

**CMC Advisors, Inc.**  
**SEC File Number: 801 – 62466**

**ADV Part 2A, Brochure**  
**Dated: January 26, 2024**

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**This Brochure provides information about the qualifications and business practices of CMC Advisors, Inc. (“CMC Advisors”). If you have any questions about the contents of this Brochure, please contact us at (212) 402-1860 or [p.carabello@cmcinteractive.com](mailto:p.carabello@cmcinteractive.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 CMC Advisors, Inc. also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**References herein to CMC Advisors, Inc. as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.**

## **Item 2           Material Changes**

Since the January 20, 2023 Annual Amendment filing, this Brochure has been amended as follows:

- At Item 1 to update the firm’s principal office location
- At Item 5 to revise the description of the firm’s asset-based fee ranges and fee negotiability

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#### **Item 4            Advisory Business**

- A. CMC Advisors, Inc. (“CMC Advisors”) is a corporation formed on August 17, 2001 in the State of New York. CMC Advisors became registered as an Investment Adviser Firm in October 2003. CMC Advisors is principally owned by Michael E. Calandra and Amar Medjid. Mr. Calandra, Mr. Medjid, Patricia E. Carabello and Michael D. Berg are CMC Advisors’ Principals.
- B. As discussed below, CMC Advisors offers pension consulting services to qualified pension and profit-sharing plans. CMC Advisors **does not** provide financial planning, estate planning or accounting services.

#### **PENSION CONSULTING SERVICES**

CMC Advisors provides retirement plan consulting/management services, pursuant to which it assists sponsors of self-directed retirement plans organized under the Employee Retirement Security Act of 1974 (“ERISA”). The terms and conditions of the engagement shall be set forth in a *Retirement Plan Services Agreement* between CMC Advisors and the plan sponsor.

To the extent that the plan sponsor engages CMC Advisors in an ERISA Section 3(21) capacity, CMC Advisors will assist with the selection and/or monitoring of investment options (generally open-end mutual funds) from which plan participants shall choose in self-directing the investments for their individual plan retirement accounts. To the extent requested by the plan sponsor, CMC Advisors may also create specific non-discretionary asset allocation models, from which plan participants may choose in managing their individual retirement accounts. The underlying funds and allocations comprising such models are recommended by CMC Advisors and approved by the plan sponsor and are rebalanced automatically on a quarterly basis thereafter. If the plan sponsor chooses to engage CMC Advisors in an ERISA Section 3(38) capacity, CMC Advisors may modify the investment options made available to plan participants on a discretionary basis.

#### **MISCELLANEOUS**

**Client Obligations.** In performing its services, CMC Advisors shall not be required to verify any information received from the client or from the client’s other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains the client’s responsibility to promptly notify CMC Advisors if there is ever any change in the client’s financial situation or investment objectives for the purpose of reviewing, evaluating, or revising CMC Advisors’ previous recommendations and/or services.

**Periods of Plan Inactivity.** CMC Advisors has a fiduciary duty to provide services consistent with the client’s best interest. As part of its investment advisory services, CMC Advisors will review a plan’s designated investment alternatives on an ongoing basis to determine if any changes are necessary based upon various factors, including, but not limited to, investment performance, mutual fund manager tenure, style drift, and/or a change in the plan’s investment objective. Based upon these factors, there may be extended periods of time when CMC Advisors determines that changes to a plan’s menu of designated investment alternatives are neither necessary nor prudent. Clients nonetheless remain subject to the fees described in Item 5 below during such periods. Of course, as indicated below, there can be no assurance that decisions and/or recommendations made by CMC Advisors will be profitable or equal any specific performance level(s).

**ERISA / IRC Fiduciary Acknowledgment.** When CMC Advisors provides investment advice to a client regarding the client's retirement plan account, it does so as a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act ("ERISA") and/or the Internal Revenue Code ("IRC"), as applicable, which are laws governing retirement accounts. The way CMC Advisors makes money creates some conflicts with client interests, so CMC Advisors operates under a special rule that requires it to act in the client's best interest and not put its interests ahead of the client's.

Under this special rule's provisions, CMC Advisors must:

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

**Investment Risk.** Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by CMC Advisors) will be profitable or equal any specific performance level(s).

- C. CMC Advisors shall provide advisory services specific to the needs of each client. Prior to providing advisory services, an investment adviser representative will consult with the client to determine their needs. Thereafter, CMC Advisors will recommend designated investment alternatives for each client and monitor those investment alternatives. The client may, at anytime, impose reasonable restrictions, in writing, on CMC Advisors' services.
- D. CMC Advisors does not participate in a wrap fee program.
- E. CMC Advisors acts as a pension consultant and does not have regulatory assets under management.

