

# Confidence Wealth Management, LLC

## CRD# 127383

### REGISTERED INVESTMENT ADVISER

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### FIRM BROCHURE

December 19, 2024

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### Form ADV-Part 2A – Disclosure Brochure

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*This brochure provides information about the qualifications and business practices of Confidence Wealth Management, LLC. If you have any questions about the contents of this brochure, please contact us at (310) 824-1000 or by email at: inquiries@icwm.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission*

*Confidence Wealth Management, LLC is registered with the Securities and Exchange Commission as an investment adviser. Such registration, however, does not imply a certain level of skill or training and no inference to the contrary should be made.*

*Additional information about Confidence Wealth Management, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Confidence Wealth Management, LLC's CRD number is: 127383*

## ITEM 2: MATERIAL CHANGES:

The material changes in this brochure from the last annual updating amendment of Confidence Wealth Management, LLC on 03/28/2024 are described below. Material changes relate to Confidence Wealth Management, LLC's policies, practices, or conflicts of interests.

- Confidence Wealth Management, LLC added Item 4.6 to include description of estate planning services.
- Confidence Wealth Management, LLC added Item 5.5 to include fees and billing arrangement of estate planning services.

Confidence Wealth Management, LLC ("CWM") encourages each client to read this Brochure carefully and to call with any questions you may have.

Pursuant to the Securities and Exchange Commission, CWM will ensure that clients receive a summary of any materials changes to this Brochure within 120 days of the close of CWM's fiscal year end, along with a copy of this Brochure or an offer to provide the Brochure. Additionally, as the firm experiences material changes in the future, we will send you a summary of our "Material Changes" under separate cover. For more information about the firm, please visit [www.icwm.com](http://www.icwm.com).

Additional information about CWM and its investment adviser representatives is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## **ITEM 4: ADVISORY BUSINESS**

### **A. Description of the Advisory Firm**

Confidence Wealth Management, LLC (“CWM” or the “Firm”) is an SEC registered investment adviser and is a Nevada state limited liability company. CWM was founded on July 31, 2002, and the principal owner of the firm is Rem Oculee.

### **B. Types of Advisory Services**

CWM offers the following services to advisory clients:

#### **1. Investment Supervisory Services**

CWM offers its clients advanced solutions and strategies in areas of growth and protection of clients’ net worth, specifically in the areas of asset growth and protection, tax reduction strategies, estate planning strategies, legacy planning solutions, and generational wealth transfer, in addition to the ongoing discretionary and non-discretionary portfolio management services, which are based on the individual goals, objectives, time horizon, and risk tolerance of each client (“Investment Objectives”). Discretionary authority is granted via the agreement each client enters into with CWM and gives CWM the authority to make investment decisions regarding the assets in accounts managed by CWM, without prior consultation with the client. CWM also has the authority to give trading instruction to custodian and/or other parties necessary to effect transactions on behalf of a client in their managed account(s). CWM will provide non-discretionary services upon client request.

The services begin with gathering pertinent information related to client’s life, family, and business, as well as the client’s investment objective. Based on the information gathered, CWM evaluates all relevant details and current investments of each client with respect to their Investment Objectives and discusses investment recommendations and/or recommends a third-party adviser to manage a portion or all of a client’s assets (see “Selection of Third-Party Advisers” below for further information on the use of third-party advisers by CWM).

In addition to its proprietary advanced planning process, CWM provides investment advice regarding investments in mutual funds, equities, bonds, fixed income, debt securities, options, exchange traded funds (“ETFs”), third-party advisers, sub-advisers, exchange-traded real estate investment trusts (“REITs”), and government securities. Please refer to Item 8 below for further information on CWM’s investment strategies and their associated risks.

#### **2. Selection of Third-Party Advisers**

In the process of client’s plan deployment, at times CWM will offer investment management services through use of independent, unaffiliated third-party investment managers (“TPAs”) for portfolio management services. Through this arrangement, CWM recommends the TPA’s investment strategies (each a “Strategy” and collectively the “Strategies”) and services to clients, when appropriate, based on client’s individual needs and in relation to the Client’s investment objectives, time horizon and risk tolerance. In this arrangement, the Firm will not have discretion to purchase securities within the TPA’s Strategies on behalf of the client (such discretion over assets within the Strategies is held solely by the TPA). However, the Firm will have discretion to choose the allocation of client’s assets among different Strategies made available by the TPA, and to change the allocation and redistribute client assets among different Strategies should such actions be determined by CWM as being in the client’s best interest.

Clients are under no obligation to utilize the services of any TPA recommended by CWM. If the client chooses to work with a recommended TPA, the Client will typically be required to enter into a separate agreement with the selected TPA to manage the client’s assets within the client’s account, in accordance with the selected Strategy(ies). The client, prior to entering into an agreement with a TPA, will be

provided with that TPA's Form ADV Part 2A Firm Brochure which includes a description of the fees charged by the TPA. Clients are encouraged to review each disclosure document regarding the particular characteristics of any program and TPAs recommended. The TPA will have discretion to determine the securities to buy and sell within the Client's account, based on the selected Strategy and subject to any reasonable restrictions required by the Client.

CWM will meet with the client on a periodic basis to discuss changes in the client's personal or financial situation, suitability, and any new or revised restrictions to be applied to the account. Additionally, once a TPA is selected, CWM monitors the chosen TPA to help ensure the TPA adheres to the mandates of the selected investment Strategy(ies) and to help ensure the selected Strategy(ies) remain suitable for the client. CWM's review generally includes, but is not limited to, a combination of the following: (i) assessment of the TPA's registration status, (ii) a review of the TPA's disclosure brochures, performance information, and other materials supplied by the TPA, (iii) an evaluation of the TPA's investment strategies, key personnel turnover, regulatory events, and ownership changes. As authorized through the CWM client agreement, CWM has the ability to hire and fire the selected TPA(s) and reallocate client assets to other TPAs when CWM deems it to be in the best interest of the client.

#### **a. Use of Third-Party Advisers**

At its discretion, CWM may enter into relationships with various companies that it believes are in the client's best interest and benefit with including in certain cases unaffiliated registered investment advisers, to execute certain transactions on our behalf and perform discretionary asset management services to some of the Firm's clients. These arrangements compliment CWM's access to model portfolios, model managers, strategists, third-party money managers, and trading services. As part of one of these programs, clients will give CWM and the unaffiliated registered investment adviser discretion to select third-party, non-affiliated investment managers ("Model Managers") to design and manage model portfolio for their assets. If CWM offers services through an unaffiliated registered investment adviser, CWM will provide the client with a copy of the registered investment adviser's disclosure brochure which contains a detailed description of their services. CWM will retain the right to terminate service relationships with unaffiliated registered investment advisers as needed to accommodate the client's objectives.

### **3. Selection of Sub-Advisers**

To create maximum benefits for its clients, the Firm will also utilize, at its sole discretion, one or more sub-advisers to manage all or a portion of client's assets pursuant to investment strategy(ies) made available by the respective sub-adviser. Sub-advisers hired by CWM on behalf of each client are responsible for making investment decisions consistent with the investment guidelines and restrictions developed by the respective sub-adviser. Sub-advisers typically have discretionary authority to execute transactions on behalf of clients on a best execution basis and in accordance with each sub-adviser's own Form ADV, Part 2 Brochure or other disclosure statement. While CWM negotiates all fees payable to the sub-advisers, such fees are separate from and in addition to the fees owed CWM.

