



## ITEM 1 – COVER PAGE

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### **Part 2A of Form ADV: Firm Brochure**

October 11, 2024

132 N. First Street  
P.O. Box 1517  
Albemarle, NC 28002

Telephone: 704-983-5959  
Email: [mthornburg@uwharrie.com](mailto:mthornburg@uwharrie.com)  
Web Address: [www.uwharrie.com](http://www.uwharrie.com)

This Brochure provides information about Uwharrie Investment Advisors, Inc.'s qualifications and business practices. If you have any questions about this Brochure's contents, please contact Uwharrie Investment Advisors, Inc. at 704-983-5959 or [mthornburg@uwharrie.com](mailto:mthornburg@uwharrie.com). This Brochure's information has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about Uwharrie Investment Advisors, Inc. is available on the Securities and Exchange Commission's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site using the Firm's CRD number: 117592.

## ITEM 2 – MATERIAL CHANGES

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As a fiduciary, Uwharrie Investment Advisors, Inc. (the “**Firm**”) has the ongoing obligation to inform its clients of any material information that could affect the advisory relationship.

Since the last annual amendment was filed on March 1, 2024, the following material changes were made:

- Under Item 13 we have clarified that the client is responsible for verifying the accuracy of fees.

If you would like another copy of this Brochure, please download it from the SEC Website as indicated above or you may contact our Chief Compliance Officer, Misty Thornburg, at 704-983-5959.

We encourage you to read this document in its entirety.

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## ITEM 4 – ADVISORY BUSINESS

The Firm is an SEC-registered investment adviser with its principal place of business in Albemarle, North Carolina. The Firm began conducting business in 1993 under The Strategic Alliance Corporation (“TSAC”). In 1998, the Firm was incorporated in the State of North Carolina as Strategic Investment Advisors, Inc. The Firm changed its name to Uwharrie Investment Advisors, Inc. on July 1, 2015.

### A. Principal Shareholder:

Listed below are the Firm's principal shareholders:

- Uwharrie Capital Corp (parent company and sole shareholder)

### B. Investment Advisory Services:

#### 1. The UIA Managed Account Program:

The Firm provides each client with ongoing, individualized investment advice. During the initial meeting, an investment adviser representative (“IAR”) will work with the client to establish his or her investment goals and/or objectives, time horizon, risk tolerance, and liquidity needs. The Firm uses an Investor Questionnaire and a Risk Profile Assessment to help determine a suitable portfolio for the client. Based on the information provided by the client, the Firm recommends to the client a portfolio. The Firm develops an investment policy statement (“IPS”) that describes in writing the investor's long-term goals, investment restrictions, the portfolio's investment guidelines, and the responsibilities of the client and the Firm. Our Firm may advise a Client about legacy positions or other investments in Client portfolios. Clients can limit or restrict our trading in these positions.

As appropriate, the Firm's Investment Committee reviews and discusses a client's prior investment history, as well as his or her family composition, risk tolerance, resources, and background.

Once the CCO, the designee, or the Investment Committee approves the portfolio's suitability, the Firm recommends the portfolio to the client and the client accepts the recommendation by signing the IPS and investment advisory agreement. The portfolio is managed based on its objectives. Clients have the opportunity to place reasonable restrictions on the types of investments to be held in their account or the asset classes to be included. The Firm manages these advisory accounts on a discretionary basis. Account supervision is guided by the client's stated goals and objectives (*i.e.*, growth, growth and income, or income), as well as tax considerations.

The Firm's investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company, and will *generally* include advice regarding the following securities:

- |                                  |                              |
|----------------------------------|------------------------------|
| • Equities                       | • Corporate Debt Securities  |
| • Exchange-traded Funds (“ETFs”) | • Municipal Debt Securities  |
| • Mutual Fund Shares             | • U.S. Treasuries & Agencies |
| • Stocks                         | • Cash                       |

All of which are considered asset allocation categories for the client's investment strategy.

## 2. Third-Party Management (“TPM”) Wrap Fee Programs:

### TPM-Sponsored

We provide services through a wrap fee basis as part of the TPM-sponsored wrap fee programs. Under these TPM wrap fee programs, you will receive investment advisory services, the execution of securities brokerage transactions, custody, and reporting services for a single specified fee. Please see our Wrap Fee Brochure.

If the services were acquired separately, the “wrap” fee program fees for any of these TPM solutions may be more or less than the fees and commissions charged by other advisory firms, third-party managers, and brokerage firms. The factors that bear upon the cost of services are the size of the account, type of transaction and whether trades are placed through a brokerage firm other than the custodian resulting in per trade commission being charged.

### Retirement Plan Consulting Services:

For employer-sponsored retirement plans with participant-directed investments, our firm provides its advisory services as an investment advisor as defined under Section 3(21) and 3(38) of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”).

When serving as an ERISA 3(21) investment advisor, the Plan Sponsor and Our Firm share fiduciary responsibility. The Plan Sponsor retains ultimate decision-making authority for the investments and may accept or reject the recommendations in accordance with the terms of a separate ERISA 3(21) Plan Sponsor Investment Management Agreement between Our Firm and the Plan Sponsor. Under the 3(21) agreement Our Firm provides the following services to the Plan Sponsor:

- Screen investments and make recommendations.
- Monitor the investments and suggests replacement investments when appropriate.
- Provide a quarterly monitoring report.
- Assist the plan sponsor in developing an Investment Policy Statement (“IPS”).
- Recommend QDIA alternatives.
- Recommend non-discretionary model portfolios.

We can also be engaged to provide Plan Consulting Services. Plan Consulting Services include financial education to Plan participants, benchmarking the Plan services, education to fiduciary committee members, and monitoring the service provider. The scope of education provided to participants will not constitute “investment advice” within the meaning of ERISA and participant education will relate to general principles for investing and information about the investment options currently in the Plan. We may also participate in initial enrollment meetings and periodic workshops and enrollment meetings for new participants.

