by DWM on the last day of the previous billing period as valued by the custodian of the assets. If assets in excess of \$50,000 are deposited into or withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets is adjusted to reflect the interim change in portfolio value. For the initial period of an engagement, the fee is calculated on a pro rata basis. In the event the advisory account is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding or unearned portion of the fee is charged or refunded to the client, as appropriate.

Platform fees for SMA's or UMA's are charged up to 0.23% annually.

The above fees do not include securities transaction fees or sub-manager fees, which may be borne by each account and charged by the custodian or unaffiliated sub-manager(s). DWM is authorized to deduct such fees on behalf of network advisers and sub managers.

#### **Investment Program / Model Portfolio and OCIO Services**

DWM, through the OCIO Program, may recommend its FSPs to the client accounts of Network Advisers. DWM is compensated for providing investment models to the Network Advisers through a basis point fee paid by the adviser's clients, or in certain instances paid by the adviser. DWM's

current manager fees range from 20 to 50 basis points for each account that chooses DWM's investment models depending on the program and the model chosen. There is also annual minimum account fee of up to \$80. Additionally, platform fees of up to 45 basis points will be assessed and will vary on a per client basis. Pricing varies depending upon the type of investment selected.

Billing is handled by the program manager and remitted to DWM. For additional information regarding fees charged by the independent network adviser, please consult the applicable brochure prepared by the independent network adviser. To the extent DWM Private Wealth Management recommends the inclusion of the FSPs as an option into which a client's account could be invested, the receipt of such additional compensation could create a potential conflict of interest for DWM.

### **Private Wealth Management clients**

The annual investment advisory fee is billed quarterly in advance of each calendar quarter, pursuant to the terms of the investment advisory agreement. Investment advisory fees are based on the market value of the assets under management at the end of the previous quarter and are based upon various objective and subjective factors, including, but not limited to, the amount of the assets placed under DWM's management, the type of management services to be rendered, the complexity of the engagement, and the level and scope of the overall investment advisory services to be rendered.

Clients may elect to have DWM's advisory fees deducted from their custodial account. Both DWM's *Investment Advisory Agreement* and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of DWM's investment advisory fee and to directly remit that management fee to DWM in compliance with regulatory guidelines. In the event that DWM bills the client directly, payment is due upon receipt of DWM's invoice.

The *Investment Advisory Agreement* between DWM and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*. Upon termination, DWM shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

### **Other Fees and Expenses**

DWM clients may incur certain fees or charges imposed by third parties, other than DWM, in connection with investments made on behalf of the Client's account[s]. The Client is responsible for all custody and securities execution fees charged by the Custodian and executing broker-dealer (if separate firms). The investment advisory fee charged by DWM is separate and distinct from these custody and execution fees.

In addition, all fees paid to DWM for investment advisory services are separate and distinct from the expenses charged by mutual funds and exchange-traded funds to their shareholders, if applicable. These fees and expenses are described in each fund's prospectus. These fees and expenses will generally be used to pay management fees for the funds, other fund expenses, account administration (e.g., custody, brokerage and account reporting), and a possible distribution fee. The Client should review both the fees charged by the fund[s] and the fees charged by DWM

to fully understand the total fees to be paid.

### **Advance Payment of Fees and Termination**

DWM is compensated for its services in advance of the quarter in which investment advisory services are rendered. Either party may terminate the investment advisory agreement with DWM, at any time, by providing advance written notice to the other party. The Client shall be responsible for investment advisory fees up to and including the effective date of termination. Upon termination, the Adviser will refund any unearned, prepaid investment advisory fees from the effective date of termination to the end of the quarter. The Client's investment advisory agreement with the Adviser is non-transferable without the Client's prior consent.

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

Not applicable. DWM does not charge performance-based fees.

DWM does not manage any proprietary investment funds or limited partnerships (for example, a mutual fund or a hedge fund) and has no financial incentive to recommend any particular investment options to its Clients.