In taking into account whether to invest client assets with certain sub-advisers, the Firm takes into consideration a variety of factors, and analyzes the sub-advisers for style consistency, investment strategies, risk attribution (if available) and historical performance. The Firm also considers information about the sub-advisers as represented in its disclosure brochure, promotional and other materials supplied by the sub-adviser. The Firm also considers both quantitative and qualitative factors including, but not limited to, the respective sub-adviser's performance during various time periods and market cycles; the sub-adviser's reputation, experience and training; its articulation of, and adherence to, its investment philosophy; the presence and deemed effectiveness of the sub-adviser's risk management discipline; the structure of the sub-adviser's portfolio and the types of securities or other instruments held; its fee structure; interviews with the sub-adviser; the quality and stability of a sub-adviser's organization, including internal and external professional staff; and whether the sub-adviser has a substantial personal

investment in the investment program it pursues.

#### **4. Retirement Planning Services**

CWM offers consulting services to pension or other employee benefit plans (including but not limited to 401(k) plans). A description of these services is provided below:

#### **FIDUCIARY SERVICES**

CWM will perform the following Fiduciary Services:

##### **A. Plan-Level Non-Discretionary Investment Advice Services**

- (i) CWM will assist Client in the development of an investment policy statement (IPS). The IPS establishes the investment policies and objectives for the Plan. Client shall have the ultimate responsibility and authority to establish such policies and objectives and to adopt and amend the investment policy statement.
- (ii) CWM will provide non-discretionary investment advice to Client about asset classes and investment alternatives available for the Plan in accordance with the Plan's investment policies and objectives. Client shall have the final decision-making authority regarding the initial selection, retention, removal and addition of investment options.
- (iii) CWM will assist Client with the selection of a broad range of investment options consistent with ERISA Section 404(c) and the regulations thereunder.
- (iv) CWM will assist in monitoring investment options by preparing periodic investment reports that are based on conformance to the guidelines set forth in the IPS and make recommendations to maintain or remove and/or replace investment options.
- (v) CWM will meet with Client on a periodic basis to discuss the reports and the investment recommendations.
- (vi) CWM will provide non-discretionary investment advice to the Client with respect to the selection of a qualified default investment alternative ("QDIA") for participants who fail to make an investment election. Client acknowledges that it is responsible for determining whether the Plan should have a QDIA. Should Client determine that Plan will have a QDIA, Adviser will make recommendations as to the investment to serve as the QDIA. The Client retains the sole responsibility to provide all notices to participants required under ERISA Section 404(c)(5).

#### **NON-FIDUCIARY SERVICES**

CWM will perform the Non-Fiduciary services described below. CWM may provide these services or, alternatively, may arrange for the Plan's other providers to offer these services, as agreed upon between Adviser and Client.

##### **A. Plan-Level Non-Fiduciary Services**

- (i) Educate Client as to its fiduciary responsibilities.
- (ii) Assist the Client in monitoring, selecting and supervising service vendors and coordinate the transition process if the service vendor is replaced.

- (iii) Perform benchmarking studies and fee analysis.

**B. Participant-Level Non-Fiduciary Services**

- (i) Assist in the group enrollment meetings designed to increase retirement plan participation among employees, improve investment and financial understanding by the employees and promote retirement readiness.
- (ii) Assist in the education of the participants in the Plan about general investment principles and the investment alternatives available under the Plan. Client understands that CWM's assistance in participant investment education shall be consistent with prevailing Department of Labor guidance on investment education. As such, CWM is not providing fiduciary advice (as defined in ERISA) to the participants.

**5. Financial Planning Services**

CWM's Financial Planning Services range from comprehensive financial and wealth planning to more focused consultations, depending on the needs of each client. Generally, CWM evaluates the client's financial, business, family, and investment information and makes recommendations designed with the intention of achieving the client's overall goals and objectives. Financial and wealth planning recommendations are based on the Client's situation at the time the recommendations are provided and are based on the information provided by the client. In addition, certain assumptions may be made with respect to interest and inflation rates, use of past trends and performance of the market and economy. Past performance is in no way an indication of future performance and CWM cannot offer any guarantees or promises that the client's financial goals and objectives will be met. As a client's financial situation, goals, objectives, or needs change, the client is strongly urged to promptly notify CWM.

For more information on the risks associated with investing, please refer to Item 8, below. Please refer to Item 5 below for detailed information on fees and compensation for these services.

Confidence Wealth Management has a fiduciary duty to its clients. The firm and its employees will at all times endeavor to put the interests of its clients first. Recommendations will only be made to the extent that they are reasonably believed to be in the best interests of the client.

Clients should be aware that a potential conflict exists between CWM's interests and the interest of the client when CWM recommends the client implement the financial plan through the firm. This is mainly due to the fact that CWM has an incentive to make the recommendations since the firm will receive additional fees from the client if the financial planning client becomes an investment management client. In addition, while some insurance applications might be necessary to help protect and create leverage in a client's financial situation, should a client decide to implement any insurance recommendations made by CWM, they may, but are not obligated to do so through CWM's affiliate, Confidence Wealth & Insurance Solutions LLC ("CWIS"). Importantly, while CWM will have the client's best interest at its core, CWM wants you to be aware that a potential conflict of interest could potentially exist when CWM recommends that a client purchase insurance through CWIS, since CWIS and certain CWM investment adviser representatives will receive compensation should a client implement any insurance recommendations through CWM's affiliated insurance firm (see Item 10 for further details). Clients are under no obligation to implement any of the recommendations provided by CWM. Should a financial planning client decide to implement any investment recommendations contained in their financial plan, the client may, but is under no obligation to, utilize CWM to implement any such recommendations. Financial planning clients who wish to engage CWM for investment management services will be required to enter into a separate

written agreement with the firm for such services. These services also carry a separate and additional fee, which is described in Item 5 below.

### **C. Client Tailored Services and Client Imposed Restrictions**

The investment recommendations provided by CWM are based upon the individual needs, objectives, and other financial goals of the client, as such information is provided to CWM as outlined in Item 4.B above. CWM will not assume any responsibility for the accuracy of the information provided by the client. CWM is not obligated to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. Under all circumstances, clients are responsible for promptly notifying CWM in writing of any material changes to the client's financial situation, investment objectives, time horizon, or risk tolerance. In the event that a client notifies CWM of changes in the client's financial circumstances or investment goals, CWM will review such changes and recommend any necessary revisions to the client's investments.

Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent CWM from properly servicing the client account, or if the restrictions would require CWM to deviate from its standard suite of services, CWM reserves the right to end the relationship.

CWM shall provide information and/or documentation to the TPA/sub-adviser relative to the client's investment objective(s), initially when the client account is opened, and anytime the client's informs CWM of any change to their investment objectives.

### **Written Acknowledgement of Fiduciary Status**

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

### **D. Wrap Fee Programs**

CWM does not participate as a portfolio manager in or sponsor any wrap fee programs. However, certain TPAs recommended by CWM do sponsor wrap programs and in some cases the investment management services being provided to allocated CWM clients are provided under the TPA's wrap program.