### Disclosure Regarding Rollover Recommendations

A client or prospect leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer’s plan, if permitted, (ii) roll over the assets to the new employer’s plan, if one is available

and rollovers are permitted, (iii) rollover to an Individual Retirement Account (“IRA”), or (iv) cash out the account value (which could, depending upon the client’s age, result in adverse tax consequences). Our Firm may recommend an investor roll over plan assets to an IRA for which our Firm provides investment advisory services. As a result, our Firm and its representatives may earn an asset-based fee. In contrast, a recommendation that a client or prospective client leave their plan assets with their previous employer or roll over the assets to a plan sponsored by a new employer will generally result in no compensation to our Firm. Our Firm therefore has an economic incentive to encourage a client to roll plan assets into an IRA that our Firm will manage, which presents a conflict of interest. To mitigate the conflict of interest, there are various factors that our Firm will consider before recommending a rollover, including but not limited to: (i) the investment options available in the plan versus the investment options available in an IRA, (ii) fees and expenses in the plan versus the fees and expenses in an IRA, (iii) the services and responsiveness of the plan’s investment professionals versus those of our Firm, (iv) protection of assets from creditors and legal judgments, (v) required minimum distributions and age considerations, and (vi) employer stock tax consequences, if any. All rollover recommendations are reviewed by our Firm’s Chief Compliance Officer who remains available to address any questions that a client or prospective client has regarding the oversight.

We are fiduciaries under the Investment Advisers Act of 1940 and when we provide investment advice to you regarding your retirement plan account or individual retirement account, we are also 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. We have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests.

### **3. Financial Planning Services:**

The Firm provides limited financial planning services. Financial planning is a comprehensive evaluation of a client’s current and future financial state by using currently known variables to predict future cash flows, asset values, and withdrawal plans. Through the financial planning process, all questions, information, and analyses are considered as they impact and are impacted by the client’s financial and life situation. The Firm uses the information elicited from the client to produce a written financial plan. The Firm does not have discretion to implement any investment recommendations outlined in the client’s financial plan, nor does it have any ongoing obligation to monitor investment recommendations implemented by the client. Through the financial planning process, the obligations and responsibilities of the Firm and the client will address:

- Goals, needs, and objectives,
- Gather and provide appropriate data,
- The result of the current course of action without changes,
- The formulation of any recommended actions,
- The Firm’s implementation responsibilities, and
- The Firm’s monitoring responsibilities.

#### **4. Consulting Services:**

Clients can also receive investment advice on a more focused basis. This may include advice on isolated areas of concern such as estate planning, retirement planning, or any other specific topic. The Firm also provides specific consultation and administrative services regarding the client's investment and financial concerns. Consulting recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. All recommendations are of a generic nature.

#### **5. Legacy Management Services:**

Our Firm may advise a Client about legacy positions or other investments in Client portfolios. Clients can limit or restrict our trading in these positions.

#### **Wrap Fee Programs:**

For all accounts under Firm management (excluding those accounts managed as part of the UIA Managed Account Program), the Firm will provide its advisory services as part of a wrap fee program. A wrap fee program generally involves an investment advisory account where the client is charged by the program's sponsor a "wrap fee," a bundled fee that includes the provision of investment advice, brokerage services, administrative expenses, and other fees and expenses. The fee covers transaction costs or commissions resulting from the management of your accounts, however, some investments trade without transaction fees today, so our payment of these and other incidental custodial related expenses should not be considered a significant factor in determining the relative value of our wrap program. The wrap fee does not include the internal fund expenses of mutual funds and ETFs, nor does it cover securities transactions executed outside of the wrap fee program, if any. The wrap fee program's sponsor organizes and administers the program in exchange for a portion of the wrap fee paid by the client. The wrap fee program's portfolio manager advises on and manages client assets within the program in exchange for a portion of the wrap fee paid by the client. With respect to the Firm's Wrap Fee Program, the Firm serves as the program's sole sponsor and portfolio manager. In evaluating the program and its appropriateness, clients should take into consideration, among other factors, the level of trading activity occurring within their accounts and whether it would be more or less expensive to purchase the various services included within the program separately. The terms and conditions of the Firm's wrap fee program are more fully discussed in its Wrap Fee Program Brochure. Participants in the Program may pay a higher aggregate fee than if brokerage services are purchased separately. Additional information about the Program is available in the Firm's Wrap Brochure, which appears as Part 2A Appendix 1 of the Firm's Form ADV.

#### **Amount of Managed Assets:**

As of December 31, 2023, the Firm is actively managing \$224,721,607 of client assets on a discretionary basis. The firm has no non-discretionary assets.

As of December 31, 2023, the Firm also had \$57,757,333 in assets under advisement.

## ITEM 5 – FEES & COMPENSATION

### A. Portfolio Management Fees:

#### 1. UIA Managed Accounts:

The annualized fee for Investment Supervisory Services will be charged as a percentage of assets under management, and in accordance with the following schedule:

**UIA Managed Account– Active/Passive**

Account(s) Value:	Annual Percentage:
\$100,000 - \$500,000	1.50%
\$500,001 - \$1,000,000	1.25%
\$1,000,001 - \$2,000,000	1.00%
\$2,000,001 - \$9,000,000	0.75%
Over \$9,000,000	0.50%

**These schedules are used as a guideline only.**

Fees are debited monthly, in arrears, based upon the market value of the client's account at the end of the previous billing period. Fees will be debited from the account in accordance with the client authorization set forth in the Client Services Agreement, Schedule C. The fee is calculated by the Firm using a portfolio management and reporting software system. The value will be determined as reported by the custodian. Fees are assessed on all assets under management, including securities, cash, and money market balances.

In addition to the advisory fees noted above, Pershing, LLC ("**Pershing**"), the Firm's custodian, will charge all UIA Managed Account clients a separate transaction fee for equity trades and transactions involving mutual funds not listed in the Pershing FundVest Program. Pershing charges a \$10.00 transaction fee for each equity trade, and \$25.00 for each non-FundVest mutual fund transaction. To reduce transaction costs, the Firm purchases FundVest funds, unless the Investment Committee determines that the purchase of a particular fund not listed in the program would benefit the Firm's UIA Managed Account clients. These fees do not include any fees or expenses charged by the mutual funds and/or ETFs, which are separate and distinct. For more information regarding mutual fund and/or ETF fees and expenses, please refer to the "General Information" section (Item 5) of this Form ADV for additional information or refer to the fund's prospectus.