## **Item 5            Fees and Compensation**

- A. The client can determine to engage CMC Advisors to provide pension consulting services on a *fee* basis.

### **PENSION CONSULTING SERVICES**

If a client determines to engage CMC Advisors to provide pension consulting services on a *fee* basis, CMC Advisors' advisory fee shall be based upon a percentage (%) of the market value and type of assets placed under CMC Advisors' advisement. These fees are negotiable, at the sole discretion of CMC Advisors, subject to the following maximum annual fee schedule:

<u>Plan Assets</u>	<u>Annual Fee</u>
\$0 to \$500,000	1.00%
\$500,000.01 to \$1,000,000	0.90%
\$1,000,000.01 to \$1,500,000	0.80%
\$1,500,000.01 to \$2,000,000	0.70%
\$2,000,000.01 to \$5,000,000	0.50%
\$5,000,000.01 to \$10,000,000	0.40%
\$10,000,000.01 to \$15,000,000	0.30%
Over \$15,000,000.01	0.20%

As indicated above, CMC Advisors' advisory fees are negotiable at CMC Advisors' discretion, subject to the above maximum annual fee rates. As such, CMC Advisors may charge a lesser investment advisory fee based upon certain criteria (e.g., anticipated future additional assets, dollar amount of assets in the plan, related plans, plan composition, prior fee schedules, competition, negotiations with client, etc.). As result of the above, similarly situated clients could pay different fees. In addition, similar advisory services may be available from other investment advisers for similar or lower fees.

- B. If permitted by a retirement plan's governing documents, plan clients may elect to have CMC Advisors' advisory fees deducted from plan assets. Both CMC Advisors' *Retirement Plan Services Agreement* and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of CMC Advisors' investment advisory fee and to directly remit that fee to CMC Advisors in compliance with regulatory procedures. In the limited event that CMC Advisors bills the client directly, payment is due upon receipt of CMC Advisors' invoice. CMC Advisors shall deduct fees and/or bill clients quarterly in advance, based upon the market value of the assets on the last business day of the previous quarter.
- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, CMC Advisors shall generally recommend that Schwab Broker Dealer Custody or Charles Schwab Trust Bank (collectively, "*Schwab*"), Mid Atlantic Trust Company ("*Mid Atlantic*") and/or FIS/Fidelity Investments ("*FIS/Fidelity*") serve as the broker-dealer/custodian for retirement plan assets. Broker-dealers such as *Schwab*, *Mid Atlantic* and *FIS/Fidelity* may charge brokerage commissions and/or transaction fees to plan participants for effecting certain securities transactions (i.e., transaction fees may be charged for certain mutual funds, commissions may be charged for certain individual equity and fixed income securities transactions). These charges are assessed in accordance with the respective broker-dealer's brokerage commission and transaction fee schedules and may be assessed on either a per-transaction basis or as a percentage of plan assets. In addition to CMC Advisors' fee and any applicable brokerage commissions and/or transaction fees, plan participants will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g., management fees and other fund expenses).
- D. CMC Advisors' annual investment advisory fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter. No fee adjustments are made for plan contributions, deposits, or withdrawals made during the course of a billing period. CMC Advisors does not generally require an annual minimum fee or asset level for investment advisory services. CMC Advisors, in its sole discretion, may reduce its investment management fee based upon certain criteria (e.g., anticipated future earning capacity, anticipated future additional assets, dollar amount of

assets to be managed, related accounts, account composition, negotiations with client, etc.).

The *Retirement Plan Services Agreement* between CMC Advisors and the client will continue in effect until terminated by either party upon ninety (90) days prior written notice in accordance with the terms of the *Retirement Plan Services Agreement*. If an engagement is terminated, and the effective date of termination is in the middle of a fee quarter, CMC Advisors will generally assess a final quarterly fee, prorated through the effective date of termination. CMC Advisors reserves the right to waive this final prorated fee, at its sole discretion.

- E. Neither CMC Advisors, nor its representatives accept compensation from the sale of securities or other investment products.

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

Neither CMC Advisors nor any supervised person of CMC Advisors accepts performance-based fees.

## **Item 7            Types of Clients**

CMC Advisors' clients generally include qualified pension and profit sharing plans. CMC Advisors does not generally require an annual minimum fee or asset level for investment advisory services.