### **E. Amounts Under Management**

As of December 31, 2023, CWM has \$585,600,782 in total assets under advisement, which includes \$267,130,014 of assets under management which is composed of \$263,834,649 in discretionary assets and \$3,295,365 in non-discretionary assets.

## **6. Estate Planning**

CWM offers Estate Planning Services to our ongoing financial planning clients and our investment management clients that includes: reviews of existing plans, or gathering information needed to work with third-party firms in the creation of estate planning documents, or both. Typically, the Firm's Estate Planning Services also provide the client with general education and information on related matters including, but not limited to: estate tax, trusts (types and features), estate planning structures/documents, gifting strategies, sources of estate liquidity, titling of assets, and beneficiary designations.

Through its partnership with EncoreEstate Plans, an independent and unaffiliated third-party firm (the "Third-Party Estate Planning Service"), CWM can assist in the facilitation and preparation of various estate planning documents for clients. Such services are generally an "add-on" feature to investment management and financial planning services that CWM renders clients; and the exact scope of such estate planning services will depend on the nature of a client's specific estate planning needs. The Third-Party Estate Planning Service provides an online platform to help coordinate the creation of estate planning documents based on information provided by the client via a comprehensive questionnaire which may be completed on paper or online. CWM will typically assist in the completion and submission of this questionnaire. Once submitted, the estate plan will be returned to CWM for final delivery to the client.

As a condition of engaging CWM and the respective Third-Party Estate Planning Service, client must sign a separate engagement letter that specifically describes the estate planning services to be provided and the fees that will be incurred. For the avoidance of doubt, CWM does not itself render legal advice or legal services, including but not limited to estate planning advice.

## **ITEM 5: FEES AND COMPENSATION**

### **A. Compensation for Advisory Services**

As described in greater detail below, CWM charges different types of fees, including fees based on a percentage of assets under management, fixed fees, and hourly fees. The specific fees charged by CWM for its financial planning and investment management services will be set forth in the client's agreement.

Fees may be negotiable under certain circumstances at the sole discretion of CWM. In addition, CWM has full discretion to waive its advisory fees in their entirety. Although CWM believes its advisory fees are competitive, Clients should be aware that lower fees for comparable services may be available from other sources.

#### **1. Investment Supervisory Services Fees**

For managed accounts using Third-Party Advisors, Sub-Advisors, or implementing CWM own investment strategies listed under Item 8, investment supervisory fees are charged based on the schedule outlined below.

<b>Assets Under Management</b>	<b>Annual Advisory Fee (% AUM)</b>
\$0 - \$1,000,000	0.95%
\$1,000,000 - \$5,000,000	0.90%
\$5,000,000 - \$10,000,000	0.85%
\$10,000,000 - \$20,000,000	0.80%
\$20,000,000 and above	0.75%

For managed accounts not using Third-Party Advisors, Sub-Advisors, or implementing CWM own investment strategies listed under Item 8, investment supervisory fees are charged at a flat 0.5% of assets under management.

However, CWM has had different fee schedules in place in the past and our fees are negotiable at our discretion, which means not all CWM clients are paying the same fees. Also, the schedule does not include fees charged by other institutions such as TPAs/sub-advisers, or custodian fees. See Item 5.B below for further information regarding CWM fees and third-party fees.

Client will not be charged any fees while the assets are awaiting CWM's plan-implementation meeting, which typically occurs after the Client's account transfer. No strategies or investment plan will be activated on Client's behalf before we meet with you and mutually agree at the planning meeting on the strategy implementation. Therefore, it is important that Client schedule the implementation meeting as soon as possible after Client is notified that Client's account assets have transferred to the custodian(s) of

record. CWM is not responsible for investment opportunity fluctuations due to market conditions prior to assets deployment.

CWM Investment Supervisory fees are calculated and billed quarterly in arrears based on each client's total account value (including cash and cash equivalents, unless specified otherwise) on the average daily balance. The fees will be deducted from each client's account by the custodian as soon as practicable following the end of each billing period. Should a client open an account with CWM during a quarter, the Firm's investment supervisory fee will be prorated based on the number of days that the account was open during the quarter and the fee will be billed at the end of that quarter. In the event that CWM's services are terminated, any unpaid, unearned fees will be promptly deducted from the client's account or bill to client.

CWM's investment supervisory fees are negotiable in the sole discretion of CWM. In addition, CWM has in the past and may in the future, vary or waive investment management fees in its sole discretion. Although CWM believes its fees are competitive, clients should understand that lower fees for comparable services may be available from other sources.

There are times when margin strategies will be employed as part of a client's portfolio account. In these instances, margin is used to purchase additional securities, and the total value of eligible account assets increases, as does the asset-based fee. Notably, the increased asset-based fee that a client pays in these instances presents a conflict since it creates an incentive for us to recommend the use of margin. However, please note that using margin is not suitable for all investors; the use of margin increases leverage in a client's account and therefore increases overall risk. Please see Item 8 below for additional information concerning risks associated with utilizing margin in a client account.

## **2. TPA and Sub-Adviser Fees**

As mentioned in Item 4 above, Client should be aware that TPA and sub-advisory fees are typically distinct from, and in addition to, fees assessed by CWM. However, in no instance will the total fees charged to clients by CWM and the respective TPA/sub-adviser exceed 3% of assets under management annually. At the beginning of the engagement, the CWM Client will receive a copy of the TPA's/sub-adviser's Form ADV Part 2A, which includes information about the respective TPA's/sub-adviser's services, fees and other important disclosures and should be read fully upon receipt. Annually, the client receives either a complete copy of the TPA's/sub-adviser's Form ADV Part 2A, or a summary of the material changes page and an offer to receive the complete copy.

### **a. Fees Related to TPA Program**

Clients participating in the TPA Program are charged a specified fee for services that are based on a percentage of assets under management (excluding cash and cash equivalents). The TPA and CWM will receive a portion of the fee as compensation for services. When services are provided through a TPA, the client may be charged a maximum annual fee of up to 1.70% of the assets under management, with 0.95% being retained by CWM and up to 0.75% retained by the TPA. The annual fee will be specified in the client's agreement with the TPA and CWM. A more detailed description of fees related to the TPA's managed account program is located in the TPA's disclosure brochure which will be provided prior to engaging the TPA. Fees are charged monthly in arrears calculated based on the average daily balance of the client's account during the billing period. The TPA conducts all billing of the client's accounts, and remits any fees due CWM directly to the Firm. Fees are prorated based on the number of days service is provided during each billing period. If managed account services are commenced in the middle of the billing period, the prorated fee for that billing period will be billed in arrears at the end of that billing period.

Services provided through the TPA's managed account program are offered both on a non-wrap fee basis and through a wrap fee program. If client participates in a non-wrap fee basis, the client will pay separate commissions, ticket charges, and custodian fees for the execution of transactions in their account. These charges (if applicable) will be in addition to any investment management fee that you may pay to the TPA and CWM. If client participates in a non-wrap fee program, client will only pay fees based on assets under management and will not pay a separate commission, ticket charge, or custodian fee, for the execution of transactions in their account. CWM's investment management fees will be in addition to the wrap fee assessed by the TPA. Please refer to the TPA's Wrap Program Brochure for additional information related to its wrap program.