Investors in the UIA Managed Account – Active/Passive Program and the UIA Managed Account – Passive Program are generally required to make a minimum contribution of **\$100,000**. Clients already invested in a UIA Managed Account will remain subject to the fee arrangement maintained with the Firm before implementing any new fee structure.



Although the Firm has established the aforementioned fee schedule, the Firm retains the discretion to negotiate alternative fee arrangements on a client-by-client basis. Client facts, circumstances, and needs will be considered in determining the fee schedule; these include the complexity of the client's situation, assets to be managed, anticipated future additional assets, related accounts, and fees agreed to in prior agreements, among other factors. The specific annual fee schedule will be identified in the Client Services Agreement between the Firm and each client.

In its discretion, the Firm will group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee. The Firm may have some clients who have accounts held at more than one custodian. With the client's written approval, as reflected in the Client Services Agreement, Schedule C, the Firm may debit the management fee due for all accounts that comprise the portfolio from a single account held at one of the custodians.

## **2. Retirement Plan Consulting Fees:**

The Firm's fees for Pension Consulting Services are based on a percentage of assets under advisement, according to the following schedule:

Account(s) Value:	Annual Percentage:
Any	0.30% to 1.75%

**This schedule is used as a guideline only.**

All fees are subject to negotiation at the Firm's sole discretion. Specific fee amounts will be indicated in the Client Services Agreement between the Firm and the plan or plan sponsor. For retirement plans, the Firm's fee is disclosed by the Custodian and is charged as part of the total plan fee or in accordance with the Sponsor's authorization. Plan sponsors are invoiced in arrears at the end of each calendar quarter by the record keeper.

## **3. Financial Planning Fees:**

The Firm's fee for limited financial planning services may be complimentary based on the client's relationship and negotiable for those who request it as a standalone service. All fees are agreed upon prior to entering into a contract with any client and are subsequently outlined in the Financial Planning Agreement, Schedule A. The Firm invoices client's fifty percent (50%) of the agreed upon engagement fee at the time the financial planning relationship is established, and the remaining fifty percent (50%) following the engagement's completion.

When investment management and plan implementation services are offered, there is a conflict of interest since there is an incentive for the Firm to recommend investment products for which it will receive additional compensation separate and distinct from the compensation it receives for the provision of investment advisory services. However, the Firm will make all recommendations independent of such considerations and based solely on its fiduciary obligation to consider your needs and objectives. As an investment advisory client, you have the right not to act upon any of the Firm's recommendations, nor effect the transaction(s) through the Firm if you decide to follow the recommendations.

**4. Consulting Fees:**

The Firm's Consulting Services fee is determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with any client. The Firm bills clients at the completion of the service for fees incurred.

**5. Legacy Management Fee:**

Managed legacy positions are included within our Firm's standard investment management fee and are outlined in the executed investment management agreement.

**B. General Information:**

**1. Termination of the Advisory Relationship:**

A client agreement may be canceled at any time by either party and for any reason upon receipt of five (5) days prior written notice. Termination will become effective upon receipt of notice. Please note that certain fees are paid in advance of services provided. Any prepaid, unearned fees will be promptly refunded upon termination. In calculating a client's reimbursement of fees, the Firm will pro-rate the reimbursement according to the number of days remaining in the billing period.

For fees charged in arrears, the management fee will be pro-rated to the date of termination, for the month in which the cancellation notice was given. The unearned fee is billed to your account as indicated in your Client Services Agreement. Upon termination, you are responsible for monitoring the securities in your account, and the Firm will have no further obligation to act or advise with respect to those assets. In the event of client's death or disability, the Firm will continue to manage the account until it is notified of the client's death or given alternative instructions by an authorized party in the case of disability.

**2. Mutual Fund and ETF Fees:**

All fees paid to the Firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee or early redemption fee. A client could invest in a mutual fund directly without the Firm's services. In that case, the client would not receive the services provided by the Firm, which are designed to assist the client in determining which mutual fund or funds are most appropriate given his or her financial condition and objectives, among other things. Accordingly, the client should review both the fees charged by the funds and the Firm's fees to fully understand the total amount of fees to be paid by him or her, and to evaluate the advisory services being provided.

**3. Additional Fees and Expenses:**

In addition to the Firm's advisory fees, clients are also responsible for the fees and expenses charged by custodians, including, but not limited to, any transaction charges imposed by the custodian with which independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information concerning fees and expenses.

#### 4. Grandfathering of Minimum Account Requirements:

Pre-existing advisory clients are subject to the Firm's minimum account requirements and advisory fees in effect at the time the clients entered into an advisory relationship with the Firm. Therefore, the Firm's minimum account requirements may vary from one client to the next.

#### 5. ERISA Accounts:

The Firm is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts pursuant to the Employee Retirement Income and Securities Act ("ERISA"). As such, the Firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include restrictions concerning certain forms of compensation, among other things. To avoid engaging in prohibited transactions, the Firm may only charge fees for investment advice about products for which the Firm and/or its related persons do not receive any commissions or 12b-1 fees. The Firm ensures oversight of third-party services providers with regard to current disclosure requirements.

#### 6. Advisory Fees in General:

Clients should note that similar advisory services may or may not be available from other registered (or unregistered) investment advisers for similar or lower fees. No increase in the Firm's fee(s) will be effective without a 30-day prior written notification to the client.

#### 7. Limited Prepayment of Fees:

Under no circumstances does the Firm require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.

### ITEM 6 – PERFORMANCE-BASED FEES & SIDE-BY-SIDE MANAGEMENT

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The Firm does not charge performance-based fees, nor does it engage in side-by-side management.

### ITEM 7 – TYPES OF CLIENTS

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The Firm provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Retirement and profit-sharing plans (other than plan participants)
- Charitable organizations
- Foundations
- Corporations or other businesses not listed above
- Trusts
- Other

As previously disclosed in Item 5, the Firm has established certain initial minimum account requirements, based on the

nature of the service(s) being provided. For a more detailed understanding of those requirements, please review the disclosures provided for each applicable service.