### **Item 7 - Types of Clients**

#### **Investment Program Services and Investment Programs / Model Portfolio and OCIO Services**

The financial intermediaries using these services generally include independent advisers who participate in the Dynasty Network.

#### **Legacy Private Wealth Management**

The legacy clients are individuals, many of whom are employees of the Parent, or trusts or other business entities related to the individual clients.

### **Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss**

#### **A. Methods of Analysis**

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

## **B. Investment Program/ Model Portfolio and OCIO Services**

As described above, DWM or the designated financial intermediary is responsible for creation of a series of models with varying asset allocations and risk profiles. To implement the models, DWM conducts initial and ongoing due diligence on research providers that provide their own model portfolio allocations. In addition, DWM may select mutual funds and/or ETFs for each model. To implement the models, DWM has selected an Overlay Manager responsible for performing the buy/sell transactions.

## **C. Risk of Loss**

Investing in securities involves certain investment risks. Securities may fluctuate in value or lose value. Investors/clients should be prepared to bear the potential risk of loss. DWM will assist them in determining an appropriate strategy based on tolerance for risk and other factors noted above. However, there is no guarantee that a client will meet their investment goals and each client is reminded to review the prospectus or related offering materials related to the underlying investment. Although not necessarily comprehensive, various types of risks are summarized below:

### ***Redemption Fee Risk***

A mutual fund redemption fee, also referred to as a “redemption fee,” “market timing fee,” or “short-term trading fee,” is a charge by a mutual fund company to discourage investors from making a short-term purchases and sales of mutual fund shares. Clients may incur redemption fees in the event that a model update is implemented, as DWM and the Overlay Manager generally would not consider individual client holding periods for existing Client portfolios. Redemption fees vary by mutual fund and are described in each mutual fund’s prospectus. Imposition of redemption fees can have a material impact on the performance of Program accounts.

### ***Stock Market Risk***

Mutual funds that invest in equity securities are subject to stock market risk. Stock market risk is the possibility that stock prices overall will decline over short or extended periods. Markets tend to move in cycles, with periods of rising prices and falling prices.

Investing in small or medium-sized companies involves greater risk than is customarily associated with more established companies. Stocks of such companies may be subject to more volatility in price than larger company securities.

### ***Foreign Securities Risk***

Foreign securities are subject to the same market risks as U.S. securities, such as general economic conditions and company and industry prospects. However, foreign securities involve the additional risk of loss due to political, economic, legal, regulatory, and operational uncertainties; differing accounting and financial reporting standards; limited availability of information; currency conversion; and pricing factors affecting investment in the securities of foreign businesses or governments.

### ***Interest Rate Risk***

Bonds also experience market risk as a result of changes in interest rates. The general rule is that

if interest rates rise, bond prices will fall. The reverse is also true: if interest rates fall, bond prices will generally rise. To the extent that clients are invested in mutual funds comprised of bonds, share prices may be affected in a similar manner.

A bond with a longer maturity (or a bond fund with a longer average maturity) will typically fluctuate more in price than a shorter-term bond. Because of their very short-term nature, money market instruments carry less interest rate risk.

### ***Credit Risk***

Bonds and bond mutual funds are also exposed to credit risk, which is the possibility that the issuer of a bond will default on its obligation to pay interest and/or principal. U.S. Treasury securities, which are backed by the full faith and credit of the U.S. Government, have limited credit risk, while securities issued or guaranteed by U.S. Government agencies or government-sponsored enterprises that are not backed by the full faith and credit of the U.S. Government may be subject to varying degrees of credit risk. Corporate bonds rated BBB or above by Standard & Poor's are generally considered to carry moderate credit risk. Corporate bonds rated lower than BBB are considered to have significant credit risk. Of course, bonds with lower credit ratings generally pay a higher level of income to investors.

### ***Liquidity Risk***

Liquidity risk exists when a particular security is difficult to trade. A mutual fund's investment in illiquid securities may reduce the returns of the mutual fund because the mutual fund may not be able to sell the assets at the time desired for an acceptable price, or might not be able to sell the assets at all.

