



Arbor Wealth Management, LLC

**8955 Emerald Coast Parkway, Suite 104
Miramar Beach, FL 32550**

850.608.6121 (T)

850.608.6123 (F)

www.arborwealth.net

March 27, 2019

FORM ADV PART 2A BROCHURE

This Disclosure Brochure provides information about the qualifications and business practices of Arbor Wealth Management, LLC (“AWM”) (CRD # 153640). If you have any questions about the contents of this Disclosure Brochure, please contact us at 850.608.6121 or by email at mmcdowell@arborwealth.net.

AWM is a Registered Investment Advisor with the U.S. Securities Exchange Commission. 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. Registration of an investment advisor does not imply any specific level of skill or training. This Disclosure Brochure provides information about AWM to assist you in determining whether to retain the Advisor.

Additional information about AWM and its advisory persons are available on the SEC's website at www.advisorinfo.sec.gov.

Item 2 Summary of Material Changes

Form ADV Part 2 requires registered investment advisors to amend their brochure when information becomes materially inaccurate. If there are any material changes to an advisor's disclosure brochure, the advisor is required to notify you and provide you with a description of the material changes.

On March 27, 2019, we submitted our annual updating amendment for fiscal year 2018. Margaret McDowell, Principal of Arbor Wealth Management, LLC, is now also the Chief Compliance Officer for our firm. Additionally, we have updated our disclosure brochure regarding the following:

Assets Under Management

As of December 31, 2018, we had approximately \$226,212,310 in discretionary assets under management. We also provided advice on approximately \$509,280 in 401(k) plan assets.

Tax Preparation Services

While tax planning is offered to all clients (regardless of portfolio size or fees paid) throughout the year as part of our holistic financial planning services, we offer complimentary annual personal tax preparation services to clients who have at least \$500,000 in assets under management with our firm as of December 31 of each year. At the firm's discretion, this service may be provided to clients who do not meet the firm's assets under management minimum. All tax preparation services are provided by Bennett S. Stein, a licensed CPA and investment adviser representative with our firm.

Minimum Annual Fees

*Effective January 1, 2019, new clients who do not meet the firm's minimum account balance of \$500,000 will be charged an annual minimum fee of \$5,000. The fee will be prorated at 1/12th of \$5,000 and will be charged monthly. Lower fees for comparable services may be available from other firms. At the firm's discretion, the minimum fee may be waived. For example, we may agree to waive the minimum fee requirement for family members of existing clients, types of assets, anticipated future earning capacity, and/or anticipated future additional assets.

Custody

Pursuant to your written authorization, as paying agent for our firm, your independent custodian will directly debit your account(s) for the payment of our advisory fees. The ability for us to calculate the fee and send an invoice to the custodian with the amount of the fee to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. Additionally, we are deemed to have custody in certain situations where we accept standing letters of authorization from Clients to transfer assets to third parties. In all cases, we maintain safeguards in accordance with regulatory requirements regarding custody of Client assets. You will receive account statements from the qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review all account statements for accuracy. Minor variations may occur because of reporting dates, accrual methods of interest and dividends, and other factors. The custodial statement is the official record of your account for tax purposes.

Recommendation of Particular Types of Securities

As disclosed under the "Advisory Business" section in this Brochure, we recommend many types of securities and we do not necessarily recommend one particular type of security over another. Each client has different needs and different tolerance for risks. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it.

From time-to-time, where suitable, we may utilize margin and/or options strategies. You should be aware of the risks associated with the use of margin and options.

Margin Transactions – a securities transaction in which an investor borrows money to purchase a security, in which case the security serves as collateral on the loan. If the value of the shares drops sufficiently, the investor will be required to either deposit more cash into the account or sell a portion of the stock in order to maintain the margin requirements of the account. This is known as a "margin call." An investor's overall risk includes the amount of money invested plus the amount that was loaned to them.

Options Writing – a securities transaction that involves selling an option. An option is the right, but not the obligation, to buy or sell a particular security at a specified price before the expiration date of the option. When an investor sells an option, he or she must deliver to the buyer a specified number of shares if the buyer exercises the option. The seller pays the buyer a premium (the market price of the option at a particular time) in exchange for writing the option. Options are complex investments and can be very risky, especially if the investor does not own the underlying stock. In certain situations, an investor's risk can be unlimited.

If you have questions about these changes or if you would like a current copy of our brochure at any time, please contact us at 850.608.6121 or by email at mmcdowell@arborwealth.net.

