

**Item 1: Cover Page  
Part 2A of Form ADV: Firm Brochure  
February 2024**



**129 W. Belle Street, Henderson, NC 27536  
134 Wind Chime Court, Raleigh, NC 27615  
[www.PWMofNC.com](http://www.PWMofNC.com)**

**P: (252) 492-8694  
F: (252) 738-8929**

**Firm Contact:  
Toney Falkner III, Chief Compliance Officer**

This brochure provides information about the qualifications and business practices of Private Wealth Management of North Carolina, LLC. If you have any questions about the contents of this brochure, please contact Toney Falkner, Chief Compliance Officer, by telephone at (252) 492-8694 or by email at [toney@pwmofnc.com](mailto:toney@pwmofnc.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any State Securities Authority.

Additional information about Private Wealth Management of North Carolina, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching CRD#: 149889.

Please note that the use of the term "registered investment adviser" and description of Private Wealth Management of North Carolina, LLC and/or our associates as "registered" does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our firm's associates who advise you for more information on the qualifications of our firm and its employees.

## Item 2: Material Changes

**Private Wealth Management of North Carolina, LLC** is required to advise you of any material changes to our Firm Brochure ("Brochure") from our last annual update, identify those changes on the cover page of our Brochure or on the page immediately following the cover page, or in a separate communication accompanying our Brochure. We must state clearly that we are discussing only material changes since the last annual update of our Brochure, and we must provide the date of the last annual update of our Brochure.

As of our firm's last filing on 09/14/2023, we have the following material changes to report:

- Our firm has updated our Retirement Plan Consulting services fee's. Please see Item 5 of our firm's Form ADV Part 2A or reach out to PWM of NC for any additional questions or information.
- Our firm has now disclosed that we may utilize the sub-advisory services of a third party money manager. Please see items 4 & 5 of our firm's Form ADV Part 2A and item 4 of our firm's Wrap Brochure or reach out to PWM of NC for any additional questions or information.
- Our firm has updated our Form CRS to more clearly disclose the services our firm offices as well as disclosing that we may utilize the services of a sub-advisory firm. Please see the attached Form CRS or reach out to PWM of NC for any additional questions or information.
- Our firm has updated our Form CRS to more clearly disclose our hourly rate for our Financial Planning services. Please see our attached Form CRS or reach out to PWM of NC for any additional questions or information.

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## Item 4: Advisory Business

Private Wealth Management of North Carolina, LLC is dedicated to providing a wide array of investment advisory services. We specialize in comprehensive asset management. Our firm is a limited liability company formed in the State of Delaware. We have been in business as an investment adviser since 2009 and wholly owned by Toney Otis Falkner.

### **Description of the Types of Advisory Services We Offer**

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#### **Comprehensive Asset Management:**

Our Comprehensive Asset Management service encompasses asset management as well as providing financial planning/financial consulting to clients. It is designed to assist clients in meeting their financial goals through the use of financial investments. We conduct at least one, but sometimes more than one meeting (in person if possible, otherwise via telephone conference) with clients in order to understand their current financial situation, existing resources, financial goals, and tolerance for risk. Based on what we learn, we propose an investment approach to the client. We may propose an investment portfolio, consisting of exchange traded funds ("ETFs"), mutual funds, individual stocks or bonds, or other securities. Upon the client's agreement to the proposed investment plan, we work with the client to establish or transfer investment accounts so that we can manage the client's portfolio. Once the relevant accounts are under our management, we review such accounts on a regular basis and at least annually. We may periodically rebalance or adjust client accounts under our management. If the client experiences any significant changes to his/her financial or personal circumstances, the client must notify us so that we can consider such information in managing the client's investments.

Our firm utilizes the sub-advisory services of a third party investment advisory firm or individual advisor to aid in the implementation of an investment portfolio designed by our firm. Before selecting a firm or individual, our firm will ensure that the chosen party is properly licensed or registered. Our firm will not offer advice on any specific securities or other investments in connection with this service. We will provide initial due diligence on third party money managers and ongoing reviews of their management of client accounts. In order to assist in the selection of a third party money manager, our firm will gather client information pertaining to financial situation, investment objectives, and reasonable restrictions to be imposed upon the management of the account.

Our firm will periodically review third party money manager reports provided to the client at least annually. Our firm will contact clients from time to time in order to review their financial situation and objectives; communicate information to third party money managers as warranted; and, assist the client in understanding and evaluating the services provided by the third party money manager. Clients will be expected to notify our firm of any changes in their financial situation, investment objectives, or account restrictions that could affect their financial standing.