#### **b. Sub-Adviser Fees**

When assets are allocated to a sub-adviser, CWM shall charge an advisory fee for its allocation, advisement, and recommendations based on the client's assets under management that are separate from and in addition to fees assessed by the sub-adviser. The client will be responsible for paying any sub-adviser fees. In some cases, the sub-adviser will bill the client (or debit the client's account) for both their advisory fees and CWM's investment supervisory fees and then pay CWM directly from the fees collected from the client. In other cases, CWM and the respective sub-adviser will each be responsible for collecting their respective fee. Also, certain sub-advisers bill in advance and in the cases where they bill clients for CWM's fees, such fees will be billed in advance too. For information regarding the sub-adviser's minimum account size, requirements, management services and associated advisory and referral fees please refer to the sub-adviser's Form ADV disclosure brochure.

### **3. Retirement Planning Services**

Retirement Planning Services fees are charged based on the schedule outlined below.

<b>Assets Under Management</b>	<b>Annual Advisory Fee (% AUM)</b>
> \$ 1MM	0.7% \$ 2,500 minimum
<\$ 1MM+	0.6%
<\$ 2MM+	0.5%
<\$ 5MM+	0.4%
<\$ 10MM+	0.3%
<= \$20MM	0.2%

CWM reserves the right to negotiate fees that vary from above. Annual fees are based on the market value of Included Assets. Market value of Included Assets means the value of Included Assets as reported by the Plan custodian or recordkeeper. The initial fee will be the amount, prorated for the number of days remaining in the initial Fee Period from the Effective Date of the Agreement, based upon the market value of the Included Assets on the last business day of the initial Fee Period. Thereafter, the Fee will be based upon the market value of the Included Assets on the last business day of the Fee Period (without adjustment for anticipated withdrawals by Plan participants or other anticipated or scheduled transfers or distributions of assets). If the Agreement is terminated prior to the end of a Fee Period, CWM shall be entitled to a fee, prorated for the number of days in the Fee Period prior to the effective date of termination, based on the market value of the Included Assets on the effective date of termination.

Fees are billed quarterly. Client has authorized and instructed the Plan custodian to automatically deduct CWM's fees from the Plan each Fee Period.

To the extent Client requests CWM to work on a project or provide services outside the scope of the services listed on Appendices A and B of the 3(21) Investment Advisory Agreement, CWM will provide Client, in writing or via email, with CWM's hourly rate or estimated fees for performing such services in advance.

#### **4. Financial Planning Fees**

The Firm may charge a fixed fee, an hourly fee or both for its Financial Planning Services, which may vary based upon the scope of the project. The Firm's fixed fees may be assessed as a one-time fee, or an ongoing fee dependent upon the services received. Generally, rates range from \$2000 – \$50,000 on a fixed fee basis, or from \$350– \$5700 on an hourly rate basis, based on the scope and complexity of the requested services, as stipulated in the client's agreement. These rates may be negotiated based on the sole discretion of the Firm.

Clients are generally requested to pay some or all of the estimated fee upon execution of the client agreement. An invoice for any other monies owed, or for ongoing services, is issued on completion of the written analysis (or quarterly of ongoing services), which is payable upon receipt. If a client wishes to engage CWM for investment management services to implement the recommendations made as part of a financial plan, in certain cases and depending on the firm's discretion, the fees paid or part of the fees paid for financial planning services may be reimbursed to the client. The terms for such arrangement will be discussed with the client in advance of the execution of the client agreement.

#### **5. Estate Planning**

Clients retaining CWM for estate planning coordination services will pay a flat fee that will vary based upon the nature of the services provided, complexity of the information required, and the time required to develop the plan (if applicable) in accordance with the following:

- **Review Only Service:** Clients will pay a flat fee of \$500.00 for review of existing estate planning documents. CWM, in conjunction with the Third-Party Estate Planning Service, will review existing documents and provide a summary of such documents.
- **Document Preparation Service:** In the event the client wishes to use CWM for estate planning document preparation, a flat fee of \$2,500.00 will apply. This fee will be in addition to any fees incurred for review services.

All estate planning service fees will be agreed to at the start of the engagement and are payable upon invoice directly to CWM. Fees may be negotiable in the sole discretion of CWM. CWM retains the right to reduce or waive the fee for its estate planning services in its sole discretion.

Clients are not required to utilize CWM, or any Third-Party Estate Planning Service recommended by CWM, and may receive similar services from other professionals at a similar or lower cost.

#### **B. Other Fees and Expenses; Additional Information Regarding CWM's Fees**

Clients are responsible for the payment of all third-party fees (i.e. custodian fees, mutual fund fees, transaction fees, TPA fees, sub-adviser fees, etc.). For example, client assets invested in mutual funds (including ETFs) will be subject to certain fees and expenses imposed directly by mutual funds to their shareholders, which shall be described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the sponsor also imposes sales charges, a client will pay initial or deferred sales or surrender charge, depending on the sponsor and/or investment product. In addition, client assets invested with TPAs and/or sub-advisers recommended by CWM will be subject to management fees charged by those TPAs and sub-advisers, as described in each

TPA's and/or sub-adviser's respective disclosure brochure (Form ADV Part 2A). Also, unless specified otherwise as part of a client agreement, clients will incur brokerage commissions and other execution costs charged by the custodian or executing broker-dealer in connection with transactions for a client's account.

CWM is affiliated with multiple insurance agencies - Confidence Wealth & Insurance Solutions LLC (License #3647322) ("CWIS") (formerly Parson Latimer & Judge Financial and Insurance Solutions, LLC), and Confidence Life Insurance Solutions, LLC (License #0M84603) ("CLIS"). Rem Oculee - who is the founder, owner and CEO of CWM; also, is the founder, owner, CEO and licensed insurance agent of CWIS and CLIS respectively. Additionally, there are other wealth advisors at the firm who serve as an investment adviser representative for CWM, who are also a licensed insurance agent with CWIS. Please refer to Item 10 below for further information regarding this affiliation, including the compensation received by Mr. Oculee and other advisors at the firm, the potential conflicts of interest surrounding this activity, and how CWM addresses such conflicts.

### **C. Outside Compensation for the Sale of Securities to Clients**

Neither CWM nor its supervised persons accept any compensation for the sale of securities or other investment products, including asset-based sales charges or services fees from the sale of mutual funds.

## ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

CWM does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client, therefore it's not engaged in side -by - side management.

## ITEM 7: TYPES OF CLIENTS

CWM generally provides investment advice and/or management supervisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Participants Pension and Profit Sharing Plans
- ❖ Trusts, Estates, or Charitable Organizations
- ❖ Corporations or Business Entities
  
- ❖ Retirement Plans

CWM does not have an account minimum requirement.

## ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF INVESTMENT LOSS

### A. Methods of Analysis and Investment Strategies

#### *Methods of Analysis*

CWM's methods of analysis include, but are not limited to charting analysis, fundamental analysis, and technical analysis.

*Charting analysis* involves the use of patterns in performance charts. CWM uses this technique to search for patterns used to help predict favorable conditions for buying and/or selling a security.

*Fundamental analysis* involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

*Technical analysis* involves the analysis of past market data; primarily price and volume.

CWM at its discretion will use one or all methods of analysis at its disposal. CWM at no time will be required or held accountable for its choice in analysis method. Client understands that an overall analysis may entail a combination of various types of analysis and agrees to advisor final assessment based on available information.