Item 3 Table of Contents

Item 1 Cover Page	1
Item 2 Summary of Material Changes	2
Item 3 Table of Contents.....	4
Item 4 Advisory Business.....	5
Item 5 Fees and Compensation	8
Item 6 Performance-Based Fees and Side-By-Side Management	12
Item 7 Types of Clients	12
Item 8 Methods of Analysis, Investment Strategies and Risk of Loss	13
Item 9 Disciplinary Information	14
Item 10 Other Financial Activities and Affiliations.....	14
Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	15
Item 12 Brokerage Practices	16
Item 13 Review of Accounts.....	18
Item 14 Client Referrals and Other Compensation	19
Item 15 Custody.....	20
Item 16 Investment Discretion.....	21
Item 17 Voting Client Securities	21
Item 18 Financial Information	21
Item 19 Requirements for State-Registered Advisors.....	21
Privacy Policy	22

Item 4 Advisory Business

A. Firm Information

Arbor Wealth Management, LLC (“AWM” or the “Advisor”) is a Registered Investment Advisor with the U.S. Securities Exchange Commission, which is organized as a Limited Liability Company (LLC) under the laws of the State of Florida. AWM was founded in 2010 and is owned and operated by Principal, Margaret R. McDowell and Principal, Paul G. McDowell. This Disclosure Brochure provides information regarding the qualifications, business practices, and the advisory services provided by AWM.

AWM is solely a fee-only, fiduciary financial planning and investment advisory firm. AWM does not sell any products of any kind and does not accept commissions of any kind. AWM is not affiliated with any entities that sell financial products or securities.

B. Advisory Services Offered

AWM offers investment advisory services to individuals, high net worth individuals, trusts, estates, not-for-profit entities, businesses, pension, and profit sharing plans in Florida and other states (each referred to as a “Client”).

AWM provides advice through consultations with the client to determine financial issues that may include: identification of financial goals, tax planning, insurance review, investment management, funding for educational needs, retirement planning, and estate planning.

Account Portfolio Management

AWM provides customized investment advisory solutions for its Clients. This is achieved through continuous personal Client contact and interaction while providing discretionary investment management and financial planning services. AWM works with each Client to identify their investment goals and objectives as well as risk tolerance and financial situation in order to create a portfolio allocation.

AWM's investment strategy is primarily long-term focused, but the Advisor may buy, sell, or re-allocate positions that have been held less than one year to meet the objectives of the Client or due to market conditions. AWM will construct, implement, and monitor the portfolio to ensure it meets the goals, objectives, circumstances, and risk tolerance agreed to by the Client. Each Client will have the opportunity to place reasonable restrictions on the types of investments to be held in their respective portfolio, subject to acceptance by the Advisor.

AWM evaluates and selects assets for inclusion in Client portfolios only after applying its internal due diligence process. AWM may recommend, on occasion, redistributing investment allocations to diversify the portfolio. AWM may recommend specific positions to increase sector or asset class weightings. AWM may recommend employing cash positions as a possible hedge against market movement. AWM may recommend selling positions for reasons that include, but

are not limited to, harvesting capital gains or losses, business or sector risk exposure to a specific security or class of securities, overvaluation or overweighting of the position[s] in the portfolio, change in risk tolerance of Client, generating cash to meet Client needs, or any risk deemed unacceptable for the Client's risk tolerance.

Prior to rendering investment advisory services, AWM will ascertain, in conjunction with the Client, the Client's financial situation, risk tolerance, and investment objective[s].

AWM will provide investment advisory services and portfolio management services and will not provide securities custodial or other administrative services. At no time will AWM accept or maintain custody of a Client's funds or securities. All Client assets will be managed within their designated brokerage account or pension account, pursuant to the Client Investment Advisory Agreement.

Financial Planning and Consulting Services

AWM will typically provide a variety of financial planning and consulting services to individuals and families as part of our holistic planning approach. Services are offered in several areas of a Client's financial situation, depending on their goals, objectives and financial situation. Generally, such financial planning services will involve preparing a financial plan and/or rendering a financial consultation for clients based on the Client's financial goals and objectives. Planning and consulting may encompass one or more areas of need, including, but not limited to investment planning, retirement planning, education savings, estate planning, and other areas of a Client's financial situation.

A financial plan developed for or financial consultation rendered to the Client will usually include general recommendations for a course of activity or specific actions to be taken by the Client. For example, recommendations may be made that the Client start or revise their investment programs, commence or alter retirement savings, establish education savings and/or charitable giving programs. AWM may also refer Clients to an accountant, attorney, or other specialist, as appropriate for their unique situation. For certain financial planning engagements, the Advisor will provide a written summary of the Client's financial situation, observations, and recommendations. For consulting or ad-hoc engagements, the Advisor may not provide a written summary. Services are typically completed within six months of the contract date, assuming all information and documents requested are provided promptly.

Financial planning and consulting recommendations may pose a potential conflict between the interests of the Advisor and the interests of the Client. Clients are not obligated to implement any recommendations made by the Advisor or maintain an ongoing relationship with the Advisor. If the Client elects to act on any of the recommendations made by the Advisor, the Client is under no obligation to effect the transaction through the Advisor.

Tax Preparation

While tax planning is offered to all clients (regardless of portfolio size or fees paid) throughout the year as part of our holistic financial planning services described above, we offer

complimentary personal annual tax preparation services to clients who have at least \$500,000 in assets under management with our firm as of December 31 of each year. At the firm's discretion, this service may be provided to clients who do not meet the firm's assets under management minimum. All tax preparation services are provided by Bennett S. Stein, a licensed CPA and investment adviser representative with our firm.