#### **Retirement Plan Consulting:**

Our firm provides retirement plan consulting services to employer plan sponsors on an ongoing basis. Generally, such consulting services consist of assisting employer plan sponsors in establishing, monitoring and reviewing their company's participant-directed retirement plan. As the needs of the plan sponsor dictate, areas of advising may include:

- Establishing an Investment Policy Statement – Our firm will assist in the development of a statement that summarizes the investment goals and objectives along with the broad strategies to be employed to meet the objectives.
- Investment Options – Our firm will work with the Plan Sponsor to evaluate existing investment options and make recommendations for appropriate changes.
- Asset Allocation and Portfolio Construction – Our firm will develop strategic asset allocation models to aid Participants in developing strategies to meet their investment objectives, time horizon, financial situation and tolerance for risk.
- Investment Monitoring – Our firm will monitor the performance of the investments and notify the client in the event of over/underperformance and in times of market volatility.
- Participant Education – Our firm will provide opportunities to educate plan participants about their retirement plan offerings, different investment options, and general guidance on allocation strategies.

In providing services for retirement plan consulting, our firm does not provide any advisory services with respect to the following types of assets: employer securities, real estate (excluding real estate funds and publicly traded REITS), participant loans, non-publicly traded securities or assets, other illiquid investments, or brokerage window programs (collectively, “Excluded Assets”). All retirement plan consulting services shall be in compliance with the applicable state laws regulating retirement consulting services. This applies to client accounts that are retirement or other employee benefit plans (“Plan”) governed by the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). If the client accounts are part of a Plan, and our firm accepts appointment to provide services to such accounts, our firm acknowledges its fiduciary standard within the meaning of Section 3(21) or 3(38) of ERISA as designated by the Retirement Plan Consulting Agreement with respect to the provision of services described therein.

### **Financial Planning:**

Our firm provides a variety of standalone financial planning services to clients for the management of financial resources based upon an analysis of current situation, goals, and objectives. Financial planning services will typically involve preparing a financial plan or rendering a financial consultation for clients based on the client’s financial goals and objectives. This planning may encompass Investment Planning, Retirement Planning, Estate Planning, Charitable Planning, Education Planning, Corporate and Personal Tax Planning, Cost Segregation Study, Corporate Structure, Real Estate Analysis, Mortgage/Debt Analysis, Insurance Analysis, Lines of Credit Evaluation, or Business and Personal Financial Planning.

Written financial plans rendered to clients usually include general recommendations for a course of activity or specific actions to be taken by the clients. Implementation of the recommendations will be at the discretion of the client. Our firm provides clients with a summary of their financial situation, and observations for financial planning engagements. Assuming that all the information and documents requested from the client are provided promptly, plans or consultations are typically completed within 6 months of the client signing a contract with our firm.

### **Tailoring of Advisory Services**

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We offer individualized investment advice to all clients utilizing our Comprehensive Asset Management services. In the rare instance that we would allow restrictions, however, we usually do

not allow clients to impose restrictions on investing in certain securities or types of securities due to the level of difficulty this would entail in managing their account.

## **Pontera**

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Participant Account Management (Discretionary) – We use a third party platform to facilitate management of held away assets such as defined contribution plan participant accounts, with discretion. The platform allows us to avoid being considered to have custody of client funds since we do not have direct access to Client log-in credentials to affect trades. We are not affiliated with the platform in any way and receive no compensation from them for using their platform. A link will be provided to the Client allowing them to connect an account(s) to the platform. Once Client account(s) is connected to the platform, Adviser will review the current account allocations. When deemed necessary, Adviser will rebalance the account considering client investment goals and risk tolerance, and any change in allocations will consider current economic and market trends. The goal is to improve account performance. Client account(s) will be reviewed at least quarterly and allocation changes will be made as deemed necessary.

## **Participation in Wrap Fee Programs**

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Our firm offers and sponsors a wrap fee program, as further described in Part 2A, Appendix 1 (the “Wrap Fee Program Brochure”). Our firm does not manage wrap fee accounts in a different fashion than non-wrap fee accounts. All accounts are managed on an individualized basis according to the client’s investment objectives, financial goals, risk tolerance, etc.

## **Regulatory Assets Under Management**

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We manage \$165,092,436 on a discretionary basis and \$0 on a non-discretionary basis as of December 31, 2023.