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

- A. CMC Advisors uses Modern Portfolio Theory ("MPT") as one of its core investment strategies. MPT is a sophisticated investment decision approach that theoretically permits an investor to classify, estimate, and control both the kind and the amount of expected risk and return. However, it should be noted that mutual funds involve risk and may lose value. Mutual funds are not insured by the Federal Deposit Insurance Corporation, National Credit Union Share Insurance Fund, or any other federal government agency and are not deposits or obligations of, guaranteed by, or insured by, the depository institution where offered or any of its affiliates.

CMC Advisors may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)

**Investment Risk.** Investing in securities involves risk of loss that clients should be prepared to bear. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by CMC Advisors) will be profitable or equal any specific performance level(s).

- B. CMC Advisors' methods of analysis and investment strategies do not present any significant or unusual risks.

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

CMC Advisors' primary investment strategy - Long Term Purchases - is a fundamental investment strategy. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy.

The investment guidelines are based upon an investment horizon of greater than five years, so that interim fluctuations should be viewed with appropriate perspective. Similarly, the plan's strategic asset allocation is based on this long-term perspective. Capital values do fluctuate, and the Plan Sponsor should recognize that the possibility of capital loss does exist. However, historical asset class return data suggest that the risk of principal loss over a holding period of at least five to ten years can be minimized with the long-term investment mix employed.

- C. Currently, CMC Advisors recommends that its retirement plan clients provide participants with a broad range of designated investment objective(s) comprised primarily of open end mutual funds. The returns on mutual funds can be reduced by the costs to manage the funds. While mutual funds generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market. Funds that are sold through brokers are called load funds, and those sold to investors directly from the fund companies are called no-load funds. Mutual funds come in many varieties. Some invest aggressively for capital appreciation, while others are conservative and are designed to generate income for shareholders. These risks are based on the types of risks associated with the mutual fund's underlying securities, typically the stocks and bonds that make up a mutual fund's portfolio.

## **Item 9            Disciplinary Information**

CMC Advisors has not been the subject of any disciplinary actions.

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

- A. Neither CMC Advisors, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

- B. Neither CMC Advisors, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. **Pension and Profit Sharing Administrator.** CMC Advisors is affiliated with CMC Interactive, LLC, (“*Interactive*”), a Third Party Administration firm that provides administration services to retirement plans (each a “Plan”), including clients of CMC Advisors. CMC Advisors’ advisory fee is payable directly by the Plan (the sponsor and/or the participants). *Interactive* is paid a separate fee for its services. The out-of-pocket fee amount to be paid by the Plan to *Interactive* is generally dependent on what portion (if any) of any mutual fund revenue sharing fees that are paid by the mutual funds to the platform provider are remitted to *Interactive*. CMC Advisors employs an initial and ongoing comprehensive mutual fund screening process based upon various factors, including fund performance and costs. Whether or not a fund pays revenue sharing is not the determinative consideration in the screening process. However, all revenue sharing fees or other third-party payments are used as a credit to offset the amount of the Plan’s recordkeeping fees. Therefore, upon completion of the fund screening process, CMC Advisors, when able, may recommend that the Plan use a fund that pays revenue sharing so as to minimize the amount of out-of-pocket fee expense incurred by the Plan and/or its participants for *Interactive*’s services. As a result of recommending revenue sharing funds, although the out-of-pocket costs to the Plan and/or its participants will be less, revenue sharing payments generated by a Plan and accruing to *Interactive* may be higher than the fees due to *Interactive* for services to such Plan. In these instances, the amount of such revenue sharing payments in excess of the fee due to *Interactive* shall be credited back to the relevant Plan’s participants’ accounts in a pro rata manner, based on participant account balances. Nonetheless, the Plan, at all times may direct CMC Advisors, in writing, to exclude all revenue sharing funds from its screening process. If the Plan directs that the Adviser use funds that pay revenue sharing fees to offset Plan costs (including professional fees), the Plan acknowledges that such funds generally have higher internal expense ratios. Higher expense ratios adversely impact performance. When using a fund that pays revenue sharing fees, lower cost share classes of the same fund are typically available.