Pension Consulting Services

AWM offers pension consulting services to employee benefit plans and their fiduciaries based upon the needs of the plan and the services requested by the plan sponsor or named fiduciary. In general, these services may include an existing plan review and analysis, plan-level advice regarding fund selection and investment options, education services to plan participants, investment performance monitoring, and/or ongoing consulting. The ultimate decision to act on behalf of the plan shall remain with the plan sponsor or other named fiduciary.

We may also provide additional types of pension consulting services to plans on an individually negotiated basis. All services, whether discussed above or customized for the plan based upon requirements from the plan fiduciaries (which may include additional plan-level or participant-level services) shall be detailed in a written agreement and be consistent with the parameters set forth in the plan documents.

Status

AWM is registered as an investment advisor and represents that it is not subject to any disqualification as set forth in Section 411 of ERISA. To the extent AWM performs Fiduciary Services, AWM is acting as a fiduciary of the Plan as defined in Section 3(21) or Section 3(38) under the Employee Retirement Income Security Act ("ERISA").

C. Client Account Management

Prior to engaging AWM to provide investment advisory services, each Client is required to enter into an Investment Advisory Agreement with the Advisor that defines the terms, conditions, authority, and responsibilities of the Advisor and the Client. These services may include:

- Establishing the Client Information Suitability Analysis (CISA) - AWM has developed a proprietary analysis tool called the Client Information Suitability Analysis (CISA). The CISA document includes, but is not limited to, the following information; basic client data, beneficiary information, net worth, annual income, tax bracket, investment experience, time horizon, liquidity needs and risk temperament. There is also an open-ended narrative opportunity for Clients to identify any other information that might potentially influence the investment strategy. The completion of the CISA allows Clients and the AWM Investment Team to freely discuss each question in order to help ensure an accurate determination of the Client's appropriate strategy.

- Asset Allocation - AWM will develop a strategic asset allocation that is targeted to meet the investment objectives, time horizon, financial situation, and tolerance for risk for each Client.
- Portfolio Construction - AWM will develop a portfolio for the Client that is intended to meet the stated goals and objectives of the Client.
- Investment Management and Supervision - AWM will provide investment management and ongoing oversight of the Client's portfolio and overall account.

D. Wrap Fee Programs

AWM does not manage or place Client assets into a wrap fee program. Investment management services are provided directly by AWM.

E. Assets Under Management

As of December 31, 2018, the most recent date for which such calculations are provided pursuant to securities regulations, AWM manages the following assets:

Assets Under Management	Assets
Discretionary Assets	\$226,212,310
Non-Discretionary Assets	\$0
Total	\$226,212,310

We also provide advice on approximately \$509,280 in 401(k) plan assets. Clients may request more current information by contacting the Advisor.

Item 5 Fees and Compensation

The following paragraphs detail the fee structure and compensation methodology for investment management. Each Client shall sign an Investment Advisory Agreement that details the responsibilities of AWM and the Client.

A. Fees for Advisory Services

Account Portfolio Management

Investment Advisory Fees are paid monthly in arrears pursuant to the terms of the Investment Advisory Agreement. Investment Advisory Fees are based on the market value of assets under management at the end of each calendar month. Investment Advisory Fees are negotiable at the discretion of the Advisor and range from 0.75% to 1.40% per annum depending on the size and complexity of the Client relationship. Each month the client will be billed 1/12 of the agreed

upon annual fee. Relationships with multiple objectives, specific reporting requirements, portfolio restrictions, and other complexities may be charged a higher fee.

Investment Advisory Fees in the first month of service are prorated to the inception date of the account to the end of the first month. For accounts held at the custodian, cash flows into or out of the Account during the month shall be prorated based on the number of days during the month in which the assets were included in the market value of the Account. Accounts held outside the designated custodian will be calculated based on the market value of the Account at the end of each month.

The Client's fees will take into consideration the aggregate assets under management with Advisor. Advisor may negotiate lower fees, or charge no fee at all, for clients that are family and friends. All securities held in accounts managed by AWM will be independently valued by the designated Custodian. AWM will not have the authority or responsibility to value portfolio securities.

Financial Planning and Consulting Services

AWM offers financial planning and consulting services. For financial planning and consulting services, AWM charges an hourly rate of \$225 per hour with a five-hour minimum. This hourly fee may be negotiable depending on the nature and complexity of each Client's circumstances. An estimate for total hours will be determined prior to establishing the advisory relationship. The Advisor may require half of the fee upon execution of the financial planning and consulting agreement with the remaining half due upon completion of services rendered. Ongoing financial planning services are provided at no additional cost or fee for portfolio management Clients with at least \$500,000 under management. At its discretion, AWM may waive or lower this minimum asset requirement.

The Advisor's fee is exclusive of, and in addition to brokerage and transaction fees, and other related costs and expenses, which may be incurred by the Client. However, the Advisor shall not receive any portion of these commissions, fees, and costs. The hourly fees are determined after considering many factors, such as the level and scope of the services.