#### *Investment Strategies*

The investment strategies offered by CWM are usually customized to client objectives and based on a long term, buy and hold philosophy. However, there are times that CWM makes buy and sell recommendations if it is believed that one or more of the current holdings no longer meet the investment objective criteria of the applicable strategy and should be replaced. Additionally, there may be times when CWM may utilize short term trading in cases where CWM believes it is suitable for a client in order to help meet the client's overall investment goals.

### **Core Conservative -**

The CWM Conservative Core Strategy is suitable for conservative investors that desire an alternative approach to a balanced portfolio, ideally one with a more stable return stream.

Investors should understand that the purpose of this strategy is not to outperform any stock market index on a year-to-year basis. Instead, the CWM Conservative Core Strategy is designed with the objective of minimizing downside risk exposures in major market shocks, while attempting to maintain an attractive long-term average return. The CWM Conservative Core Strategy is built entirely using Exchange Traded Products (ETPs), specifically Exchange Traded Funds (ETFs) & Exchange Traded Notes (ETNs). The management team believes that ETPs provide the greatest diversification opportunities, while at the same time minimizing expenses.

The portfolio is designed similarly to a balanced portfolio, but leans heavily on the concepts of diversification and downside protection. Traditional balanced portfolios combine stocks and bonds to try to mitigate risk through diversification. When stocks are down, bonds are usually up, and vice versa. However, in a portfolio composed of 60% bonds and just 40% stocks, those stocks drive over 90% of the portfolio's risk.

The CWM Conservative Core Strategy uses high-quality government bonds, as well as commodities like gold, to blunt the impact of a stock market plunge. The objective is to withstand significant market corrections and attempt to provide attractive positive returns over any measurable 3-year period. Protecting against large losses is crucial in a portfolio's eventual success. Keep in mind that a loss of 20% requires a future return of 25% just to get back to even.

### **Balanced Risk –**

The CWM Balanced Risk Strategy is suitable for investors that desire an alternative approach to a balanced portfolio, ideally one with a more stable return stream.

Investors should understand that the purpose of this strategy is not to outperform any stock market index on a year-to-year basis. Instead, the CWM Balanced Risk Strategy is designed with the objective of earning consistent returns regardless of economic scenario.

The CWM Balanced Risk Strategy is built entirely using Exchange Traded Products (ETPs), specifically Exchange Traded Funds (ETFs) & Exchange Traded Notes (ETNs). The management team believes that ETPs provide the greatest diversification opportunities, while at the same time minimizes expenses.

The portfolio design is based upon the concept of “risk parity” pioneered by Ray Dalio, founder of Bridgewater Associates. Traditional balanced portfolios combine stocks and bonds to try to mitigate risk through diversification. When stocks are down, bonds are usually up, and vice versa. However, in a portfolio composed of 60% bonds and just 40% stocks, those stocks drive over 90% of the portfolio's risk.

Risk parity portfolios are designed to perform in any economic environment without requiring frequent tactical changes, by instead balancing the drivers of risk in the portfolio. The objective is to withstand significant market corrections and still provide attractive positive returns over any measurable 3-year period.

### **CWM Moderate Income –**

The CWM Moderate Income Strategy is suitable for investors that desire a portfolio that is focused on delivering income with a moderate level of volatility.

Our income portfolios are designed to meet clients' income needs, with an eye towards diversification & risk management, at a lower cost. The CWM Moderate Income Strategy is built using Exchange Traded Funds (ETFs) & Mutual Funds. The management team believes the use of low-cost ETFs allows for efficiently managing costs while delivering targeted investment opportunities.

We intelligently blend Index ETFs, and actively managed Mutual Funds to balance opportunities, risks, taxes, and expenses. Passive ETFs allow us to invest in core asset classes where we feel portfolio managers will have a challenging time delivering net-of-fees alpha.

Actively managed Mutual Funds are used to complement the ETFs in asset classes where management feels portfolio managers have the best opportunities to deliver fee-adjusted alpha and downside protection during market shocks.

The CWM Moderate Income Strategy uses a mix of fixed income strategies, along with US and Non-US equities to deliver exposure to a broad range of income-paying asset classes. The objective is to provide diversified sources of income, in a risk-managed manner.

### **Traditional Core Portfolios –**

There are five traditional core portfolios that offer varying suitability ranges.

Our traditional core portfolios are designed with an eye towards diversification & risk management, at a lower cost. The Strategies are built using Exchange Traded Funds (ETFs) & Mutual Funds. The management team believes the use of low-cost ETFs allows for efficiently managing costs while delivering targeted investment opportunities.

We intelligently blend passive index ETFs with actively managed Mutual Funds to balance opportunities, risks, taxes, and expenses.

Passive ETFs allow us to invest in core asset classes where we feel portfolio managers will have a challenging time delivering net-of-fees alpha.

Actively managed Mutual Funds are used to complement the ETFs in asset classes where management feels portfolio managers have the best opportunities to deliver fee-adjusted alpha and downside protection during market shocks.

The investment strategies utilized by TPAs and/or sub-advisers are described in each TPA's/sub-adviser's Form ADV Part 2A, which is delivered to clients that open accounts with a recommended TPA/sub-adviser at the time they enter into the agreement and offered annually thereafter.

## **B. Material Risks Involved**

### ***Methods of Analysis***

Charting analysis strategy involves using and comparing various charts to predict long and short term performance or market trends. The risk involved in solely using this method is that only past performance data is considered without using other methods to crosscheck data. Using charting analysis without other methods of analysis would be making the assumption that past performance will be indicative of future performance. This may not be the case.

*Fundamental analysis* concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

*Technical analysis* attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not work long term.

### ***Investment Strategies***

Long term trading is designed to capture market rates of both return and risk. Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

It is important to emphasize that the stock market involves a significant number of unpredictable forces and risks that could lead to declines in excess of a strategy's objective, and CWM does not guarantee protection against losses in client accounts. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

### **C. Risks of Specific Securities Utilized**

CWM generally seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets.

Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear. In addition to the risks outlined in this Item 8, other risks associated with investing in securities and mutual funds recommended by CWM that clients should be aware of include, but are not limited to the following:

Allocation Risk: the risk that a portfolio could lose money as a result of less than optimal or poor asset allocation decisions as to how its assets are allocated or reallocated.

Interest-Rate Risk: Fluctuations in interest rates can cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

Market Risk: The price of a stock, bond, mutual fund or other security can drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances.

Credit Risk: The risk that a portfolio could lose money if the issuer or guarantor of a fixed income security, or the counterparty to a derivative contract, is unable or unwilling to meet its financial obligations.

High Yield Risk: High yield securities and unrated securities of similar credit quality (commonly known as "junk bonds") are subject to greater levels of credit and liquidity risks.

**Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.

**Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

**Political and Legislative Risk:** Companies face a complex set of laws and circumstances in each country in which they operate. The political and legal environment can change rapidly and without warning, with significant impact, especially for companies operating outside of the United States or those companies who conduct a substantial amount of their business outside of the United States.

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

**Business Risk:** These risks are associated with a particular industry or a particular company within an industry. Generally, business risk is that a company will go bankrupt or perform below expectations. Every company carries the business risk that it will produce insufficient cash flow in order to maintain operations. Business risk can come from a variety of sources, some systemic and others un-systemic. That is, every company has the business risk that the broader economy will perform poorly and therefore that sales will be poor, and also the risk that the market simply will not like its products.

**Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.

**Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

**Foreign Investment Risk:** Investments in foreign securities may be riskier than U.S. investments because of factors such as, unstable international, political and economic conditions, currency fluctuations, foreign controls on investment and currency exchange, foreign governmental control of some issuers, potential confiscatory taxation or nationalization of companies by foreign governments, withholding taxes, a lack of adequate company information, less liquid and more volatile exchanges and/or markets, ineffective or detrimental government regulation, varying accounting standards, political or economic factors that may severely limit business activities, and legal systems or market practices that may permit inequitable treatment of minority and/or non-domestic investors. Investments in emerging markets may involve these and other significant risks such as less mature economic structures and less developed and more thinly traded securities markets.

**Real Estate Funds (including REITs) Risk:** Real estate funds face several kinds of risk that are inherent in the real estate sector, which historically has experienced significant fluctuations and cycles in performance. Revenues and cash flows may be adversely affected by: changes in local real estate market conditions due to changes in national or local economic conditions or changes in local property market characteristics; competition from other properties offering the same or similar services; changes in interest rates and in the state of the debt and equity credit markets; the ongoing need for capital improvements; changes in real estate tax rates and other operating expenses; adverse changes in

governmental rules and fiscal policies; adverse changes in zoning laws; the impact of present or future environmental legislation and compliance with environmental laws.

Margin Risk: When purchasing securities, the securities may be paid for in full, or it is possible to borrow part of the purchase price from the client's account custodian or clearing firm. If borrowing funds in connection with the client account, the client will be required to open a margin account, which will be carried by the clearing firm. The securities purchased in such an account are the clearing firm's collateral for its loan to the client. If those securities in a margin account decline in value, the value of the collateral supporting this loan also declines, and as a result, the brokerage firm is required to take action in order to maintain the necessary level of equity in the account. The brokerage firm may issue a margin call and/or sell other assets in your account. It is important that each client fully understand the risks involved in trading securities on margin, which are applicable to any margin account that the client may maintain. These risks include the following:

- The client can lose more funds than deposited in the margin account;
- The account custodian or clearing firm can force the sale of securities or other assets in the account;
- The account custodian or clearing firm can sell the client's securities or other assets without contacting the client;
- The client is not entitled to choose which securities or other assets in the margin account may be liquidated or sold to meet a margin call;
- The account custodian or clearing firm may move securities held in a cash account to the margin account and pledge the transferred securities;
- The account custodian or clearing firm can increase its "house" maintenance margin requirements at any time and they are not required to provide the client advance written notice; and/or
- The client is not entitled to an extension of time on a margin call.

Options Risk: Below are some of the main risks associated with investing in options:

- When writing covered call options to produce income for a client's account, there may be times when the underlying stock is "called" (call option contract exercised or assigned) by the investor that purchased the call option. That means the client would be required to sell the underlying security at the exercise (pre-determined) price to that investor.
- Clients may be required to open a margin account in order to invest in options, which carries additional risks (see above for details) and could result in margin interest costs to the client.
- Option positions may be adversely affected by company specific issues (the issuer of the underlying security) which may include but are not limited to bankruptcy, insolvency, failing to file with regulatory bodies, being delisted, having trading halted or suspended, corporate reorganizations, asset sales, spin offs, stock splits, mergers and acquisitions. In addition, market related actions, political issues, and economic issues may adversely affect the option market. These factors could restrict, halt, suspend, or terminate option positions written (sold) or purchased.
- Changes in value of the option may not correlate with the underlying security, and the account could lose more than principal amount invested.
- Options involve risk and are not suitable for all clients. Therefore, a client should read the option disclosure document, "Characteristics and Risks of Standardized Options", which can be obtained from any exchange on which options are traded, at [www.optionsclearing.com](http://www.optionsclearing.com), or by calling 1-888-OPTIONS, or by contacting your broker/custodian.

## ITEM 9: DISCIPLINARY INFORMATION

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of this advisory business or the integrity of our management.

## ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Neither CWM nor its representatives are registered as a broker/dealer or as representatives of a broker/dealer. Neither CWM nor its representatives are registered as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor.

CWM is affiliated with insurance agencies called Confidence Wealth & Insurance Solutions LLC (License #3647322) ("CWIS") (formerly Parson Latimer & Judge Financial and Insurance Solutions, LLC), and Confidence Life Insurance Solutions, LLC (License #0M84603) ("CLIS"). Rem Oculee is the owner, CEO and licensed insurance agent (License #0D36283) of both CWIS and CLIS. He spends around 90% of his time on those two companies. Even though Mr. Oculee is a licensed insurance agent, he does not recommend insurance products to CWM's clients.

In addition, Mr. Oculee is the CEO at 3rd Delta, Inc, Exit Mindset, LLC, and 9Q Ventures, LLC. He spends less than 10% of his time among these three other non-financial industry related companies. While Mr. Oculee devotes as much time to the business and affairs of CWM as is necessary to perform his duties, the dual roles and additional compensation create a conflict of interest.

Mr. Patneaude is a licensed real estate associate.

Mr. Patneaude is the owner of Patneaude Enterprises, LLC.

Some or all advisors listed in section 2b are also licensed insurance agents with CWIS, and from time to time, in their capacity as insurance agents will provide certain CWM's clients with insurance recommendations and/or offer insurance products that could further enhance and benefit a client's portfolio through CWIS. Clients should be aware that some of those licensed wealth advisors are paid an upfront commission and, depending on the circumstances and types of insurance, an annual trailing commission by CWIS when a CWM client purchases an insurance product through CWIS. In addition, Mr. Oculee, as owner of CWIS will receive an indirect benefit when CWM's clients purchase insurance products through CWIS. While CWM strives to act in the client's best interest, this activity and receipt of compensation creates a potential conflict of interest. Importantly, clients always have the right to decide whether to implement any recommendations made by CWM, CWIS, or any of their employees. Additionally, clients always have the rights to implement any recommendation with any other investment adviser, broker, or insurance agency it deems appropriate.

As part of CWM's fiduciary duty to clients, CWM and its employees will endeavor at all times to put the interests of the clients first, and recommendations will only be made to the extent that they are reasonably believed to be in the best interests of the client. Additionally, the conflicts presented by these practices are disclosed to clients at the time of entering into an advisory agreement by delivery of this Disclosure Brochure and the Supplemental Disclosure Brochures (Form ADV Part 2B).

All material conflicts of interest under Section 260.238 (k) of the California Corporations Code are disclosed regarding the investment adviser, its representatives or any of its employees, which could be reasonably expected to impair the rendering of unbiased and objective advice.

## **ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

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

We have a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Clients may request a copy of our Code of Ethics from management.

### **B. Recommendations Involving Material Financial Interests**

CWM does not recommend that clients buy or sell any security in which a related person to CWM has a material financial interest. However, as outlined in Item 10 above, wealth advisors at the firm do receive a financial benefit when a CWM client purchases an insurance product through CWIS.

### **C. Investing Personal Money in the Same Securities as Clients**

From time to time, CWM officers, directors, agents, and employees ("Associated Persons") also invest personally in certain securities that are purchased for clients. CWM's Code of Ethics contains certain requirements designed to address the conflicts that arise with regard to personal trading by CWM's Associated Persons. For example, other than certain exceptions, Associated Persons must obtain written preapproval prior to transacting in a reportable security in their personal account(s). The Code also requires that certain Associated Persons report their personal securities transactions quarterly and their securities holdings annually. Associated Persons also must report any potential or actual violations to the firm's Chief Compliance Officer.