**Revenue Share Differentials.** In the event that a Plan Sponsor requests that an asset category include more than one mutual fund from which participants may choose, a conflict of interest may arise during the participant education process because one of the funds in the category may pay a revenue share to *Interactive*, or a higher revenue share than the other fund in the asset category. Although CMC Advisors would never favor one fund vs. another based upon revenue share, a conflict of interest does arise. In such event, CMC Advisors and *Interactive* shall disclose the revenue share differential, if any, to the participant. Further, this conflict of interest is mitigated by the fact that all revenue sharing fees or other third party payments are used as a credit to offset the amount of the Plan’s recordkeeping fees, and any revenue sharing payments collected by *Interactive* in excess of *Interactive*’s fee are credited back to the relevant Plan’s participant accounts.

**Schwab Referrals to Interactive.** *Interactive* compensates *Schwab* for referrals of prospective plan clients who may require *Interactive*’s record keeping services. The terms and conditions of the referral arrangement, including the amount and duration of the referral compensation arrangement between *Interactive* and *Schwab*, are set forth in a written Plan Sponsor Acknowledgment executed by the Plan Sponsor. Plans referred to *Interactive* by *Schwab* could become clients of CMC Advisors. This arrangement creates the potential for conflict of interest, especially if the referred Plan becomes a client of CMC



Advisors, and CMC Advisors recommends that the Plan commence or continue a custodian relationship with *Schwab* for Plan assets. No client is under any obligation to utilize *Schwab* and may obtain execution and/or custodial services from other broker-dealers/custodians.

**Schwab Advisory Board.** Commencing in 2023, Michael Calandra, a Principal of CMC Advisors, serves on the Schwab Retirement Business Services Advisory Board (the “Board”). As discussed throughout this Form ADV, CMC Advisors may recommend that its employee benefit plan sponsor clients establish accounts with *Schwab* to maintain custody of the employee benefit plan sponsor clients’ employee benefit plans’ assets and effect trades for the accounts established at *Schwab* for such plans. Further, Charles Schwab Bank may also serve as directed trustee for an employee benefit plan’s assets. The Board consists of approximately 21 representatives of independent investment advisory or independent recordkeeping firms who have been invited by *Schwab* management to participate in meetings and discussions of Schwab Retirement Business Services’ services for independent investment advisory and/or recordkeeping firms and their employee benefit plan sponsor clients. Board members serve for three-year terms. Board members, including Mr. Calandra, enter nondisclosure agreements with *Schwab* under which they agree not to disclose confidential information shared with them. This information generally does not include material nonpublic information about the Charles Schwab Corporation, whose common stock is listed for trading on the New York Stock Exchange and the NASDAQ stock market (symbol: SCHW). The Board meets in person approximately twice per year and has periodic conference calls scheduled as needed. Board members are not compensated by *Schwab* for their service, but *Schwab* does pay for or reimburse Board members’ travel, lodging, meals and other incidental expenses incurred in attending Board meetings. This arrangement presents a conflict of interest, as Mr. Calandra and/or CMC Advisors is incentivized to recommend the brokerage and custody services of *Schwab* due to Mr. Calandra’s role on the Board and receipt of the above-referenced benefits. Mr. Calandra and CMC Advisors seek to mitigate these conflicts by assessing best execution capabilities of recommended broker-dealers/custodians on a regular basis without consideration to Mr. Calandra’s role on the Board and receipt of benefits, by providing full and fair disclosure of these conflicts, and by only recommending broker-dealers/custodians (including *Schwab*) when considered to be in the client’s best interest, notwithstanding the interests of Mr. Calandra and CMC Advisors.

- D. CMC Advisors does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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

- A. CMC Advisors maintains an investment policy relative to personal securities transactions. This investment policy is part of CMC Advisors’ overall Code of Ethics, which serves to establish a standard of business conduct for all of CMC Advisors’ Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, CMC Advisors also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by CMC Advisors or any person associated with CMC

Advisors.

- B. Neither CMC Advisors nor any related person of CMC Advisors recommends, buys, or sells for client accounts, securities in which CMC Advisors or any related person of CMC Advisors has a material financial interest, with the exception of mutual funds that pay a revenue share as described more fully above.
- C. CMC Advisors and/or representatives of CMC Advisors *may* buy or sell securities that are also recommended to clients. This practice may create a situation where CMC Advisors and/or representatives of CMC Advisors are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as “scalping” (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if CMC Advisors did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, “front-running” (i.e., personal trades executed prior to those of CMC Advisors’ clients) and other potentially abusive practices.

CMC Advisors has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of CMC Advisors’ “Access Persons”. CMC Advisors’ securities transaction policy requires that an Access Person of CMC Advisors must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person’s current securities holdings at least once each twelve (12) month period thereafter on a date CMC Advisors selects; provided, however that at any time that CMC Advisors has only one Access Person, he or she shall not be required to submit any securities report described above.