### ***Call Risk***

Many fixed income securities have a provision allowing the issuer to repay the debt early, otherwise known as a "call feature." Issuers often exercise this right when interest rates are low. Accordingly, holders of such callable securities may not benefit fully from the increase in value that other fixed income securities experience when rates decline. Furthermore, after a callable security is repaid early, a mutual fund would reinvest the proceeds of the payoff at current interest rates, which would likely be lower than those paid on the security that was called.

### ***Objective/Style Risk***

All of the mutual funds are subject, in varying degrees, to objective/style risk, which is the possibility that returns from a specific type of security in which a mutual fund invests will trail the returns of the overall market.

### ***U.S. Government Agency Securities Risk***

Securities issued by U.S. Government agencies or government-sponsored entities may not be guaranteed by the U.S. Treasury. If a government-sponsored entity is unable to meet its obligations, the securities of the entity will be adversely impacted.

### ***Alternative Investment Risks***

Alternative Investments are normally an investment with companies or sectors that are not publicly

traded. These investments are normally very illiquid. Therefore, they are not ideal for clients with frequent cash needs. There is normally no public market for private equity shares. If investors need to sell their shares, they may do so at substantial discount. These investments should be viewed as long term investments. These investments are highly speculative and are suitable only for those who (a) understand and are willing to assume the economic, legal and other risks involved, and (b) are financially able to assume significant losses. Alternative Investments may not be appropriate investments for certain retirement funds. Before deciding to invest in Alternative Investments, clients should carefully consider their investment objectives, level of experience, and risk appetite. The possibility exists that they could sustain a loss of some or all of your initial investment. Clients should be aware of all the risks associated with Alternative Investments prior to investing.

A complete discussion of product risks is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike other liquid investments that a client may 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.

#### ***ETF shares traded on an exchange Risks***

ETFs are listed for trading on an exchange and can be purchased or sold on the secondary market at market prices. While it is expected that the market price of an ETF typically will approximate its net asset value ("NAV"), there can be instances where market price and NAV vary significantly, thus the client may pay more or less than NAV when purchasing ETF shares on the secondary market, and may receive more or less than NAV when selling ETF shares.

#### ***Potential Risks of Investing with Research Providers***

DWM may, from time to time, replace existing research providers or hire others and cannot guarantee the continued availability of models utilizing particular research providers. In managing the model, certain research providers may pursue an investment strategy that utilizes underlying mutual funds or ETFs advised by the model or its affiliate(s) ("Proprietary Funds"). In such situations, the research provider or its affiliate(s) may receive fees from the Proprietary Funds for serving as investment advisers or other service providers to the Proprietary Fund (as detailed in the Proprietary Fund's prospectus). These fees will be in addition to the management fees that a research provider receives for its ongoing management of the models and create a financial incentive for the research provider to utilize proprietary funds. Clients should discuss any questions with or request further information from their financial intermediary firm concerning the use of Proprietary Funds in models or the conflict of interest this creates.

#### **Participation in other WRAP/UMA Programs**

##### ***Method of Analysis***

In providing models to wrap and UMA programs, DWM performs investment product searches, recommends investment products and monitors performance of those products for inclusion in the DWM models.

### ***Alternative Strategy Mutual Fund Risks***

Some of DWM's models may include alternative strategy mutual funds which invest primarily in alternative investments and/or strategies. Investing in alternative investments and/or strategies may not be suitable for all investors and involves special risks, such as risks associated with commodities, real estate, leverage, selling securities short, the use of derivatives, potential adverse market forces, regulatory changes and potential illiquidity.

### **Item 9 - Disciplinary Information**

**There are no legal, regulatory or disciplinary events involving DWM or any of its employees.** DWM and its advisory personnel value the trust you place in us. As we advise all clients, we encourage you to perform the requisite due diligence on any adviser or service provider with whom you partner. Our backgrounds are on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You may search for DWM with our firm name or our CRD# 153377.