## **Item 5: Fees & Compensation**

### **How We Are Compensated for Our Advisory Services**

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#### **Comprehensive Asset Management:**

<b><u>Assets Under Management</u></b>	<b><u>Annual Percentage of assets charge</u></b>
\$0 to \$250,000	1.00%
\$250,001 to \$1,500,000	0.90%
\$1,500,001 to \$2,999,999	0.80%
\$3,000,000+	Wrap Fee Program

Our firm’s fees are billed on a pro-rata annualized basis quarterly in advance based on the value of your account on the last day of the previous quarter. Our firm bills on cash unless indicated otherwise in writing. Fees to be assessed and our specific billing schedule will be outlined in the advisory agreement to be signed by the client. Our fees are generally negotiable and will be automatically deducted from your managed account through a qualified custodian upon written consent from the

client. In rare cases, we will agree to directly invoice our clients. As part of this process, the client is made aware of the following:

- a) Your independent custodian sends statements at least quarterly to you showing the market values for each security included in the Assets and all disbursements in your account including the amount of the advisory fees paid to us;
- b) You must provide authorization permitting us to be directly paid by the terms in your investment advisory contract. We send our invoice directly to the custodian;
- c) It is the client's responsibility to verify the calculation of advisory fees deducted from the account; and
- d) If we send a copy of our invoice to you, a legend urging you to compare information provided in our statement with those from the qualified custodian will be included

For the sub-advisory services rendered to our clients, our firm may compensate third party investment advisory firms or individual advisors a percentage of the overall investment advisory fee charged by our firm. The advisory fee paid ranges from 0.00 to 0.50% and will clearly be stated in the client's advisory agreement.

#### **Retirement Plan Consulting:**

Assets Under Management	Fee
\$0 - \$1,000,000	0.50%
\$1,000,000.01 - \$5,000,000	0.40%
>\$5,000,000	0.30%

Our Retirement Plan Consulting services are billed based on the percentage of Plan assets under management. The total estimated fee, as well as the ultimate fee charged, is based on the scope and complexity of our engagement with the client. Fees will not exceed 0.90%. Our one-time fee initial setup and initial investment selection for our Retirement Plan Consulting services is on an hourly basis that will not exceed \$500 an hour. The participant enrollment periods for our Retirement Plan Consulting services is \$100 per participant. Our firm may also charge an onsite visit fee if applicable. The fee-paying arrangements and possible enrollment periods will be determined on a case-by-case basis and will be detailed in the signed consulting agreement.

#### **Financial Planning:**

Our firm charges on an hourly fee for financial planning services. The total estimated fee, as well as the ultimate fee charged, is based on the scope and complexity of our engagement with the client. The maximum hourly fee to be charged will not exceed \$500. The fee-paying arrangements will be determined on a case-by-case basis and will be detailed in the signed consulting agreement. Our firm will not require a retainer exceeding \$1,200 when services cannot be rendered within 6 months.

#### **Other Types of Fees & Expenses**

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Non-Wrap Clients will incur transaction fees for trades executed by their chosen custodian, via individual transaction charges. These transaction fees are separate from our firm's advisory fees and will be disclosed by the chosen custodian. Neither Schwab nor Altruist Financial, LLC ("Altruist") charge transaction fees for U.S. listed equities and exchange traded funds.

Clients may also pay holdings charges imposed by the chosen custodian for certain investments, charges imposed directly by a mutual fund, index fund, or exchange traded fund, which shall be disclosed in the fund's prospectus (i.e., fund management fees, initial or deferred sales charges, mutual fund sales loads, 12b-1 fees, surrender charges, variable annuity fees, IRA and qualified retirement plan fees, and other fund expenses), mark-ups and mark-downs, spreads paid to market makers, fees for trades executed away from custodian, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. Our firm does not receive a portion of these fees.

Wrap clients will not incur transaction costs for trades by their chosen custodian. More information about this can be found in our separate Wrap Fee Program Brochure.

### **Pontera**

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Our firm does not charge an additional fee for held away assets such as defined contribution plan participant accounts. Pontera charges a 0.25% fee for those assets. Our firm will not charge clients the 0.25% Pontera fee and will cover the additional cost of this service.

### **Termination & Refunds**

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We charge our advisory fees quarterly in advance. In the event that you wish to terminate our services, we will refund the unearned portion of our advisory fee to you. You need to contact us in writing and state that you wish to terminate our services. Upon receipt of your letter of termination, we will proceed to close out your account and process a pro-rata refund of unearned advisory fees.