Pension Consulting Services

AWM's fees for pension consulting services are paid monthly or quarterly in arrears pursuant to the terms of the Agreement. Pension consulting fees are based on the market value of plan assets at the end of each calendar month. These fees are negotiable at the discretion of the Advisor and range from 0.75% to 1.40% per annum depending on the size and complexity of the Client relationship. At the firm's discretion, the Client may be charged a flat annual fee (billed quarterly) for services until such time as pension assets accrue to meet the \$500,000 minimum AUM.

B. Advisory Fees Billing

Account Portfolio Management

Investment Advisory Fees will be automatically deducted from the Client Account by the Custodian. The Advisor shall send an invoice to the Custodian indicating the amount of the fees to be deducted from the Client Account at the respective month end date. The amount due is calculated by applying the monthly rate (annual rate divided by 12) to the total assets under management with AWM at the end of each month. Clients will be provided with a statement, at least quarterly, from the Custodian reflecting deduction of the Investment Advisory Fee. It is the responsibility of the Client to verify the accuracy of these fees as listed on the custodian's brokerage statement as the Custodian does not assume this responsibility. Clients provide written authorization permitting AWM to be paid directly from their accounts held by the Custodian as part of the Investment Advisory Agreement and separate account forms provided by the Custodian.

Financial Planning and Consulting Services

As noted above, the Advisor may charge half of the fee for financial planning and consulting services upon execution of the financial planning and consulting services agreement. The remainder is invoiced by the Advisor and is due upon receipt.

C. Fee Schedule

Arbor Wealth Management Fee Schedule

Assets Under Management	Management Fee*
\$5,000,000 and Above	0.75%
\$2,000,000 - \$4,999,999	0.90%
\$1,000,000 - \$1,999,999	1.00%
\$500,000 - \$999,999	1.20%
\$250,000 - \$499,999	1.30%
Under \$250,000	1.40%

*Portfolio is charged 1/12 of the annual fee at the end of each month based on the portfolio balance.

**Household (related persons) portfolio totals will be aggregated to obtain the most favorable management fee rate for the client.*

**Effective January 1, 2019, new clients who do not meet the firm's minimum account balance of \$500,000 will be charged an annual minimum fee of \$5,000. The fee will be prorated at 1/12th of \$5,000 and will be charged monthly. Lower fees for comparable services may be available from other firms. At the firm's discretion, the minimum fee may be reduced or waived. For example, we may agree to reduce or waive the minimum fee requirement for family members of existing*

clients, *types of assets, anticipated future earning capacity, and/or anticipated future additional assets.*

D. Other Fees and Expenses

Clients may incur certain fees or charges imposed by third parties, other than AWM, in connection with investments made on behalf of the Client's account. The Client is responsible for all custodial and securities execution fees charged by the custodian and executing broker-dealer. The Investment Advisory Fee charged by AWM is separate and distinct from these custodian and execution fees.

In addition, all fees paid to AWM 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. A Client could invest in these products directly, without the services of AWM, but would not receive the services provided by AWM which are designed, among other things, to assist the Client in determining which products or services are most appropriate to each Client's financial condition and objectives. Accordingly, the Client should review both the fees charged by the fund[s] and the fees charged by AWM to fully understand the total fees to be paid.

E. Advance Payment of Fees and Termination

Account Portfolio Management

AWM is compensated for its services at the end of the month after investment advisory services are rendered. Clients may request to terminate their Investment Advisory Agreement with AWM, in whole or in part, by providing advance notice. The Client shall be responsible for Investment Advisory Fees up to and including the effective date of termination. The Client's Investment Advisory Agreement with the Advisor is non-transferable without Client's written approval.

Financial Planning and Consulting Services

In the event that a Client should wish to cancel the financial planning and consulting agreement under which any plan is being created, the Client shall be billed for actual hours logged on the planning project times the agreed upon hourly rate. Any surplus in the Advisor's possession as the result of collecting a deposit at the time of signing the financial planning agreement will be returned to the Client within 5 business days of cancellation.

Either party may terminate a planning and consulting agreement at any time by providing notice to the other party within five (5) days of signing the Advisor's financial planning and consulting agreement. The Client will incur charges for bona fide advisory services rendered to the point of termination and such fees will be due and payable by the Client. Refunds will be given on a pro-rata basis.

Pension Consulting Services

If the agreement is executed at any time other than the first day of a calendar month, AWM's fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the month for which you are a client. Either party to the pension consulting agreement may terminate the agreement upon thirty days written notice to the other party. Clients will incur a pro rata charge for services rendered prior to the termination of the agreement.

F. Compensation for Sales of Securities

AWM does not receive any form of commission-based compensation for securities transactions in any Client account.

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

AWM does not charge performance-based fees for its investment advisory services. The fees charged by AWM are as described in Item 5 – Fees and Compensation above and are not based upon the capital appreciation of the funds or securities held by any Client.

AWM 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

AWM offers investment advisory services to individuals, high net worth individuals, trusts, estates, not-for profit entities, businesses, and pension and profit sharing plans,

AWM generally requires a minimum of \$500,000 of investable assets, but may waive or lower this condition in the Advisor's sole discretion. This amount is negotiable under special circumstances (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, related accounts, account composition, negotiations with clients, family members, etc.).