### **D. Trading Securities At/Around the Same Time as Clients' Securities**

Please refer to information in Item 11.C above.

## **ITEM 12: BROKERAGE PRACTICES**

### **A. Factors Used to Select Custodians and/or Broker/Dealers**

CWM does not maintain physical custody of clients' assets which must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. CWM seeks to recommend a custodian who will hold your assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. CWM consider a wide range of factors, including, among others:

- Timeliness of execution
- Timeliness and accuracy of trade confirmations
- Research services provided
- Ability to provide investment ideas
- Execution facilitation services provided
- Record keeping services provided
- Custody services provided
- Frequency and correction of trading errors
- Ability to access a variety of market venues
- Expertise as it relates to specific securities
- Financial condition
- Business reputation
- Quality of Services

With this in consideration, CWM typically recommends Charles Schwab & Co., Inc. ("Schwab"). Schwab is a registered broker-dealer and members of SIPC (Securities Investor Protection Corporation). CWM is independently owned and operated and not affiliated with Schwab.

***Schwab Custodian Arrangement***

CWM participates in the Schwab Advisor Services program. Schwab Advisor Services is a division of Schwab, member FINRA/SIPC/NFA. Schwab is an independent and unaffiliated SEC-registered broker-dealer. Schwab offers to independent investment advisers services which include custody of securities, trade execution, clearance and settlement of transactions. CWM receives some benefits from Schwab through its participation in the program. (Please see the disclosure under Item 14 below).

Schwab makes certain research and brokerage services available at no additional cost to CWM all of which qualify for the safe harbor exemption defined in Section 28(e) of the Securities Exchange Act of 1934. These services may be directly from independent research companies, as selected by CWM (within specific parameters). Research products and services provided by Schwab typically include research reports on recommendations or other information about, particular companies or industries; economic surveys, data and analyses; financial publications; portfolio evaluation services; financial database software and services; computerized news and pricing services; quotation equipment for use in running software used in investment decision making; and other products or services that provide lawful and appropriate assistance by Schwab to CWM in the performance of the Firm's investment decision-making responsibilities.

CWM does not use client brokerage commissions to obtain research or other products or services. The aforementioned research and brokerage services are used by CWM to manage accounts for which the Firm has investment discretion. Without this arrangement, CWM might be compelled to purchase the same or similar services at our own expense.

As a result of receiving these services, CWM has an incentive to continue to use or expand the use of Schwab services. The Firm examined this potential conflict of interest when choosing to enter into the relationship with Schwab and has determined that the relationship is in the best interest of the Firm's clients and satisfies the Firm's fiduciary obligations, including the duty to seek best execution.

Schwab charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Schwab enables CWM to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Schwab commission rates are generally discounted from customary retail commission rates. The commission and transaction fees charged by Schwab can be higher or lower than those charged by other custodians and broker-dealers.

CWM clients may pay a commission to Schwab that is higher than another qualified broker dealer might charge to effect the same transaction where CWM determines in good faith that the commission 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 CWM will seek competitive rates, to the benefit of all clients, CWM may not necessarily obtain the lowest possible commission rates for specific client account transactions.

### ***Trading by TPAs/Sub-Advisers***

Generally, the TPA and/or sub-adviser will have trading authority and will place transactions in accordance with their policies and procedures summarized and outlined in their Form ADV Part 2A, which will be provided to each CWM client that has assets allocated to a TPA and/or sub-adviser and should be read carefully.

### ***Research and Other Soft-Dollar Benefits***

Under the Schwab arrangement, CWM receives certain benefits, including research and brokerage services that CWM does not have to pay for that could be considered soft dollar benefits. Although these arrangements are customary, they present conflicts of interest, including an incentive to select or recommend a custodian based on CWM's interest in receiving research or other products or services, rather than on clients' interest in receiving most favorable execution.

Section 28(e) of the Securities Exchange Act of 1934 ("Section 28(e)") recognizes the conflict of interest involved in this activity, but generally allows investment advisers to use client commissions/transaction fees to pay for certain research and brokerage products and services under certain circumstances without breaching their fiduciary duties to clients. For these purposes, "research" means services or products used to provide lawful and appropriate assistance to the firm in making investment decisions for its clients. "Brokerage" services and products are those used to effect securities transactions for CWM's clients or to assist in effecting those transactions. Research and other products and services provided under these custodian arrangements will generally be used to service all of CWM's clients; however, there may be times where certain client accounts benefit from research services provided under the arrangement, which did not make the payment of transaction fees/commissions to the broker-dealer/custodian providing the services.

### ***Brokerage for Client Referrals***

CWM receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

### ***Clients Directing Which Broker/Dealer/Custodian to Use***

CWM will not typically allow clients to direct brokerage. CWM may be unable to achieve most favorable execution of client transactions if clients choose to direct brokerage. This can cost clients money because without the ability to direct brokerage CWM may not be able to aggregate orders to reduce transactions costs resulting in higher brokerage commissions and less favorable prices. Not all investment advisers allow their clients to direct brokerage.

## **B. Aggregating (Block) Trading for Multiple Client Accounts**

From time to time, CWM determines, based on a variety of reasons, that the purchase or sale of a particular security, including on a very rare basis, initial or secondary public offerings ("Public Offerings"), is appropriate for multiple client accounts and that it is appropriate to place the trade orders as one or more block trades, whereby the trader will aggregate the securities to be traded for each such account into one or more trade orders. There are times when these circumstances give rise to conflicts of interest among the accounts for whom the security purchase or sale is appropriate, and among the subset of those accounts actually participating in a block trade, especially if the block trade order results in a partial fill. In order to address these conflicts, the Firm has adopted policies and procedures regarding allocating investment opportunities and placing block trades in order to provide an objective and equitable method of allocation so that all clients are treated fairly. Below is a summary of our policy and procedures:

- CWM will strive to allocate investment opportunities among clients' accounts in a fair and equitable manner based on each client's overall investment objectives and strategy, and any restrictions placed on the management of the account;
- CWM will only aggregate clients' trades when it believes that such aggregations are consistent with its duty to seek best execution for its clients;
- CWM will strive to ensure that no single client participating in the block trade would be favored over any other participating client; and
- Each client that participates in a block trade will participate at the average weighted executed share price for that security for that day.
- Partial fills of aggregated trade orders will be allocated pro rata among participating accounts, unless the amount is deemed de minimis, in which case CWM will allocate in a fair and balanced manner taking into account certain determining factors, such as cash position, investment objectives, size of the shares requested and/or liquidity of the security.

For clients' assets management under a TPA or sub-adviser arrangements, any aggregation and allocations will be performed by the respective TPA or sub-adviser in accordance with their policies and procedures, which are summarized in their respective Form ADV Part 2A.

## **ITEM 13: REVIEWS OF ACCOUNTS**

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

While all client accounts are monitored on an ongoing basis, a full review is performed annually by Confidence Wealth's licensed team. Accounts are reviewed for consistency with the client's stated investment objectives as provided to CWM by each client.