### **Item 10 - Other Financial Industry Activities and Affiliations and Other Conflicts of Interest**

#### ***Affiliated Insurance Agency and Agents.***

DWM is affiliated with Dynasty Insurance Services, a licensed insurance agency. In addition, certain of DWM's representatives, in their individual capacities, are licensed insurance agents and may recommend the purchase of certain insurance-related products on a commission basis. As referenced above, clients can engage certain of DWM's representatives to effect insurance transactions on a commission basis.

The recommendation by DWM's representatives that a client purchase an insurance-related product presents a potential conflict of interest, as the receipt of commissions may provide an incentive to recommend insurance products based on commissions received, rather than on a particular client's need. No client is under any obligation to purchase any insurance products from DWM's representatives. Clients are reminded that they may purchase insurance products recommended by DWM through other, non-affiliated insurance agencies and/or agents.

#### ***Referral Agreements***

DWM may receive payments from one or more advisers or private fund managers in exchange for making referrals in conformity with Rule 206(4)-3 of the Investment Advisers Act of 1940 as applicable, and any corresponding state securities law requirements. At the time of the solicitation, DWM shall disclose the nature of its relationship with the adviser or private fund manager and provide the referred individual or entity with a copy of: a) the adviser's or private fund manager's ADV-Part 2 Brochure or the private fund offering or disclosure document where an exempt private fund manager is being referred and there is no ADV-2 Brochure available to provide; and b) the Solicitor Disclosure Statement describing the solicitation arrangement including the compensation paid from the adviser or private fund manager to DWM.

#### ***Affiliated Broker-Dealer***

DWM's affiliate, Dynasty Securities, LLC, a wholly-owned subsidiary of the Parent, is registered as with the SEC and FINRA as a limited use broker-dealer.

### ***Affiliated Lending Business***

Dynasty Advisers Financing Services, LLC (“DAFS”) is owned by the Parent (Dynasty) and is an affiliate of DWM through their common ownership by the Parent. DAFS provides financing support for certain advisers launching their independent registered investment adviser (“RIA”) firms on the Dynasty RIA investment platform. Providing a lending facility to an adviser that may elect to invest in investment models advised by DWM presents a potential conflict of interest. No adviser or client is under any obligation to use the lending facility or invest in the investment models advised by DWM.

### ***Administrative Support Services.***

A component of the Parent’s business is providing back-office and administrative support services to a network of unaffiliated registered investment advisers. These services are provided pursuant to a Service Agreement. With respect to these support services, neither the Parent nor DWM is involved in the client investment management and/or suitability processes relative to such unaffiliated advisers clients. Such responsibilities remain exclusively with the unaffiliated investment advisers.

### ***Revenue Participation Note***

Dynasty Capital Strategies LLC (“DCS”) is owned by the Parent Dynasty Financial Partners, LLC and is an affiliate of DWM through their common ownership by the Parent, and DCS will participate, via a note purchase, in an agreed percentage of the revenue generated by the Network Adviser. Such funds may be used by the Adviser for business transition expenses and other costs associated with launching the RIA operations or for business expansion. The Adviser is not obligated to enter into such a note in order to obtain support services from Dynasty, however, such notes are only made available for advisers who remain members of the Dynasty Network. The notes are subject to standard underwriting practices by Dynasty and are based on commercially reasonable terms.

### ***Dynasty Select List***

DWM’s wealth management team may provide investment services to related persons of certain securities offered on the Dynasty Select Recommendation List. This service presents a potential conflict of interest. DWM takes necessary steps to mitigate this conflict of interest through an agreed upon and observed information barrier between the two entities.

Certain members of the Dynasty Wealth Management Investment Committee are members of outside boards. This activity is a conflict of interest for the firm. As a result, these companies are on the firm restricted list.

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

### **A. Code of Ethics**

DWM and the Parent (Dynasty) maintain an investment policy relative to personal securities transactions. This investment policy is part of Dynasty’s overall Code of Ethics, which serves to establish a standard of business conduct for all of Dynasty’s Supervised Persons that are based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available



upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, DWM also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by DWM or any person associated with the Parent (Dynasty) or its affiliates.