AWM generally charges an annual minimum fee of \$5,000 (*prorated at 1/12th of \$5,000 charged monthly*). *Lower fees for comparable services may be available from other firms.* At the firm's discretion, the minimum fee may be waived. For example, we may agree to waive the minimum fee requirement for family members of existing clients, *types of assets, anticipated future earning capacity, and/or anticipated future additional assets.*

For financial planning and consulting services, AWM charges an hourly rate of \$225 per hour with a five-hour minimum.

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

A. Methods of Analysis and Investment Strategies

AWM primarily employs fundamental and technical analysis methods in developing investment strategies for its Clients. Research and analysis from AWM is derived from numerous sources, including financial media companies, third-party research materials, Internet sources, and review of company activities, including annual reports, prospectuses, press releases, and research prepared by others.

As noted above, AWM generally employs a long-term investment strategy for its Clients, as consistent with their financial goals. AWM will typically hold all or a portion of a security for more than a year, but may hold for shorter periods for the purpose of rebalancing a portfolio or meeting the cash needs of Clients. At times, AWM may also buy and sell positions that are more short-term in nature, depending on the goals of the Client and/or the fundamentals of the security, sector, or asset class.

B. Risk of Loss

Investing in securities involves certain investment risks. Securities may fluctuate in value or lose value. Clients should be prepared to bear the potential risk of loss. AWM will assist Clients in determining an appropriate strategy based on their tolerance for risk and other factors noted above. However, there is no guarantee that a Client will meet their investment goals.

Each Client engagement will entail a review of the Client's investment goals, financial situation, time horizon, tolerance for risk and other factors to develop an appropriate strategy for managing a Client's account. Client participation in this process, including full and accurate disclosure of requested information, is essential for the analysis of a Client's account. The Advisor shall rely on the financial and other information provided by the Client or their designees without the duty or obligation to validate the accuracy and completeness of the provided information. It is the responsibility of the Client to inform the Advisor of any changes in financial condition, goals, or other factors that may affect this analysis.

Recommendation of Particular Types of Securities

As disclosed under the "Advisory Business" section in this Brochure, we recommend many types of securities and we do not necessarily recommend one particular type of security over another. Each client has different needs and different tolerance for risks. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it.

From time-to-time, where suitable, we may utilize margin and/or options strategies. You should be aware of the risks associated with the use of margin and options.

Margin Transactions – a securities transaction in which an investor borrows money to purchase a security, in which case the security serves as collateral on the loan. If the value of the shares drops sufficiently, the investor will be required to either deposit more cash into the account or sell a portion of the stock in order to maintain the margin requirements of the account. This is known as a "margin call." An investor's overall risk includes the amount of money invested plus the amount that was loaned to them.

Options Writing – a securities transaction that involves selling an option. An option is the right, but not the obligation, to buy or sell a particular security at a specified price before the expiration date of the option. When an investor sells an option, he or she must deliver to the buyer a specified number of shares if the buyer exercises the option. The seller pays the buyer a premium (the market price of the option at a particular time) in exchange for writing the option. Options are complex investments and can be very risky, especially if the investor does not own the underlying stock. In certain situations, an investor's risk can be unlimited.

Past performance is not a guarantee of future returns. Investing in securities and other investments involves a risk of loss that each Client should understand and be willing to bear. Clients are reminded to discuss these risks with the Advisor. For more information on our investment management services, please contact us at 850.608.6121 or via email at mmcdowell@arborwealth.net.

Item 9 Disciplinary Information

There are no legal, regulatory, or disciplinary events involving AWM or any of its employees.

AWM 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 advisor or service provider. Our backgrounds are on the Investment Advisor Public Disclosure website at www.adviserinfo.sec.gov. To review the firm information contained in ADV Part 1, select the option for Investment Advisor Firm, and enter **153640** in the field labeled "Firm IARD/CRD Number." This will provide access to Form ADV Parts 1 and 2. Item 11 of the ADV Part 1 lists legal and disciplinary questions.

Item 10 Other Financial Activities and Affiliations

The sole business of AWM and its Investment Adviser Representatives is to provide investment advisory services to its Clients. Neither AWM nor its advisory personnel are involved in other business endeavors. AWM does not maintain any affiliations with other firms, other than contracted service providers to assist with the servicing of its Clients' accounts.

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

A. Code of Ethics

AWM has implemented a Code of Ethics that defines our fiduciary commitment to each Client. This Code of Ethics applies to all persons associated with AWM. The Code of Ethics was developed to provide general ethical guidelines and specific instructions regarding our duties to you, our Client. AWM and its personnel owe a duty of loyalty, fairness, and good faith towards each Client. It is the obligation of AWM associates to adhere not only to the specific provisions of the Code, but also to the general principles that guide the Code.

The Code of Ethics covers a range of topics that includes; general ethical principles, reporting personal securities trading, exceptions to reporting securities trading, reportable securities, initial public offerings, and private placements, distribution of the Code of Ethics, review and enforcement processes, amendments to Form ADV and supervisory procedures.