## **ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES, & RISK OF LOSS**

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

The Firm uses the following methods of analysis in formulating its investment advice and/or managing client assets:

#### **1. Asset Allocation:**

Rather than focusing primarily on individual securities selection, the Firm, using Modern Portfolio Theory, attempts to determine an appropriate mix of asset classes, including, but not limited to, various U.S. and international equities, U.S. and international fixed income products, mutual funds or ETFs that hold commodities or alternatives, and cash equivalents. A risk of asset allocation is that the mix of asset classes may change over time due to market movement, and, if not corrected, will no longer be appropriate given the client's objectives.

#### **2. Mutual Fund and/or ETF Analysis:**

The Firm analyzes a mutual funds or ETF's historical performance using various statistics to determine if the fund manager has historically added value above a suitable benchmark over a period greater than three years and across various market conditions. The Firm also looks at the underlying assets in a mutual fund or ETF to assess whether there is significant overlap in the underlying investments held in another fund within the client's portfolio. The Firm also monitors the funds or ETFs to ascertain if the manager is continuing to follow his/her stated investment strategy.

If the Firm concludes that a manager is not consistently adding value above a suitable benchmark or if the manager is not following his/her stated investment policy, the Firm will conduct a manager search to determine a replacement for the mutual fund or ETF. The Firm gathers information on the product in order to determine how the mutual fund or ETF compares to product peers and to a benchmark. The decision to hire, fire, or replace managers is made by the Firm's Investment Committee.

As in all securities investments, a risk of mutual fund and/or ETF analysis is that past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as the Firm does not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holdings less suitable for the client's portfolio.

#### **3. Third-Party Manager Analysis:**

The Firm seeks to recommend an investment strategy that will give the client a diversified portfolio consistent with the client's stated investment objectives. The Firm will analyze various securities, investment strategies, and third-party investment management firms. The objective is to identify the client's risk tolerance, and then select the most appropriate manager for that client.

The Firm examines the experience, expertise, investment philosophies, and past performance of independent

third-party managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. The Firm will monitor the managers' underlying holdings, strategies, concentrations, and leverage as part of a periodically conducted risk assessment. Additionally, as part of the due diligence process, the Firm will survey the managers' compliance and business enterprise risks.

A risk of investing with a third-party manager who has been successful in the past is that the manager may not be able to replicate that success in the future. In addition, as the Firm does not control the underlying investments in a managers' portfolio, there is also a risk that the manager may deviate from the portfolio's stated investment mandate or strategy, making it a less suitable investment for Firm clients. Moreover, as the Firm does not control the managers' daily business and compliance operations, the Firm may be unaware of the lack of internal controls necessary to prevent business, regulatory, or reputational deficiencies.

#### **4. Risks For All Forms Of Analysis:**

The Firm's securities analysis methods rely on the assumption that the companies whose securities the Firm purchases and sells, the rating agencies that review these securities, and other publicly available sources of information about these securities are providing accurate and unbiased data. While the Firm is alert to indications that data may be incorrect, there is always a risk that the Firm's analysis may be compromised by inaccurate or misleading information.

#### **B. Third-Party Providers:**

Certain partners provide the Firm and its clients with access to mutual funds and/or ETFs not generally available in the retail space. These Funds also provide the Firm with ongoing sales support, including, without limitation, access to practice management informational material, advertising and marketing material, proposal generators, risk tolerance questionnaires, and investment policy statement templates, products, and services that do not directly benefit the Firm's clients, but are used in the service of all or a notable sum of the Firm's clients and prospects. These mutual funds and/or ETFs and the ongoing support they provide generally are available only to independent investment advisers who have entered into an arrangement or understanding with the fund.

The availability of these mutual funds and/or ETFs and the ongoing support from these funds are not contingent upon the volume of business the Firm directs to the fund. The Firm does not compensate the fund provider for access to its funds and/or services; rather, the fund is compensated for its efforts through fees and expenses charged by the mutual funds and/or ETFs that are separate and distinct from the investment advisory fees charged by the Firm. For more information regarding mutual fund and ETF fees and expenses, please see Item 5 of this Form ADV. Notwithstanding the preceding, the Firm will only place client assets in securities that are deemed to be in the client's best interest. These may include securities other than, or in addition to, those managed by these partners.

#### **C. Risk of Loss:**

Clients must understand that past performance is not indicative of future results. Therefore, current and prospective clients should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities involves risk of loss. Further, depending on the different types of investments there will be varying degrees of risk. Clients and prospective clients should be prepared to bear investment loss, including loss of original principal.

Because of the inherent risk of loss associated with investing, the Firm is unable to represent, guarantee, or even imply that its services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines.

Investors should be aware that accounts are subject to the following risks:

**1. Market Risk:**

Even a long-term investment approach cannot guarantee a profit. Economic, political, and issuer-specific events will cause the value of securities to rise or fall. Since the value of investment portfolios will fluctuate, there is the risk that the client will lose money and his or her investment may be worth more or less upon liquidation.

**2. Foreign Securities and Currency Risk:**

Investments in international and emerging-market securities include exposure to risks such as currency fluctuations, foreign taxes and regulations, and the potential for illiquid markets and political instability.

**3. Capitalization Risk:**

Small-cap and mid-cap companies may be hindered as a result of limited resources or less diverse products or services, and their stocks have historically been more volatile than the stocks of larger, more established companies.

**4. Interest Rate Risk:**

In a rising rate environment, the value of fixed-income securities generally declines, and the value of equity securities may be adversely affected.

**5. Credit Risk:**

Credit risk is the risk that the issuer of a security may be unable to make interest payments and/or repay principal when due. A downgrade to an issuer's credit rating or a perceived change in an issuer's financial strength may affect a security's value and, thus, impact the fund's performance.

**6. Alternative Risk:**

Alternative investments include other additional risks. Lock-up periods and other terms obligate Clients to commit their capital investment for a minimum period, typically no less than one or two years and sometimes up to 10 or more years. Illiquidity is considered a substantial risk and will restrict the ability of a Client to liquidate an investment early, regardless of the success of the investment. Alternative investments are difficult to value within a Client's total portfolio. There may be limited availability of suitable benchmarks for performance comparison; historical performance data may also be limited.