**A copy of the DWM Code of Ethics is available upon request for any existing or prospective clients.**

## **B. Personal Trading with Material Interest**

Supervised Persons may buy or sell securities that may be recommended to clients by DWM. This practice may create a situation where DWM and/or Access Persons of Dynasty and its affiliates are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as “scalping” (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if DWM, Dynasty and its affiliates did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, “front-running” (i.e., personal trades executed prior to those of DWM’s clients) and other potentially abusive practices.

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

## **C. Personal Trading in Same Securities as Clients**

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

## **D. Personal Trading at Same Time as Client**

As disclosed above, DWM may recommend participating in initial and secondary offerings to eligible clients. In such cases, such investments may not be appropriate in DWM’s opinion for certain clients. In other cases, such offerings may be available in limited quantities wherein DWM may need to allocate shares to clients in a lesser proportion than they requested. These

situations create a potential conflict of interest and in such cases DWM will manage such conflicts through applicable policies and procedures.

## **Item 12 - Brokerage Practices**

### **A. Recommendation of Custodian[s]**

DWM does not have discretionary authority to select the broker-dealer/custodian for custody and execution services. The client will engage the broker-dealer or custodian to safeguard client assets and authorize DWM to direct trades to the custodian as agreed in the investment advisory agreement. Further, DWM does not have the discretionary authority to negotiate commissions on behalf of our clients on a trade-by-trade basis.

Where DWM does not exercise discretion over the selection of the custodian, it may recommend one or more custodians to Clients for custody and execution services. Clients are not obligated to use the recommended custodian[s] and will not incur any extra fee or cost associated with using a custodian not recommended by DWM.

DWM generally recommends that investment management accounts be maintained at *Schwab*, *Fidelity*, or *Pershing*. Prior to engaging DWM to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with DWM setting forth the terms and conditions under which DWM shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that DWM considers in recommending *Schwab*, *Fidelity*, or *Pershing*, or any other broker-dealer/custodian to clients) include historical relationship with DWM, financial strength, reputation, execution capabilities, pricing, research, and service, as well as the firm's ability to execute the type of anticipated activity. Although the commissions and/or transaction fees paid by DWM's clients shall comply with DWM's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where DWM determines, in good faith, that the commission/transaction fee is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although DWM will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, DWM's investment management fee. DWM's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, DWM may receive from *Schwab*, *Fidelity*, or *Pershing* (or another broker-dealer/custodian) without cost (and/or at a discount) support services and/or products, certain of which assist DWM to better monitor and service client accounts

maintained at such institutions. Included within the support services that may be obtained by DWM may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software (such as a Bloomberg terminal) and/or other products used by DWM in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that *may* be received may assist DWM in managing and administering client accounts. Others do not directly provide such assistance, but rather assist DWM to manage and further develop its business enterprise. DWM's clients do not pay more for investment transactions effected and/or assets maintained at *Schwab*, *Fidelity*, or *Pershing*, as a result of this arrangement. There is no corresponding commitment made by DWM to *Schwab*, *Fidelity*, or *Pershing*, or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

DWM may accept directed brokerage arrangements (when a client requires that account transactions be affected through a specific broker-dealer). In such client directed arrangements, the client will typically negotiate terms and arrangements for their account with that broker-dealer, and DWM will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by DWM. As a result, in cases of a directed brokerage arrangement the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

Please Note: In the event that the client directs DWM to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through DWM.

## **B. Aggregating and Allocating Trades**

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

### ***Trade Error Corrections***

From time-to-time, DWM may make a trade error when servicing a client's account. When this occurs, DWM will correct the trade in one of two ways, described more fully below, depending on the facts and circumstances associated with the error itself and at the time we discover the error. Trading errors will be corrected at no cost to clients.