In addition the Code of Ethics governs gifts and entertainment given by and provided to the Advisor, outside employment activities of employees, employee reporting, sanctions for violations of the Code of Ethics, and records retention requirements for various aspects of the Code of Ethics.

AWM monitors each area to ensure any inappropriate behavior is identified. Each employee signs a certification each year stating they understand and will abide by the provisions set forth in the Code of Ethics. In addition, employees are encouraged to ask questions when in doubt and to err on the side of caution.

The CCO reviews personal securities trading activity for potential conflicts of interest. The Code of Ethics provides guidelines for acceptable gifts and entertainment so employees know what is acceptable. The Code also requires employees notify the Advisor of any new business activities outside of the Advisor. The Advisor updates applicable regulatory disclosure upon notification. The Code of Ethics also explains to employees that violations of the code may result in a sanction including potential termination depending on the violation.

The Advisor maintains records to support personal securities trading activity, gifts and entertainment provided to and by the Advisor, violations of the Code of Ethics, exceptions that were granted to the Code of Ethics, and other records. Every employee of AWM is an Access Person as defined in the Code of Ethics and therefore is subject to the requirements of the Code of Ethics.

AWM has written its Code of Ethics to meet and exceed regulatory standards. To request a copy of our Code of Ethics, please contact us at 850.608.6121 or via email at mmcdowell@arborwealth.net.

B. Personal Trading and Conflicts of Interest

AWM allows our employees to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. Owning the same securities we recommend (purchase or sell) to you presents a potential conflict of interest that, as fiduciaries, we must disclose to you and mitigate through policies and procedures. As noted above, we have adopted a Code of Ethics, which addresses insider trading (material non-public information controls) and personal securities reporting procedures. We have also adopted written policies and procedures to detect the misuse of material, non-public information. We may have an interest or position in certain securities, which may also be recommended to you.

At no time, will AWM, or any associated person of AWM, transact in any security to the detriment of any Client.

Item 12 Brokerage Practices

A. Recommendation of Custodian[s]

AWM does not have discretionary authority to select the broker-dealer/custodian for custodial and execution services or the administrator for defined contribution accounts. The Client will select the broker-dealer or custodian (herein the "custodian") to safeguard Client assets and authorize AWM to direct trades to this custodian as agreed in the Investment Advisory Agreement. Further, AWM does not have the discretionary authority to negotiate commissions on behalf of our Clients on a trade-by-trade basis.

Where AWM does not exercise discretion over the selection of the custodian, it may recommend the custodian[s] to Clients for execution and/or custodial services. Clients are not obligated to use the recommended custodian and will not incur any extra fee or cost associated with using a broker not recommended by AWM. AWM may recommend a custodian based on criteria such as, but not limited to, reasonableness of commissions charged to the Client, services made available to the Client, and location of the custodian's offices. AWM does not receive research services, other products, or compensation as a result of recommending a particular broker that may result in the Client paying higher commissions than those obtainable through other brokers.

AWM generally requires Clients to establish their brokerage account[s] with a qualified custodian with whom AWM maintains an existing relationship with. AWM typically recommends to Clients that they establish their brokerage account[s] with the Schwab Institutional division of Charles Schwab & Co, Inc. (Schwab) member SIPC. Schwab provides us with access institutional trading and operations services which are not typically available to retail investors.

AWM is independently owned and operated and is not affiliated with Charles Schwab & Co., Inc.

AWM considers a number of factors in selecting and/or recommending brokers and custodians for its Clients' accounts, including, but not limited to, execution capability, experience and financial stability, reputation and the quality of services provided. AWM is not affiliated with, or related to, Schwab.

Following are additional details regarding the brokerage practices of the Advisor:

1. *Soft Dollars* - Soft dollars are revenue programs offered by broker-dealers/custodians whereby an advisor enters into an agreement to place a certain amount of security trades or to custody a certain amount of client assets with the broker-dealer/custodians in exchange for certain products and/or services. **AWM does not participate in soft dollar credit programs sponsored by or offered by any broker-dealer/custodian.**
2. *Economic Benefits* – Through our relationship with Schwab, we have access to their institutional platform. As such, we will also have access to research products and other services, including but not limited to administrative and transitional support from Schwab. These benefits are offered to us free of charge or at a discount and may include financial publications, information about particular companies and industries, research software, and other products or services that provide lawful and appropriate assistance to our firm in the performance of our investment decision-making responsibilities. Such research products and services are available to investment advisers that utilize the institutional services platforms provided by Schwab, and are not considered to be paid for with soft dollar credits; but, this does provide an economic benefit to us since we do not pay directly for these benefits. Therefore, you should be aware that the commissions charged by a particular broker-dealer/custodian for a particular transaction or set of transactions may be greater than the amounts another broker-dealer/custodian that does not provide research services or products might charge.
3. *Brokerage Referrals* - AWM does not receive any compensation from any third party in connection with the recommendation for establishing a brokerage account. However, as disclosed below in Item 14, we do participate in a referral program with Schwab (the Schwab Advisor Network[®]) for which we pay referral fees to Schwab.
4. *Directed Brokerage* - All Clients are serviced on a “directed brokerage basis,” where AWM will place trades within the established account[s] at the custodian designated by the Client. Further, all Client accounts are traded within their respective brokerage account[s]. The Advisor will not engage in any principal transactions (i.e., trade of any security from or to the Advisor's own account) or cross transactions with other Client accounts (i.e., purchase of a security into one Client account from another Client's account). In selecting the custodian, AWM will not be obligated to select competitive bids on securities transactions and does not have an obligation to seek the lowest available transaction costs. These costs are determined by the designated custodian.