In some cases, there may be a lack of transparency and regulation, providing an additional layer of risk. Some alternative investments may involve the use of leverage and other speculative techniques. As a result, some alternative investments may carry substantial additional risks, resulting in the loss of some or all of the investment. Using leverage and certain other strategies will result in adverse tax consequences for tax-exempt investors, such as the possibility of unrelated business taxable income, as defined under the U.S. Internal Revenue Code.

**7. Management Risk:**

An account is subject to the risk that judgments about the attractiveness, value, or potential appreciation of the account's investments may prove to be incorrect. If the selection of securities or strategies fails to produce the intended results, the account could underperform other accounts with similar objectives and investment strategies.

**8. Securities Lending Risk:**

Securities lending involves the risk that the fund loses money because the borrower fails to return the securities in a timely manner or at all. The fund could also lose money if the value of the collateral provided for loaned securities, or the value of the investments made with the cash collateral, falls. These events could also trigger adverse tax consequences for the fund.

**9. Exchange-Traded Funds:**

ETFs face market-trading risks, including the potential lack of an active market for shares, losses from trading in the secondary markets, and disruption in the creation/redemption process of the ETF. Any of these factors may lead to the fund's shares trading at either a premium or a discount to its "net asset value."

**10. Performance of Underlying Managers:**

We review the selected mutual funds and ETFs in the portfolios. However, we depend on the manager of such funds to select individual investments in accordance with their stated investment strategy.

**11. Legacy Holding Risk:**

Investment advice may be offered on any investment a client holds at the start of the advisory relationship. Depending on tax considerations and Client sentiment, these investments will be sold over time, and the assets invested in the appropriate strategy. As with any investment decision, there is the risk that timing with respect to the sale and reinvestment of these assets will be less than ideal or even result in a loss to the Client.

**12. Mutual Fund or ETF Risk:**

Our models and accounts may use certain ETFs and mutual funds to invest primarily in alternative investments or strategies. Investing in these alternative investments and strategies may only be suitable for some of our Clients. These include special risks, such as those associated with commodities, real estate, and leverage, selling securities short, use of derivatives, potential adverse market forces, regulatory changes, and potential ill-liquidity. Special risks are associated with ETFs that invest principally in real estate securities, such as sensitivity to changes in real estate values or changes in interest rates and price volatility due to the ETF's concentration in the real estate market.

The risks with mutual funds include the costs and expenses within the fund that can impact performance, change of Managers, and the fund straying from its objective (*i.e.*, style drift). Mutual funds have certain costs associated with underlying transactions and operating costs, such as marketing and distribution



expenses and advisory fees. Mutual fund costs and expenses vary from fund to fund and will impact a mutual fund's performance. Additionally, mutual funds typically have different share classes, as further discussed below, that trade at different Net Asset Values ("NAV") as determined at the daily market close and have different fees and expenses.

### **13. Liquidity Risk:**

Liquidity risk exists when particular investments would be difficult to purchase or sell, possibly preventing clients from selling such securities at an advantageous time or price.

### **14. Cybersecurity Risk:**

Cybersecurity risks include both intentional and unintentional events at Uwharrie Investment Advisers or one of its third-party counterparties or service providers, that may result in a loss or corruption of data, result in the unauthorized release or other misuse of confidential information, and generally compromise our Firm's ability to conduct its business. A cybersecurity breach may also result in a third-party obtaining unauthorized access to our clients' information, including social security numbers, home addresses, account numbers, account balances, and account holdings. Our Firm has established business continuity plans and risk management systems designed to reduce the risks associated with cybersecurity breaches. However, there are inherent limitations in these plans and systems, including that certain risks may not have been identified, in large part because different or unknown threats may emerge in the future. As such, there is no guarantee that such efforts will succeed, especially because our Firm does not directly control the cybersecurity systems of our third-party service providers. There is also a risk that cybersecurity breaches may not be detected.

## **ITEM 9 – DISCIPLINARY INFORMATION**

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The Firm is required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of its advisory business or the integrity of its management. The Firm does not have any legal or disciplinary events to disclose.

## **ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES & AFFILIATIONS**

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### **A. Holding Company & Related Company Affiliations:**

#### **1. Uwharrie Capital Corp:**

The Firm is an investment adviser and a wholly owned subsidiary of Uwharrie Capital Corp, a bank financial holding company that offers a broad spectrum of banking products and financial services to consumers, locally owned businesses, and commercial clients. As an Uwharrie Capital Corp. subsidiary, the Firm is under common ownership and control with several financial institutions, including TSAC (a broker-dealer), BOS Agency, Inc. (an insurance company), and Uwharrie Bank (a community bank) (collectively, the **"Related Companies"**).

The Firm shares client information with its Related Companies; except under certain circumstances, clients may opt out of having their information shared with Related Companies.

#### **2. The Strategic Alliance Corporation, a FINRA member broker-dealer and subsidiary of Uwharrie Bank:**

Certain personnel of the Firm are registered representatives of TSAC, a securities broker-dealer and SIPC



member. TSAC's broker-dealer activities are primarily the selling of private placements. These individuals spend a portion of their time engaged in broker-dealer activities. With respect to private placements, these individuals are not compensated through commissions, but rather through their efforts in underwriting the private placement.

**3. BOS Agency, Inc.:**

BOS Agency, Inc., an affiliated entity, is a licensed insurance agency with the State of North Carolina. As such, certain Firm IARs are compensated for selling insurance products to clients to whom Firm investment advisory services are offered. Occasionally, life products are introduced to our clients through third party resources. Very little time, if any, of the IARs' time is spent on these activities.

**4. Uwharrie Bank:**

Uwharrie Bank is a wholly owned subsidiary of Uwharrie Capital Corp. Uwharrie Bank is a North Carolina community bank offering various banking products and services to clients. The Firm refers prospective clients to Uwharrie Bank and receives referrals from the affiliate bank. Certain personnel of the Firm are also employees of Uwharrie Bank, a wholly owned subsidiary of Uwharrie Capital Corp. Dual employees of Uwharrie Bank and the Firm are compensated for bank products and services by Uwharrie Bank. See Item 14 for additional information.