In most cases, we will correct trade errors via the custodian's trade error desk. This process effectively cancels the original trade and replaces it with the correct trade by moving the original trade into our omnibus account and putting the correct trade into your account. In other words, the original trade is removed from your account and has no impact on you. If there is a cost associated with this correction, such cost is borne by DWM or the Adviser. Note that we do not credit accounts for market losses unrelated to our error. Occasionally, this method of correcting an error results in a gain when the cost of the correct trade is lower at the time of correction than it would have been when originally placed. Because this gain actually occurs in our omnibus account, we do not credit such gains to your account. Depending on the rules and procedures at the executing broker-dealer, the gains and losses are either reconciled by the custodian within our trade error settlement accounts, or the gross amount of the gains are donated to charity and the losses entirely borne by DWM or the Adviser.

### **Item 13 - Review of Accounts**

#### **A. Frequency of Reviews**

For those clients to whom DWM provides investment supervisory services, account reviews are conducted on an ongoing basis by DWM's principals and/or representatives. All clients are reminded that it remains their responsibility to advise DWM of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with DWM on not less than an annual basis.

#### **B. Causes for Reviews**

DWM may conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.

#### **C. Review Reports**

Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Client may also establish electronic access to the custodian's website so that the Client may view these reports and their account activity. Client brokerage statements will include all positions, transactions and fees relating to the Client's account[s]. DWM may also provide a written periodic report summarizing account activity and performance.

## **Item 14 - Client Referrals and Other Compensation**

### **A. Compensation Received by DWM**

As referenced in Item 12.A.1 above, DWM may receive an indirect economic benefit from *Schwab, Fidelity, or Pershing*. DWM, without cost (and/or at a discount) may receive support services and/or products from *Schwab, Fidelity, or Pershing*.

DWM's clients do not pay more for investment transactions effected and/or assets maintained at *Schwab, Fidelity, Pershing, J.P. Morgan, and/or Deutsche Bank* as a result of this arrangement. There is no corresponding commitment made by DWM to *Schwab, Fidelity, or Pershing* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement. Please see Item 12.

If a client is introduced to DWM by either an unaffiliated or an affiliated solicitor, DWM *may* pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from DWM's investment management fee and shall not result in any additional charge to the client. If the client is introduced to DWM by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of DWM's written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between DWM and the solicitor, including the compensation to be received by the solicitor from DWM.

Periodically DWM holds partnership meetings or adviser networking conferences which may be intra- firm or open to external attendees, including Network Advisers. These meetings provide sponsorship opportunities for platform vendors and other third-party service providers. Sponsorship fees/contributions allow these companies access to advisers using the Dynasty Platform and DWM employees to discuss ideas products or services. Sponsorship fees/contributions may support meeting expenses or be allocated to future meeting expenses. There is a potential conflict where DWM may direct business to certain vendors or providers in connection with their attendance or sponsorship. DWM attempts to mitigate the conflict by having any fees be applied to meeting expenses and not as company revenue. Sponsorship fees are not dependent on assets placed with a specific provider, or the revenue generated by asset placement.

### **B. Client Referrals from Solicitors**

DWM may engage paid solicitors for client referrals. If a client is introduced to DWM by either an unaffiliated or an affiliated solicitor, DWM *may* pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Advisers Act, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from DWM's investment management fee and shall not result in any additional charge to the client. If the client is introduced to DWM by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of DWM's written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between DWM and the solicitor, including the compensation to be received by the solicitor from DWM.

### **Item 15 - Custody**

DWM does not accept or maintain custody of any Client accounts, except for the authorized deduction of fees. DWM is deemed to have custody over assets in accounts from which DWM has the authority to transfer funds to third parties via standing letters of authorization (SLOA). DWM clients' assets are held in custody by unaffiliated broker/dealers and DWM has the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker- dealer/custodian and/or program sponsor for the client accounts. DWM may also provide a written periodic report summarizing account activity and performance.

To the extent that DWM provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by DWM with the account statements received from the account custodian. The account custodian does not verify the accuracy of DWM's advisory fee calculation.