B. Aggregating and Allocating Trades

The primary objective in placing orders for the purchase and sale of securities for Client accounts is to obtain the most favorable net results taking into account such factors as 1) price, 2) size of order, 3) difficulty of execution, 4) confidentiality, and 5) skill required of the broker. AWM will execute its transactions through an unaffiliated broker-dealer selected by the Client. AWM may aggregate orders in a block trade or trades when securities are purchased or sold through the same broker-dealer for multiple (discretionary) accounts. If a block trade cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated in a manner that is consistent with the initial pre-allocation or other written statement. This must be done in a way that does not consistently advantage or disadvantage particular Client accounts.

Item 13 Review of Accounts

A. Frequency of Reviews

Accounts are monitored on a regular and continuous basis by the AWM Investment Team. The investment team is currently comprised of Margaret R. McDowell, Patrick R. McDowell, and Andrew K. McDowell. Formal (in-person/phone/virtual) reviews are available on an annual basis or upon client request.

B. Causes for Reviews

In addition to the investment monitoring noted in Item 13.A., each Client portfolio shall be reviewed at least annually. Reviews may be conducted more or less frequently at the Client's request. Accounts may be reviewed as a result of major changes in economic conditions, known changes in the Client's financial situation, and/or large deposits or withdrawals in the Client's account. The Client is encouraged to notify AWM if changes occur in his/her personal financial situation that might adversely affect his/her investment plan. Additional reviews may be triggered by material market, economic or political events. Annual or ad-hoc reviews may be conducted either in-person or by telephone, virtual meeting, email or U.S. Mail service.

C. Review Reports

The Client will receive brokerage statements no less than quarterly from the trustee or custodian. These brokerage statements are sent directly from the custodian to the Client. 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). The Advisor may also provide Clients with periodic reports regarding their holdings, allocations, and performance.

Item 14 Client Referrals and Other Compensation

A. Compensation Received by AWM

Participation in Institutional Advisor Platform

AWM has established an institutional relationship with Charles Schwab & Co., Inc. ("Schwab") to assist the Advisor in managing Client account(s). Access to the Schwab Institutional platform is provided at no charge to the Advisor. The Advisor receives access to software and related support without cost because the Advisor renders investment management services to Clients that maintain assets at Schwab. The software and related systems support may benefit the Advisor, but not its Clients directly. In fulfilling its duties to its Clients, the Advisor endeavors at all times to put the interests of its Clients first. However, Clients should be aware that the receipt of economic benefits from a custodian creates a potential conflict of interest since these benefits may influence the Advisor's recommendation of this custodian over one that does not furnish similar software, systems support, or services.

Additionally, the Advisor may receive the following benefits from Schwab: receipt of duplicate Client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its institutional participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to Client accounts; and access to an electronic communication network for Client order entry and account information.

B. Compensation to Non-Supervised Persons for Client Referrals

Schwab Advisor Network[®]

AWM receives client referrals from Charles Schwab & Co., Inc. ("Schwab") through AWM'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, AWM. Schwab does not supervise AWM and has no responsibility for AWM's management of clients' portfolios or AWM's other advice or services. AWM pays Schwab fees to receive client referrals through the Service. These fees are paid by AWM, not by the client. AWM's participation in the Service may raise potential conflicts of interest described below.

AWM 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 AWM is a percentage of the fees the client owes to AWM or a percentage of the value of the assets in the client's account, subject to a minimum Participation Fee. AWM pays Schwab the Participation Fee for so long as the referred client's account remains in custody at Schwab. The Participation Fee is billed to AWM quarterly and may be increased, decreased or be waived by Schwab from time to time.

The Participation Fee is paid by AWM and not by the client. AWM has agreed not to charge clients referred through the Service fees or costs greater than the fees or costs AWM charges clients with similar portfolios who were not referred through the Service.

AWM generally pays Schwab a Non-Schwab Custody Fee if custody of a referred client's 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, AWM 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 AWM's clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, AWM 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 AWM's fees directly from the accounts.

For accounts of AWM's clients maintained in custody at Schwab, Schwab will not charge the client separately for custody but will receive compensation from AWM's 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, AWM may have an incentive to cause trades to be executed through Schwab rather than another broker-dealer. AWM 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 AWM's 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.

Item 15 Custody

AWM does not accept or maintain physical custody of any Client accounts. All Clients must place their assets in a qualified custodian. Clients are required to select their own custodian to retain their funds and securities and direct AWM to utilize that custodian for the Client's security transactions.