**B. Other Financial Industry Activities:**

**1. Broker Dealer:**

Certain Firm IARs are registered representatives of Private Client Services, LLC ("PCS"), a FINRA-registered broker-dealer and SIPC member. The Firm and PCS are separate, distinct, and unaffiliated entities. PCS registered representatives are compensated for effecting securities transactions and engaging in other brokerage-related activities. The Firm's IARs spend a portion of their time engaged in broker-dealer activities.

As a broker-dealer, PCS engages in a broad range of activities normally associated with securities brokerage firms. Clients who purchase a brokerage-related, commission generating product through the PCS registered representative will not be assessed an advisory fee on the product purchased.

You should note that you have the right to decide to purchase products through the broker-dealer. If you do decide to purchase products, you have the right to choose from whom you will purchase the products. You are advised that if PCS is selected as the broker-dealer, the transaction charges may be higher or lower than the charges you may pay if the transactions were executed at other broker-dealers.

The registered representative may recommend the purchase of mutual fund securities. Each fund company pays its own separate investment advisory fees and other expenses. Mutual funds also charge their own internal separate fees for investing in their fund. Such fees and expenses are disclosed in the mutual fund's prospectus. In addition, clients should be aware that mutual funds may be purchased separately, independent of PCS's brokerage services and fees.

Moreover, you should note that under FINRA's rules and regulations, PCS has an obligation to maintain certain client records and perform other functions regarding certain aspects of its registered representatives' investment advisory activities. These obligations require PCS to coordinate with and have the cooperation of its

registered representatives that operate as, or are otherwise associated with, investment advisers other than PCS.

## 2. Insurance:

Firm IARs also act as agents appointed with various life, disability, or other insurance companies. In their capacity as agents, the Firm's IARs will receive commissions, trails, or other compensation from the product sponsors and/or as a result of effecting insurance transactions for clients. You have the right to decide whether or not to act on the insurance recommendations from the Firm's IARs. If you decide to act upon the Firm's insurance recommendations, you have the right to choose the insurance professional to use to purchase the insurance products through the Firm's IAR or any licensed insurance agent not affiliated with the Firm. The Firm recognizes its fiduciary responsibility to place your interests first; it has established policies in this regard to mitigate any conflicts of interest.

## C. Other Information Concerning Related Activities:

The Firm's related persons may spend as much as thirty percent (**30%**) of their time on these related activities. Clients should be aware that the receipt of additional compensation by the Firm and its management persons or employees creates a conflict of interest that could impair the objectivity of the Firm and these individuals when making advisory recommendations. The Firm endeavors at all times to put its clients' interests first, as part of its fiduciary duty as a registered investment adviser. The Firm takes the following steps to address this conflict:

- The Firm discloses to clients the existence of all material conflicts of interest, including the potential for the Firm and its employees to earn compensation from advisory clients in addition to advisory fees;
- The Firm discloses to clients that they are not obligated to purchase recommended investment products from the Firm's employees or Related Companies;
- The Firm collects, maintains, and documents accurate, complete, and relevant client background information, including the client's financial goals, objectives, and risk tolerance;
- The Firm's management team conducts reviews of each client account to verify that all recommendations made to a client are suitable given the client's needs and circumstances;
- The Firm requires that its employees seek prior approval of any outside employment activity so that it may ensure that any conflicts of interests in such activities are properly addressed;
- The Firm periodically monitors these outside employment activities to verify that any conflicts of interest continue to be properly addressed by the Firm; and
- The Firm educates its employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

## ITEM 11 – CODE OF ETHICS PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS & PERSONAL TRADING

The Firm has adopted a Code of Ethics, which sets forth high ethical standards of business conduct that it requires of its

employees, including compliance with applicable federal securities laws. The Firm and its personnel owe a duty of care, a duty of loyalty, fairness, and good faith to clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but also to the general principles that guide the Code.

The Firm's Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports, as well as initial and annual securities holdings reports that must be submitted by the Firm's access persons. Among other things, the Firm's Code of Ethics requires the prior approval of any acquisition of securities in a limited offering (*e.g.*, private placement) or an initial public offering. The Firm's Code also provides for oversight, enforcement, and recordkeeping.

The Firm's Code of Ethics further includes a prohibition against the use of material non-public information. Apart from the Firm's holding company stock, for which all individuals with non-public information are required to abide by strict standards and are prohibited from trading during blackout periods, the Firm does not believe that it has access to material, non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of the Firm's Code of Ethics is available to advisory clients and prospective clients. You may request a copy by email sent to [mthornburg@uwharrie.com](mailto:mthornburg@uwharrie.com) or by calling us at 704-983-5959.

The Firm and associated persons are prohibited from engaging in agency cross and principal transactions.

The Firm's Code of Ethics is designed to assure that the personal securities transactions, activities, and the interests of the Firm's employees will not interfere with

- making decisions in the advisory clients' best interests; and
- implementing such decisions while simultaneously allowing employees to invest in their own accounts.

The Firm and/or individuals associated with the Firm may buy or sell for their personal accounts securities identical to or different from those recommended to the Firm's clients. In addition, any related persons may have an interest or position in a certain security, which may also be recommended to a client. However, Firm personnel must pre-clear reportable securities trades prior to effecting the retail brokerage trade.

No Firm-employed person may purchase or sell any security prior to a transaction being implemented for an advisory account. This prevents the employee from benefiting from transactions placed on behalf of the Firm's clients.

The Firm's related persons are separately registered as securities representatives of a broker-dealer and/or licensed as an insurance agent/broker of various insurance companies. Please refer to Item 10 for a detailed explanation of these relationships and important conflict of interest disclosures.

As these situations represent actual or potential conflicts of interest to Firm clients, the Firm has established the following policies and procedures for implementing its Code of Ethics to ensure the Firm complies with its regulatory obligations, and provide clients and potential clients with full and fair disclosure of such conflicts of interest:

- No principal or employee of the Firm may put his or her own interest above the interest of an advisory client.
- No principal or employee of the Firm may buy or sell securities for his or her personal portfolio(s) where the decision is a result of information received as a result of employment, unless the information is also available to the investing public.

- The Firm requires prior approval for any IPO or private placement investments.