- D. CMC Advisors and/or representatives of CMC Advisors *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where CMC Advisors and/or representatives of CMC Advisors are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11 C, CMC Advisors has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of CMC Advisors’ Access Persons.

## **Item 12      Brokerage Practices**

- A. In the event that the client requests that CMC Advisors recommend a broker-dealer/custodian for plan custodial services (exclusive of those clients that may direct CMC Advisors to use a specific broker-dealer/custodian), CMC Advisors generally recommends that retirement plan assets be maintained at *Schwab*, *Mid Atlantic* and/or *FIS/Fidelity*. Prior to engaging CMC Advisors to provide retirement plan consulting services, the client will be required to enter into a formal *Retirement Plan Services Agreement* with CMC Advisors setting forth the terms and conditions under which CMC Advisors shall provide services to the plan, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that CMC Advisors considers in recommending *Schwab*, *Mid Atlantic*, and/or *FIS/Fidelity* (or any other broker-dealer/custodian to clients) include historical relationship with CMC Advisors, financial strength, reputation, execution capabilities, pricing,

research, and service. Although the commissions and/or transaction fees paid by CMC Advisors' clients shall comply with CMC Advisors' duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where CMC Advisors determines, in good faith, that the commission/transaction fee is reasonable. 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 CMC Advisors will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, CMC Advisors' fee.

1. Payments from Schwab, Mid Atlantic, FIS/Fidelity and/or American Funds

*Interactive* has revenue sharing arrangements with *Schwab, Mid Atlantic, FIS/Fidelity*, and/or *American Funds Distributors, Inc.* ("American Funds") whereby mutual funds that CMC Advisors recommends for inclusion as investment choices for clients' pension plans may pay *Schwab, Mid Atlantic, FIS/Fidelity* or *American Funds* revenue sharing payments which may in turn be passed on to *Interactive* either directly or indirectly through an intermediary (i.e. if *Fidelity* is the custodian, FIS Global Network holds the revenue sharing agreements with the respective fund companies and pays *Interactive*). All such payments are applied against the corresponding client fees payable to *Interactive* and any such payments exceeding the amount of *Interactive's* fees shall be credited back to the relevant Plan's participant accounts. *Interactive* estimates the amount of these payments when quoting fees to new clients and proposed fees reflect a reduction based on the expected payments from *Schwab, Mid Atlantic, FIS/Fidelity* and/or *American Funds*.

Non-Soft Dollar Research and Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, CMC Advisors can receive from *Schwab, Mid Atlantic* and/or *FIS/Fidelity* (or another broker-dealer/custodian, investment platform, vendor, unaffiliated investment manager, and/or mutual fund sponsor) without cost (and/or at a discount) support services and/or products, certain of which assist CMC Advisors to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by CMC Advisors can be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by CMC Advisors in furtherance of its investment advisory business operations.

Certain of the above support services and/or products assist CMC Advisors in managing and administering client accounts. Others do not directly provide such assistance, but rather assist CMC Advisors to manage and further develop its business enterprise.

CMC Advisors' clients do not pay more for investment transactions effected and/or assets maintained at *Schwab, Mid Atlantic* and/or *FIS/Fidelity* as a result of this

arrangement. There is no corresponding commitment made by CMC Advisors to *Schwab*, *Mid Atlantic* and/or *FIS/Fidelity* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement.

2. **Schwab Referrals to Interactive.** *Interactive* compensates *Schwab* for referrals of prospective plan clients who may require *Interactive*'s record keeping services. The terms and conditions of the referral arrangement, including the amount and duration of the referral compensation arrangement between *Interactive* and *Schwab*, are set forth in a written Plan Sponsor Acknowledgment executed by the Plan Sponsor. Plans referred to *Interactive* by *Schwab* could become clients of CMC Advisors. This arrangement creates the potential for conflict of interest, especially if the referred Plan becomes a client of CMC Advisors, and CMC Advisors recommends that the Plan commence or continue a custodian relationship with *Schwab* for Plan assets. No client is under any obligation to utilize *Schwab* and may obtain execution and/or custodial services from other broker-dealers/custodians.
3. CMC Advisors does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and CMC Advisors will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by CMC Advisors. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

In the event that the client directs CMC Advisors to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through CMC Advisors. Higher transaction costs adversely impact account performance. Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts.