Pursuant to your written authorization, as paying agent for our firm, your independent custodian will directly debit your account(s) for the payment of our advisory fees. The ability for us to calculate the fee and send an invoice to the custodian with the amount of the fee to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. Additionally, we are deemed to have custody in certain situations where we accept standing letters of authorization from Clients to transfer assets to third parties. In all cases, we

maintain safeguards in accordance with regulatory requirements regarding custody of Client assets.

You will receive account statements from the qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review all account statements for accuracy. Minor variations may occur because of reporting dates, accrual methods of interest and dividends, and other factors. The custodial statement is the official record of your account for tax purposes.

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

Item 16 Investment Discretion

AWM generally has the power and authority to supervise and direct, on a discretionary basis, the investments of and for Client Accounts. AWM generally has discretion over the selection and amount of securities to be bought or sold in Client accounts without obtaining prior consent or approval from the Client. However, these purchases or sales may be subject to specified investment objectives, guidelines, or limitations previously set forth by the Client and agreed to by AWM. Discretionary authority will only be authorized upon full disclosure to the Client. The granting of such authority will be evidenced by the Client's execution of an Investment Advisory Agreement.

Item 17 Voting Client Securities

AWM does not accept proxy-voting responsibility for any Client.

Item 18 Financial Information

Neither AWM, nor its management has any adverse financial situations that would reasonably impair the ability of AWM to meet all obligations to its Clients. Neither AWM, nor any of its advisory persons, has been subject to a bankruptcy or financial compromise. AWM is not required to deliver a balance sheet along with this Disclosure Brochure as the firm does not collect advance fees for services to be performed six months or more in advance.

Item 19 Requirements for State-Registered Advisors

Our firm is registered with the Securities and Exchange Commission; therefore, we are not required to respond to this section.

Privacy Policy

Effective: August 2013

Our Commitment to You

Arbor Wealth Management, LLC ("AWM") is committed to safeguarding the use of your personal information that we have as your Investment Advisor. AWM (referred to as "we", "our" and "us" throughout this notice) protects the security and confidentiality of the personal information we have and endeavors to ensure that such information is used for proper business purposes in connection with the management or servicing of your account. Our relationship with you is our most important asset. We understand that you have entrusted us with your private information, and we do everything we can to maintain that trust.

We do not sell your non-public personal information to anyone. Nor does AWM provide such information to others except for discrete and proper business purposes in connection with the servicing and management of your account as discussed below.

Details of our approach to privacy and how your personal non-public information is collected and used are set forth in this Privacy Policy.

The Information We Collect About You

You typically provide personal information when you complete the paperwork required to become our Client. This information may include your:

- | | |
|-----------------------------------------------------|----------------------------------|
| • Name and address | • Assets |
| • E-mail address | • Income |
| • Phone number | • Account balance |
| • Social Security or Taxpayer Identification Number | • Investment activity |
| | • Accounts at other institutions |

In addition, we may collect non-public information about you from the following sources:

- Information we receive on Brokerage Agreements, Managed Account Agreements and other Subscription and Account Opening Documents;
- Information we receive in the course of establishing a customer relationship including, but not limited to, applications, forms, and questionnaires; and
- Information about your transactions with us or others.

Information About You That AWM Shares

AWM works to provide products and services that benefit our customers. We may share non-public personal information with non-affiliated third parties (such as brokers and custodians) as necessary for us to provide agreed services and products to you consistent with applicable law. We may also disclose non-public personal information to other financial institutions with whom we have joint

business arrangements for proper business purposes in connection with the management or servicing of your account. In addition, your non-public personal information may also be disclosed to you, persons we believe to be your authorized agent or representative, regulators in order to satisfy AWM's regulatory obligations, and as otherwise required or permitted by law. Lastly, we may disclose your non-public personal information to companies we hire to help administrate our business. Companies we hire to provide services of this kind are not allowed to use your personal information for their own purposes and are contractually obligated to maintain strict confidentiality. We limit their use of your personal information to the performance of the specific service we have requested.

To repeat, we do not sell your non-public personal information to anyone.

Information About Former Clients

AWM does not disclose, and does not intend to disclose, non-public personal information to non-affiliated third parties with respect to persons who are no longer our clients.

Confidentiality and Security

Our employees are advised about the firm's need to respect the confidentiality of our customers' non-public personal information. Additionally, we maintain physical, procedural, and electronic safeguards in an effort to protect the information from access by unauthorized parties.

We'll Keep You Informed

We will send you notice of our Privacy Policy annually for as long as you maintain an ongoing relationship with us. Periodically we may revise our Privacy Policy, and will provide you with a revised policy if the changes materially alter the previous Privacy Policy. We will not, however, revise our Privacy Policy to permit the sharing of non-public personal information other than as described in this notice unless we first notify you and provide you with an opportunity to prevent the information sharing. You may obtain a copy of our current Privacy Policy by contacting us at 850.608.6121 or via email at mmcdowell@arborwealth.net.