## **ITEM 12 – BROKERAGE PRACTICES**

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### **A. Trade Aggregation:**

The Firm will block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block.

Block trading generally allows the Firm to execute equity trades in a timelier, more equitable manner, and at an average share price. The Firm will typically aggregate trades among clients whose accounts can be traded at a given broker, and generally will rotate or vary the order of brokers through which it places trades for clients on any particular day. The Firm's block trading policy and procedures are as follows:

- Transactions for any client account will not be aggregated for execution if the practice is prohibited by or inconsistent with the client's investment advisory agreement with the Firm or the Firm's order allocation policy.
- The portfolio manager must determine both that the purchase or sale of the particular security involved is appropriate for the client and is consistent with the client's investment objectives, as well as any investment guidelines or restrictions applicable to the client's account.
- The portfolio manager must reasonably believe that the order aggregation will benefit each client and will enable the Firm to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.
- Prior to entry of an aggregated order, a written order ticket must be completed that identifies each client account participating in the order and the proposed allocation of the order to those clients upon completion.
- If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.
- Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order and must share in the commissions on a pro rata basis in proportion to the client's participation. Under the client's agreement with the custodian/broker, transaction costs may be based on the number of shares traded for each client.
- If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided to and approved by the CCO or designee no later than the morning following the aggregate trade's execution.
- The Firm's client account records separately reflect, for each account in which the aggregated transaction

occurred, the securities which are held by, and bought and sold for, that account.

- Funds and securities for aggregated orders are clearly identified on the Firm's records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.
- No client or account will be favored over another.

For clients enrolled in the Firm's TPM Program, please note that recommended sub-advisors may have policies and procedures regarding trade aggregation that vary from that of the Firm's. Please consult the sub-advisor's Form ADV, Part 2 and other disclosure documents for further information concerning its trade aggregation practices.

#### **B. Directed Brokerage:**

The Firm recommends that clients establish brokerage accounts with PAS, an affiliate of Pershing LLC ("**Pershing**") and a FINRA registered broker-dealer and SIPC member. PAS maintains custody of clients' assets and effects trades for their accounts. PAS and Pershing are the Bank of New York Mellon Company, Inc.'s subsidiaries. Although the Firm recommends that clients establish accounts at PAS and Pershing, it is the client's decision with whom he or she custodies assets. The Firm is independently owned and operated; it is not affiliated with PAS or Pershing. Since the Firm only uses one custodial platform, a customer's request to use another custodian could result in the customer not being able to open an account with the Firm.

#### **C. Economic Benefits:**

PAS/Pershing provides the Firm with access to the institutional trading and custody services, which are typically not available to Pershing retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Pershing. PAS/Pershing's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

PAS/Pershing receives a percentage of the fee charged to the customer based on the assets under management for wrap accounts. Services provided by PAS/Pershing include the execution of securities transactions, custody, research, and access to mutual funds. Clients are able to buy some no-load funds and funds at net asset value because they are participating in the managed program.

Pershing generally does not charge separately for custody services for Firm client accounts maintained in its custody. Pershing is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Pershing or that settle into Pershing accounts.

PAS/Pershing also makes available to the Firm other products and services that benefit the Firm but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of the Firm's client accounts, including accounts not maintained at PAS/Pershing. PAS/Pershing's products and services, which assist the Firm in managing and administering client accounts, include software and other technology solutions that:

- provide access to client account data (such as trade confirmations and account statements);

- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- provide research, pricing, and other market data;
- facilitate payment of Firm fees from client accounts; and
- assist with back-office functions, recordkeeping, and client reporting.

PAS/Pershing also offers other services intended to help the Firm manage and further develop its business enterprise. These services include:

- compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.

PAS/Pershing may make available, arrange and/or pay third-party vendors for the types of services rendered to the Firm. In its discretion, PAS/Pershing discounts or waives fees it would otherwise charge for some of these services or pays all or a part of the fees of a third-party providing these services to the Firm. PAS/Pershing may also provide other benefits, such as educational events or occasional business entertainment of Firm personnel. In evaluating whether to recommend or require that client's custody their assets at PAS/Pershing, the Firm takes into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors the Firm considers and not solely on the nature, cost, or quality of custody, and brokerage services provided by PAS/Pershing, which creates a potential conflict of interest.

#### **D. Trade Errors:**

The Firm has implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with its fiduciary duty, it is the Firm's policy to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client will be responsible for any loss resulting from the correction. In all situations where the client does not cause the trade error, the client will be made whole and the Firm will absorb any loss resulting from the trade error if the error was caused by the firm. If the error is caused by the custodian, the custodian will be responsible for covering all trade error costs. The Firm will never benefit or profit from trade errors.

For clients enrolled in the Firm's TPM Program, please note that recommended sub-advisors may have policies and procedures regarding the handling of trade errors that vary from that of the Firm's. Please consult the sub-advisor's Form ADV, Part 2 and other disclosure documents for further information concerning such practices.

## **ITEM 13 – REVIEW OF ACCOUNTS**

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#### **A. Account Reviews and Reviewers – Investment Supervisory Services:**

The Firm's IARs will monitor client accounts on a regular basis and attempt to perform annual reviews with each client. All accounts are reviewed for consistency with client investment strategy, asset allocation, risk tolerance, and performance relative to an appropriate benchmark. More frequent reviews may be triggered by changes in an account holder's personal, tax, or financial status. Geopolitical and macroeconomic specific events may also trigger reviews.

## **B. Statements and Reports:**

The custodian for the individual client's account will provide clients with an account statement at least quarterly. Reports will also be available at every client meeting. Communication to clients will be done on an as needed basis with a minimum of one (1) contact per calendar year. You are urged to compare the reports provided by the Firm against the account statements you receive directly from the account custodian. Client is responsible for verifying the accuracy of fees.

## **C. Consulting:**

Consulting clients (*i.e.*, those who have no assets under management with us in our advisory program) will receive no regular reports from the Firm.