## **Item 6: Performance-Based Fees and Side-By-Side Management**

We do not charge performance fees to our clients.

## **Item 7: Types of Clients & Account Requirements**

The types of clients we service may include:

- Individuals;
- High Net-Worth Individuals;
- Trusts, Estates and Charitable Organizations; and
- Pension and Profit Sharing Plans.

We require a minimum account balance of \$1,000 for our Comprehensive Portfolio Management service. Our firm requires clients have a minimum AUM of \$3,000,000 to qualify for our Wrap Fee Program. Generally, this minimum account balance requirement is not negotiable and would be required throughout the course of the client's relationship with our firm.



## Item 8: Methods of Analysis, Investment Strategies and Risk Of Loss

### Methods of Analysis

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We use the following methods of analysis in formulating our investment advice and/or managing client assets:

*Charting.* In this type of technical analysis, we review charts of market and security activity in an attempt to identify when the market is moving up or down and to predict when how long the trend may last and when that trend might reverse.

*Fundamental Analysis.* We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell). Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

*Technical Analysis.* We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement. Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

### Investment Strategies We Use

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We use the following strategies in managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

*Long-Term Purchases.* When utilizing this strategy, we may purchase securities with the idea of holding them for a relatively long time (typically held for at least a year). A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantages of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

*Short-Term Purchases.* When utilizing this strategy, we may also purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

*Trading.* We purchase securities with the idea of selling them very quickly (typically within 30 days or less). We do this in an attempt to take advantage of our predictions of brief price swings.

*Margin Transactions.* We will purchase stocks for your portfolio with money borrowed from your brokerage account. This allows you to purchase more stock than you would be able to with your available cash, and allows us to purchase stock without selling other holdings.

## **Risk of Loss**

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Investing in securities involves risk of loss that clients should be prepared to bear. While the stock market may increase and your account(s) could enjoy a gain, it is also possible that the stock market may decrease and your account(s) could suffer a loss. It is important that you understand the risks associated with investing in the stock market, are appropriately diversified in your investments, and ask us any questions you may have.

## **Description of Material, Significant or Unusual Risks**

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We generally invest client's cash balances in money market funds, FDIC Insured Certificates of Deposit, high-grade commercial paper and/or government backed debt instruments. Ultimately, we try to achieve the highest return on our client's cash balances through relatively low-risk conservative investments. In most cases, at least a partial cash balance will be maintained in a money market account so that our firm may debit advisory fees for our Comprehensive Asset Management services.

## **Item 9: Disciplinary Information**

We have determined that our firm and management have no disciplinary information to disclose.

## **Item 10: Other Financial Industry Activities and Affiliations**

Toney Falkner III participates in various real estate companies in which he serves as a managing member. Private Wealth Management of North Carolina's clients are not solicited to partake in this outside business. This does not create a conflict of interest.

Mr. Speers, in his individual capacity, owns a business entity in part along with certain of our existing advisory clients. The business relationship between Mr. Speers and the aforementioned clients began before the formation of Private Wealth Management of North Carolina, LLC and our firm's clients are not solicited to invest in Mr. Speers' company.

Representatives of our firm are Certified Public Accountants. In such capacity, they also provide income tax preparation or accounting services. These services are independent of our financial planning and investment advisory services and are governed under a separate engagement agreement. Clients have the option of engaging our firm for tax preparation or accounting services, however, they are under no obligation to do so. Our firm may solicit clients to utilize these services.

## Item 11: Code of Ethics, Participation or Interest in Client Transactions & Personal Trading

As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. Our fiduciary duty is the underlying principle for our firm's Code of Ethics, which includes procedures for personal securities transaction and insider trading. Our firm requires all representatives to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment with our firm, and at least annually thereafter, all representatives of our firm will acknowledge receipt, understanding and compliance with our firm's Code of Ethics. Our firm and representatives must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. If a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

Our firm recognizes that the personal investment transactions of our representatives demands the application of a Code of Ethics with high standards and requires that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, our firm also believes that if investment goals are similar for clients and for our representatives, it is logical, and even desirable, that there be common ownership of some securities.

In order to prevent conflicts of interest, our firm has established procedures for transactions effected by our representatives for their personal accounts<sup>1</sup>. In order to monitor compliance with our personal trading policy, our firm has pre-clearance requirements and a quarterly securities transaction reporting system for all of our representatives.