Assets of clients who have invested in the UMA and model portfolios are held in custody by unaffiliated broker/dealers. Clients should receive at least quarterly statements from the broker/dealer that holds and maintains the client's assets. DWM urges clients to carefully review such statements and compare such official custodial records to the account statements provided to them by their financial intermediary. The financial intermediary performance reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

For more information about custodians and brokerage practices, see "Item 12 - Brokerage Practices".

### **Item 16 – Investment Discretion**

Prior to DWM assuming discretionary authority over a client's account, the client shall be required to execute an Investment Advisory Agreement, granting to DWM the power to make investment decisions on the client's behalf without prior consultation, including the authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name on deposit in the discretionary account. This discretionary authority also allows DWM to determine the third party sub-manager to be used for client accounts through its Advisor Platform.

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

With respect to clients that enter into non-discretionary arrangements with DWM, the Firm will obtain such clients' approval prior to the execution of any transactions in relevant account(s). Such clients have an unrestricted right to decline to implement any advice provided by DWM on a non-discretionary basis.

## **Item 17 - Voting Client Securities**

DWM may vote proxies on behalf of clients, engaged for the TAMP services. When we do so, we only cast proxy votes in a manner consistent with the best interest of clients. Absent special circumstances, which are fully-described in our Proxy Voting Policies and Procedures, all proxies will be voted consistent with guidelines established and described in our Proxy Voting Policies and Procedures, as they may be amended from time-to-time. At any time, clients may contact us to request information about how we voted proxies for that client's securities or to get a copy of our Voting Policies and Procedures. DWM does not vote proxies on behalf of clients engaged with DWM for legacy Private Wealth Management services.

A summary of our Proxy Voting Policies and Procedures is as follows:

- According to our Proxy Voting Procedures, our policy is to vote client shares primarily in conformity with Glass Lewis & Co. ("Glass Lewis") recommendations, in order to limit conflict of interest issues between DWM and clients. Glass Lewis is a neutral third party that issues recommendations based upon its own internal guidelines.
- DWM may vote client shares inconsistent with Glass Lewis recommendations if DWM believes it is in the best interest of our clients. In such a case, DWM will have to file a written disclosure detailing why we believe Glass Lewis recommendation was not in the client's best interest.
- DWM will vote client shares via ProxyEdge, an electronic voting platform provided by Broadridge Financial Solutions, Inc. ProxyEdge retains a record of proxy votes for each client.
- DWM's Compliance department will periodically review proxy votes to ensure consistency with its procedures. In situations where there is a conflict of interest in the voting of proxies due to business or personal relationships that DWM maintains with persons having an interest in the outcome of certain votes, DWM will take appropriate steps to ensure that our proxy voting decisions are made in the best interest of our clients.
- From time to time special shareholder meetings may not have recommendations provided by Glass Lewis. This is usually the result of a lack of information available to Glass Lewis needed in order to publish a voting recommendation. In cases where there is no recommendation from Glass Lewis, Dynasty will be notified by alert generated from the ProxyEdge system and will enter an "abstain" from the vote within the system. Dynasty will abstain in such cases unless clients in the TAMP Platform hold greater than five percent of voting shares outstanding.
- Any meetings that Glass Lewis has not published recommendations for will show in the ProxyEdge system as "Not Voted." On a periodic basis, at minimum monthly, a member of Operations or Compliance will check the ProxyEdge system for any "Not Voted" meetings as a result of no Glass Lewis recommendation. Before manually entering the abstain vote, the member of the Operations team will verify that clients in the TAMP Platform hold less than five percent of voting shares outstanding. If it is noted that clients own greater than five percent of voting shares outstanding, Dynasty will work with the respective custodian to have voting ballots sent to the respective client.

**Item 18 - Financial Information**

Neither DWM, nor its management, have any adverse financial situations that would reasonably impair the ability of DWM to meet all obligations to its Clients. Neither DWM, nor any of its advisory persons, has filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts. DWM is not required to deliver a balance sheet along with this Disclosure Brochure as the Adviser does not collect fees of \$1,200 or more for services to be performed six months or more in advance.

**DWM's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**