## **D. Financial Planning:**

The Firm's financial planning services are separate and distinct from its discretionary investment management services. The Firm provides clients with a written financial plan based on elicited information. The written financial plan is the only report provided to the client. The report provides an overview of the client's financial situation (*e.g.*, financial goals, net worth, insurance policies, etc.), an overview of sources of income, expected cash flows, Monte Carlo simulations reflecting the client's ability to achieve financial targets and may include bear market stress test simulations and an overview of the client's estate.

## **E. Retirement Plan Consulting Services:**

The Firm will review the client's IPS whenever the client advises the Firm of a change in circumstances regarding the plan's needs. The Firm will also review the plan's investment options according to the agreed upon time intervals established in the IPS. Such reviews will generally occur annually by an investment adviser representative assigned to the account.

For retirement plans, the Firm will review the plan with the plan sponsor annually. These accounts are reviewed by an IAR assigned to the account.

The Firm or Custodian will provide reports to clients based on the terms set forth in the client's IPS and agreement.

## **ITEM 14 – CLIENT REFERRALS & OTHER COMPENSATION**

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If a referral of a client by a Firm representative to Uwharrie Bank is made and results in new business to the bank, Uwharrie Bank will pay the Firm's IAR a nominal referral fee. The nominal referral fee amount to be paid is based on the type of business generated. For residential mortgage loans, Uwharrie Bank pays the Firm's IAR a nominal referral payment of \$200 for each loan closed; for other types of loans and for merchant services, the nominal referral payment is \$50. For credit cards issued with lines of \$5,000 or more, Uwharrie Bank pays the Firm's IAR a nominal referral payment of \$25 for each account opened. The services provided by Uwharrie Bank are separate and distinct from the Firm's advisory services and are provided for separate and additional compensation.

Uwharrie Bank personnel are paid a nominal fee for referring bank clients to the Firm. If a referral made by an employee of Uwharrie Bank to the Firm results in an appointment to discuss investment options for amounts of \$50,000 or greater, Uwharrie Bank pays the referring bank employee a nominal fee of \$50. The nominal referral fee is paid whether the appointment results in new business to the Firm or not. The services provided by the Firm are separate and distinct from



Uwharrie Bank's services and are provided for separate and additional compensation.

Other than as described above, it is the Firm's policy not to accept or allow its related persons to accept any form of compensation, including cash, sales, awards, or other prizes from a non-client in conjunction with the advisory services the Firm provides to its clients.

## **ITEM 15 - CUSTODY**

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The Firm previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that the Firm directly debits advisory fees from the UIA Managed Accounts and the Wrap Fee Accounts. For clients enrolled in the TPM program, either the TPM platform provider directly debits advisory fees from client accounts and remits payment to the Firm or the Firm debits advisory fees from client accounts and remits payment to the TPM provider.

For UIA Managed and Wrap Fee Accounts, the Firm has the authority to have fees deducted directly from client accounts. For TPM Program clients, either the TPM platform provider directly debits fees from the client's account and remits payment to the Firm or the Firm debits fees from client accounts and remits payment to the TPM provider. The Firm has established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and, therefore, are aware of the qualified custodian's name, address, and the manner in which the funds or securities are maintained. Account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. You should carefully review those statements and are urged to compare the statements against reports received from the Firm. When you have questions about your account statements, you should contact the Firm or the qualified custodian preparing the statement. Clients should contact the Firm directly if they believe that there may be an error in their statement.

In addition to the periodic statements that clients receive directly from their custodians, the Firm also produces and sends account statements directly to its managed account clients on a quarterly basis, except for accounts managed by a TPM. The TPM is responsible for performance reporting on managed accounts traded on their platform; these statements are produced by the TPM and made available to the Firm to disseminate to clients. The Firm urges its clients to carefully compare the information provided on these statements to ensure all account transactions, holdings, and values are accurate.

### **Standing Letters of Authorization ("SLOA")**

Our Firm is deemed to have custody of clients' funds or securities when clients have standing authorizations with their custodian to move money from a client's account to a third-party ("SLOA") and, under that SLOA, it authorizes us to designate the amount or timing of transfers with the custodian. The SEC has set forth a set of standards intended to protect client assets in such situations, which we follow. We do not have a beneficial interest on any of the accounts we are deemed to have Custody where SLOAs are on file. In addition, account statements reflecting all activity on the account(s), are delivered directly from the qualified custodian to each client or the client's independent representative, at least quarterly. You should carefully review those statements and are urged to compare the statements against reports received from us. When you have questions about your account statements, you should contact us, your Advisor or the qualified custodian preparing the statement.



## **ITEM 16 – INVESTMENT DISCRETION**

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Clients may hire the Firm to provide discretionary asset management services, in which case the Firm will place trades in a client's account without contacting the client beforehand to obtain permission.

The Firm's discretionary authority includes the ability to do the following without contacting the client:

- Determine the security to buy or sell; and/or
- Determine the amount of the security to buy or sell

Clients give the Firm discretionary authority when they sign the discretionary investment advisory agreement; clients may limit this authority by giving the Firm written instructions. Clients may also amend such limitations by providing the Firm with written instructions.

As disclosed in this Brochure's Item 4, the Firm does not provide non-discretionary asset management services.

## **ITEM 17 – VOTING CLIENT SECURITIES**

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As a matter of policy, the Firm does not vote proxies on its clients' behalf. Clients maintain exclusive responsibility for

- directing the manner in which proxies solicited by issuers of securities beneficially owned by the client are to be voted; and
- making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings, or other type events pertaining to the client's investment assets.

Clients are responsible for instructing each custodian of the assets to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets. The Firm does not offer any consulting assistance regarding proxy issues to clients.

The Firm will neither advise nor act on a client's behalf in legal proceedings involving companies whose securities are held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct the Firm to transmit copies of class action notices to them or a third party. Upon such direction, the Firm will make commercially reasonable efforts to forward such notices in a timely manner.

For clients enrolled in the Firm's TPM Program, please note that recommended sub-advisors may have policies and procedures regarding proxy voting that vary from that of the Firm's. Please consult the sub-advisor's Form ADV, Part 2 and other disclosure documents for further information concerning their proxy voting practices.

## **ITEM 18 – FINANCIAL INFORMATION**

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The Firm has no financial circumstances to report. Under no circumstances does the Firm require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, the Firm is not required to include a financial statement. The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.