Neither our firm nor a related person recommends, buys or sells for client accounts, securities in which our firm or a related person has a material financial interest without prior disclosure to the client.

Related persons of our firm may buy or sell securities and other investments that are also recommended to clients. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request.

Likewise, related persons of our firm buy or sell securities for themselves at or about the same time they buy or sell the same securities for client accounts. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request. Further, our related persons will refrain from buying or selling the same securities prior to buying or selling for our clients in the same day. If related persons' accounts are included in a block trade, our related persons will always trade personal accounts last.

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<sup>1</sup> For purposes of the policy, our associate's personal account generally includes any account (a) in the name of our associate, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which our associate is a trustee or executor, or (c) which our associate controls, including our client accounts which our associate controls and/or a member of his/her household has a direct or indirect beneficial interest in.

## Item 12: Brokerage Practices

### Selecting a Brokerage Firm

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Our firm recommends that clients use the Schwab Advisor Services division of Charles Schwab & Co. Inc. ("Schwab"), member FINRA/SIPC/NFA. Our firm also has an arrangement with Altruist Financial, LLC ("Altruist") and American Funds Distributors, Inc. ("American Funds"), qualified custodians. Schwab, Altruist, and American Funds (together, "Qualified Custodians") are independent and unaffiliated SEC-registered broker-dealers. The Qualified Custodians offer to independent investment advisors services which include custody of securities, trade execution, clearance, and settlement of transactions. We receive some benefits from the Qualified Custodians through our participation in the program. (Please see the disclosure under Item 14 of this Brochure.)

We do not acquire client brokerage commissions (or markups or markdowns). The aforementioned research and brokerage services are used by our firm to manage accounts for which we have investment discretion. Without this arrangement, our firm might be compelled to purchase the same or similar services at our own expense.

We may have an incentive to continue to use or expand the use of the Qualified Custodians' services. Our firm examined this potential conflict of interest when we chose to enter into the relationship with the Qualified Custodians and we have determined that the relationship is in the best interest of our firm's clients and satisfies our client obligations, including our duty to seek best execution.

The Qualified Custodians charge 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 debt securities transactions). The Qualified Custodians do not charge transaction fees for U.S. listed equities and exchange traded funds. The Qualified Custodians enable us to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. The Qualified Custodian's commission rates are generally discounted from customary retail commission rates. However, the commission and transaction fees charged by the Qualified Custodians may be higher or lower than those charged by other custodians and broker-dealers.

Our non-wrap fee clients may pay a commission to the Qualified Custodians that is higher than another qualified broker dealer might charge to effect the same transaction where we determine 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 we will seek competitive rates, to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions.

### Client Brokerage Commissions

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The Qualified Custodians also make certain research and brokerage services available at no additional cost to our firm. These services include certain research and brokerage services, including

research services obtained by the Qualified Custodians directly from independent research companies, as selected by our firm (within specific parameters). Research products and services provided by the Qualified Custodians to our firm may 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 the Qualified Custodians to our firm in the performance of our investment decision-making responsibilities. The aforementioned research and brokerage services are used by our firm to manage accounts for which we have investment discretion. Without this arrangement, our firm might be compelled to purchase the same or similar services at our own expense.

### **Soft Dollars**

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Our firm does not receive any soft dollars.

### **Procedures to Direct Client Transactions in Return for Soft Dollars**

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We do not direct client transactions to a particular broker-dealer in return for soft dollar benefits.

### **Brokerage for Client Referrals**

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Our firm does not receive brokerage for client referrals.

### **Directed Brokerage**

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In certain instances, clients may seek to limit or restrict our discretionary authority in making the determination of the brokers with whom orders for the purchase or sale of securities are placed for execution, and the commission rates at which such securities transactions are affected. Clients may seek to limit our authority in this area by directing that transactions (or some specified percentage of transactions) be executed through specified brokers in return for portfolio evaluation or other services deemed by the client to be of value. Any such client direction must be in writing (often through our advisory agreement), and may contain a representation from the client that the arrangement is permissible under its governing laws and documents, if this is relevant.

We provide appropriate disclosure in writing to clients who direct trades to particular brokers, that with respect to their directed trades, they will be treated as if they have retained the investment discretion that we otherwise would have in selecting brokers to effect transactions and in negotiating commissions and that such direction may adversely affect our ability to obtain best price and execution. In addition, we will inform you in writing that your trade orders may not be aggregated with other clients' orders and that direction of brokerage may hinder best execution.