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

## **Item 13      Review of Accounts**

- A. Account reviews are conducted on an ongoing basis by CMC Advisors' Principals and/or representatives. All clients are advised that it remains their responsibility to advise CMC Advisors of any changes in their investment objectives and/or financial situation.
- B. CMC Advisors may conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. CMC Advisors may also provide a written periodic report summarizing account activity and performance.

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

- A. As referenced in Item 12.A.1 above, CMC Advisors may receive economic benefits from *Schwab*, *Mid Atlantic*, *American Funds*, and/or *FIS/Fidelity* including support services and/or products without cost or at a discount.

CMC Advisors' clients do not pay more for investment transactions effected and/or assets maintained at *Schwab*, *Mid Atlantic*, *American Funds*, and/or *FIS/Fidelity* as a result of this arrangement. There is no corresponding commitment made by CMC Advisors to *Schwab*, *Mid Atlantic*, *American Funds*, and/or *FIS/Fidelity* or any other any entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

- B. If a client is introduced to CMC Advisors by either an unaffiliated or an affiliated solicitor, CMC Advisors may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-1 of the Investment Advisers Act of 1940 (the "Advisers Act") (and/or any subsequent or replacement Advisers Act provisions related to the same subject matter), and any corresponding state securities law requirements. Any such referral fee shall be paid solely from CMC Advisors' investment management fee. If the client is introduced to CMC Advisors by an unaffiliated solicitor, the solicitor will provide to the referred client a Solicitor Disclosure Statement describing the nature of the solicitor relationship, including, to the extent applicable, any compensation to be received for the referral and related material conflicts of interest. Please be advised that clients introduced to CMC Advisors through a solicitor may incur a higher fee compared to clients who engage CMC Advisors directly without a solicitor. Regardless, no client will incur a fee in excess of the fee schedule disclosed at Item 5 – Fees and Compensation.

**Schwab Referrals to Interactive.** As disclosed above at Items 10 and 12, *Interactive* compensates *Schwab* for referrals of prospective plan clients who may require *Interactive's* record keeping services. The terms and conditions of the referral arrangement, including the amount and duration of the referral compensation arrangement between *Interactive* and *Schwab*, are set forth in a written Plan Sponsor Acknowledgment executed by the Plan Sponsor. Plans referred to *Interactive* by *Schwab* could become clients of CMC Advisors. This arrangement creates the potential for conflict of interest, especially if the referred plan becomes a client of CMC Advisors, and CMC Advisors recommends that the plan commence or continue a custodian relationship with *Schwab* for Plan assets. No client is

under any obligation to utilize *Schwab* and may obtain execution and/or custodial services from other broker-dealers/custodians.

## **Item 15           Custody**

CMC Advisors shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. CMC Advisors may also provide a written periodic report summarizing account activity and performance. To the extent that CMC Advisors provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by CMC Advisors with the account statements received from the account custodian. The account custodian does not verify the accuracy of CMC Advisors' advisory fee calculation.

As a result of certain services that may be provided by *Interactive* to clients of CMC Advisors, CMC Advisors indicates that its related person has custody on Form ADV Part 1, at Item 9, and as a result thereof CMC Advisors is subject to an annual surprise CPA examination in accordance with the requirements of Rule 206(4)-2 under the Investment Advisers Act of 1940.

## **Item 16           Investment Discretion**

CMC Advisors may be engaged in an ERISA 3(38) capacity in order to exercise discretionary authority over the selection of funds made available to participants within the ERISA plan's lineup of investment alternatives. If requested by the client, CMC Advisors may also manage discretionary asset allocations models within a plan's lineup of investment alternatives. Prior to CMC Advisors assuming discretionary services relationship, the client shall be required to execute a *Retirement Plan Services Agreement*, granting CMC Advisors full authority to add or remove investment alternatives from the plan's fund lineup and, if applicable, to direct participant investments contained within a discretionary asset allocation model.

Clients who engage CMC Advisors on a discretionary basis may, at anytime, impose restrictions, in writing, on CMC Advisors' discretionary authority. (i.e. limit the universe of acceptable asset classes, exclude the ability to include funds that make revenue sharing payments, etc.).

## **Item 17           Voting Client Securities**

- A. CMC Advisors does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.

- B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact CMC Advisors to discuss any questions they may have with a particular solicitation.

**Item 18      Financial Information**

- A. CMC Advisors does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. CMC Advisors is not aware of any financial condition that is reasonably likely to impair its ability to meet its contractual obligations relating to its discretionary authority over certain plan assets.
- C. CMC Advisors has not been the subject of a bankruptcy petition.