### **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

In addition to the periodic reviews described above, other reviews may be triggered by a variety of factors, including **but not limited to** changes in an account holder's personal, tax or financial status, material changes in market conditions, and issuer-specific events. Clients are encouraged to notify CWM of any changes in his/her personal financial situation that might affect his/her investment needs, objectives, or time horizon. Clients should understand that factors triggering the reviews may be subjective and have no precise definition. Therefore, the above outlined triggering factors may or may not apply to a specific client situation, may not match factors considered by the client, and are not all inclusive.

### ***Content and Frequency of Regular Reports Provided to Clients***

Each client will receive at least quarterly a written statement that details the client's account which will come from the custodian. Depending on the services provided, clients also may receive account reports from the designated TPAs/sub-advisers or statements from their custodians. CWM will also provide regular account reports to clients. We urge you to review such statements carefully and compare them to the client reports provided by the custodian. The information in our client reports may differ from your custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. Please contact us if you do not receive a timely statement from your custodian.

## **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

As mentioned in Item 12 above, CWM recommends that clients use Schwab as their custodian and broker of record. While there is no direct link between the investment advice given to clients and CWM recommendation to use Schwab as their custodian, certain benefits are received by CWM due to these arrangements. Schwab makes available to CWM other products and services that benefit CWM but do not benefit its clients. Some of these other products and services assist CWM in managing and administering clients' accounts. While as a fiduciary, CWM endeavors to act in its clients' best interests, CWM's recommendation that clients maintain their assets in accounts at Schwab is based in part on the benefit to CWM of the availability of some of the products and services provided and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which creates a conflict of interest. Please refer to Item 12 above for further details.

### **B. Compensation to Non –Advisory Personnel for Client Referrals**

CWM has an arrangement in place to pay a referral fee to an unaffiliated person ("Referrer") that introduces CWM to potential advisory clients. This arrangement is in writing and complies with regulatory requirements. The referral fee paid is contingent upon the client engaging CWM and is based on a percentage of the investment management fees paid to CWM by those clients. The referral fee paid is solely from the CWM investment management fee and referred clients do not pay a higher fee. The Referrer is required to provide this Disclosure Brochure and a separate disclosure statement reflecting the nature of the relationship between the Referrer and the amount of compensation that will be paid by CWM to the Referrer. The Referrer is required to obtain the client's signature acknowledging receipt of both documents.

### **C. Other Compensation**

Confidence Wealth Management has a fiduciary duty to its clients. The firm and its employees will at all times endeavor to put the interests of its clients first. Recommendations will only be made to the extent that they are reasonably believed to be in the best interests of the client. In some instances, certain insurance applications might be necessary to help protect and create leverage in a client's financial situation. As outlined in Item 10 above, many advisors at the firm also, in addition to being securities licensed, are licensed insurance agents with CWIS, an affiliated company owned by Mr. Oculee. From time to time, in their capacity as insurance agents, they may provide certain CWM's clients with insurance recommendations and/or offer insurance products through CWIS. Clients should be aware that when an insurance recommendation is made in order to achieve client objectives, they are paid an upfront commission and, depending on the circumstances and types of insurance, an annual trailing commission by CWIS when a CWM client purchases an insurance product through CWIS. In addition, Mr. Oculee, as owner of CWIS will receive an indirect benefit when CWM clients purchase insurance products through CWIS. This activity and receipt of compensation can be construed as a conflict of interest. Please refer to Item 10 above for further information, including how the firm addresses such conflicts. Other than noted above, we do not receive compensation from any third parties for advisory services we provided to our clients.

## **ITEM 15: CUSTODY**

CWM is deemed to have custody because it has the authority and ability to debit its fees directly from clients' accounts. Additionally, certain clients have, and can in the future, sign a Standing Letter of

Authorization (SLOA) that gives the firm the authority to transfer funds to a third-party as directed by the client in the SLOA. This is also deemed to give the firm constructive custody. Firms with deemed custody must take the following steps:

1. Ensure clients' managed assets are maintained by a qualified custodian;
2. Have a reasonable belief, after due inquiry, that the qualified custodian will deliver an account statement directly to the client at least quarterly;
3. Confirm that account statements from the custodian contain all transactions that took place in the client's account during the period covered and reflect the deduction of advisory fees; and
4. Obtain a surprise audit by an independent accountant on the clients' accounts for which the advisory firm is deemed to have custody.

However, the rules governing the direct debit of client fees and SLOAs exempts an adviser from the surprise audit rules if certain conditions (in addition to steps 1 through 3 above) are met. Those conditions are as follows:

1. When debiting fees from client accounts, the firm must receive written authorization from clients permitting advisory fees to be deducted from the client's account.
2. In the case of SLOAs, CWM must: (i) confirm that the name and address of the third party is included in the SLOA, (ii) document that the third-party receiving the transfer is not related to the firm, and (ii) ensure that certain requirements are being performed by the qualified custodian.

CWM does not have physical custody or serve as a qualified custodian of any client assets. CWM adheres to the above and has implemented the following additional safeguarding procedures with respect to custody:

- Clients must provide written authorization permitting direct payment of CWM's fees from the client's custodial account maintained by an independent qualified custodian;
- CWM sends an invoice to each client showing the amount of the fee, the value of the client's assets upon which the fee was based, and the specific manner in which the fee was calculated;
- CWM discloses to clients that it is the client's responsibility to verify the accuracy of the fee calculation, and that the custodian will not determine whether the fee is properly calculated; and
- The qualified custodian sends each the client a statement, at least quarterly, showing all disbursements from the account, including the advisory fees paid to CWM.

As noted under Item 12 above, clients' accounts are generally held at Schwab and/or Fidelity. Please refer to Item 12 for additional important disclosure information relating to custodians.

## **ITEM 16: INVESTMENT DISCRETION**

### **A. Discretionary Authority; Limitations**

CWM provides both discretionary and non-discretionary advisory services to its clients. In exercising its discretionary authority, CWM has the ability to determine the type and amount of securities to be transacted and whether a client's purchase or sale should be combined (aggregated) with those of other clients and traded as a "block." Such discretion is to be exercised in a manner consistent with each client's stated investment objectives, risk tolerance, and time horizon. In addition, CWM's authority to trade securities may be limited in certain circumstances by applicable legal and regulatory requirements. Clients are permitted to impose reasonable limitations on CWM's discretionary authority, including

restrictions on investing in certain securities or types of securities. All such limitations, restrictions, and investment guidelines need to be provided to CWM in writing.

**B. Limited Power of Attorney**

When clients authorize CWM to exercise full discretionary authority with respect to all investment transactions involving the client's account, CWM is designated as the client's limited attorney-in-fact with discretionary and non-discretionary authority to effect investment transactions in the client's account which authorizes CWM to give instructions to third parties in furtherance of such authority. With respect to non-discretionary accounts, we also have LPOA, however, we will ask clients for authorization before effecting any transactions.

**ITEM 17: VOTING CLIENT SECURITIES (PROXY VOTING)**

CWM will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

**ITEM 18: FINANCIAL INFORMATION**

**A. Balance Sheet**

CWM does not require nor solicit prepayment of more than \$1200 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

**B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither CWM nor its management have any financial conditions that are likely to reasonably impair our ability to meet contractual commitments to clients.

**C. Bankruptcy Petitions in Previous Ten Years**

CWM has not been the subject of a bankruptcy petition in the last ten years.