### **Permissibility of Client-Directed Brokerage**

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We allow clients to direct brokerage. However, we may be unable to achieve the most favorable execution of client transactions. Client directed brokerage may cost clients more money. For example, in a directed brokerage account, you may pay higher brokerage commissions because we may not be able to aggregate orders to reduce transaction costs, or you may receive less favorable prices.

## **Special Considerations for ERISA Clients**

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A retirement or ERISA plan client may direct all or part of portfolio transactions for its account through a specific broker or dealer in order to obtain goods or services on behalf of the plan. Such direction is permitted provided that the goods and services provided are reasonable expenses of the plan incurred in the ordinary course of its business for which it otherwise would be obligated and empowered to pay. ERISA prohibits directed brokerage arrangements when the goods or services purchased are not for the exclusive benefit of the plan. Consequently, we will request that plan sponsors who direct plan brokerage provide us with a letter documenting that this arrangement will be for the exclusive benefit of the plan.

## **Aggregation of Purchase or Sale**

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When possible and in the best interest of our clients, we will aggregate the orders in multiple accounts in order to achieve a more equitable trading process for our clients. Unless otherwise stated the allocation statement is proportional to the securities included in the block trade. In the rare circumstance of a partially-filled order, securities will be allocated on a pro-rata basis.

### **Item 13: Review of Accounts or Financial Plans**

We review accounts on at least an annual basis for our clients subscribing our Comprehensive Asset Management service. The nature of these reviews is to learn whether clients' accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. Toney Falkner, Chief Compliance Officer, will conduct reviews.

We may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc.

We do not provide written reports to clients, unless asked to do so. Verbal reports to clients take place on at least an annual basis when we contact clients.

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

#### **Schwab**

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Our firm receives economic benefit from Schwab in the form of the support products and services made available to our firm and other independent investment advisors that have their clients maintain accounts at Schwab. These products and services, how they benefit our firm, and the related conflicts of interest are described above (*see Item 12 – Brokerage Practices*). The availability of Schwab's products and services is not based on our firm giving particular investment advice, such as buying particular securities for our clients.

## Referral Fees

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Our firm does not pay referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm in accordance with Rule 206(4)-3 of the Investment Advisers Act of 1940.

## Item 15: Custody

Our firm does not have custody of client funds or securities. All of our clients receive account statements directly from their qualified custodians at least quarterly upon opening of an account. If our firm decides to also send account statements to clients, such notice and account statements include a legend that recommends that the client compare the account statements received from the qualified custodian with those received from our firm. Clients are encouraged to raise any questions with us about the custody, safety or security of their assets and our custodial recommendations.

The SEC issued a no-action letter ("Letter") with respect to the Rule 206(4)-2 ("Custody Rule") under the Investment Advisers Act of 1940 ("Advisers Act"). The letter provided guidance on the Custody Rule as well as clarified that an adviser who has the power to disburse client funds to a third party under a standing letter of instruction ("SLOA") is deemed to have custody. As such, our firm has adopted the following safeguards in conjunction with our Qualified Custodians:

- The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
- The client authorizes the investment adviser, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
- The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization, and provides a transfer of funds notice to the client promptly after each transfer.
- The client has the ability to terminate or change the instruction to the client's qualified custodian.
- The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.
- The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
- The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

## Item 16: Investment Discretion

Clients have the option of providing our firm with investment discretion on their behalf, pursuant to an executed investment advisory client agreement. By granting investment discretion, we are authorized to execute securities transactions, which securities are bought and sold, the total amount to be bought and sold, and the costs at which the transactions will be effected. Limitations may be



imposed by the client in the form of specific constraints on any of these areas of discretion with our firm's written acknowledgement.

### **Item 17: Voting Client Securities**

We do not and will not accept the proxy authority to vote client securities.

### **Item 18: Financial Information**

#### **Inclusion of a Balance Sheet**

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We do not require nor do we solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we have not included a balance sheet for our most recent fiscal year.

#### **Disclosure of Financial Condition**

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Our firm has obtained financial assistance by participating in Paycheck Protection Program ("PPP") established by the U.S. Small Business Administration ("SBA"). PPP is intended to assist us with maintaining our firm's business in response to the COVID-19 pandemic by providing low-interest loans for business essentials such as payroll expenses. These loans are eligible for forgiveness, but it is not guaranteed as it will be based on factors such as staff retention and being used for payroll or firm overhead.

#### **Bankruptcy Petition**

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We have nothing to disclose in this regard.