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## ***SEC Form ADV Part 3***

### ***Relationship Summary***

March 20, 2024

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#### **Item 1 – Introduction**

This *Relationship Summary*, formally referred to as SEC Form ADV Part 3, provides information about Councilmark Asset Management, LLC (“Councilmark”) to assist retail investors with the process of deciding whether to establish or maintain an investment advisory relationship with Councilmark. If you have any questions about the contents of this *Relationship Summary*, please contact us at (865) 330-2525.

Councilmark is a Registered Investment Adviser registered with the Securities and Exchange Commission (SEC). Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information with which you determine to hire or retain an Adviser.

It is important to understand that Councilmark is an investment adviser, not an investment broker or custodian. The services provided by an investment adviser are different from those provided by a broker or custodian. The fees charged by each are different as well. It is important to understand these differences. The information in Item 2 and Item 3 below are intended to help explain these differences. We welcome the opportunity to have a conversation with you to answer any questions you may have on this subject.

Additional information about Councilmark is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Also, free and simple tools are available to research firms and financial professionals at [www.investor.gov/CRS](http://www.investor.gov/CRS), which also provides educational materials about investment advisers, broker-dealers, and investing.

#### **Item 2 – Relationships and Services**

##### ***A. To whom do you provide investment services and advice?***

Councilmark provides investment advisory services on a discretionary and non-discretionary basis to individuals, trusts, corporations, and charitable organizations.

**B. What investment services and advice can you provide me?**

Councilmark advises clients in the construction and management of investment portfolios consisting primarily of individual publicly traded stocks, bonds and cash equivalent investments. We manage what is commonly referred to as “separate accounts” ...meaning that each client has an individual account and assets are not comingled with assets of other clients.

**C. Who holds my assets?**

Councilmark does not take custody of any assets or provide brokerage services. Clients of Councilmark select a financial institution (“custodian”) to provide custodial, brokerage, and other services that may be required in connection with the portfolio. We are glad to discuss the options that are available to you and assist with the establishment of accounts with a custodian. Councilmark receives no referral fees, commissions, shared brokerage or shared management fees or compensation of any kind from any custodian or brokerage firm.

**D. What about monitoring and reporting of my accounts?**

All client accounts under Councilmark’s management are monitored regularly. Councilmark provides each client with a comprehensive investment report following the end of each calendar quarter. This report includes information on asset balances, individual holdings, account performance, transactions, and our *Investment Commentary* for the quarter. In addition, most custodians provide clients with account statements on a monthly basis. The combination of these separate reporting mechanisms acts as a check and balance and a means of reconciliation for client accounts.

**E. Who makes the investment decisions in my account?**

In most cases, clients provide Councilmark with full discretion over the investments in the client’s account. This discretionary authority is specific to the management of the portfolio including decisions of what assets to buy and sell in the account. This discretion is guided by the *Investment Objectives and Policy Statement* (“Objectives”) which is collaboratively established with the client at the beginning of the relationship and reviewed regularly during the relationship and modified as necessary to respond to changes in the client’s life, objectives, and the risk environment. This discretionary authority granted to Councilmark may be revoked by the client at anytime during the relationship. It is important to understand that Councilmark does not have the authority to make any disbursements or withdrawals from client accounts without specific written authorization signed by the client directing the third-party custodian to do so.

**F. What types of investments do you offer?**

Councilmark offers investment advisory services centered on constructing and managing investment portfolios comprised primarily of publicly traded stocks, bonds, and cash equivalents. Councilmark does not sell proprietary or third-party investment products, insurance, or annuities.

**G. Do you have a minimum account size?**

Councilmark has a minimum annual fee amount of \$20,000 per relationship. Based on our standard fee schedule, this equates to a minimum account size of \$2 million. Details on our standard fee schedule are provided in Item 3 below.

**Conversation Starters: What other questions should I ask as I consider hiring an investment advisor?** ♦ Given my financial situation, should I choose an investment advisory service? ♦ How will investments be chosen for me or recommended to me? ♦ What is your relevant experience, including your licenses, education, and other qualifications? ♦ What do these qualifications mean?

### Item 3 – Fees, Costs, Conflicts, and Standard of Conduct

#### **A. What fees will I pay to Councilmark?**

Councilmark's only revenue source is the advisory fees paid by clients based on a percentage of the market value of assets under management. Advisory fees are billed and payable at the end of each calendar quarter based on the then current value of the account assets under management. Generally, quarterly billings are delivered to the client's custodian for payment from the client's account under management with a contemporaneous copy submitted to the client for their records. Fees may be negotiable, depending on the particular requirements and circumstances of an account. In certain circumstances, Councilmark may charge a fixed fee for its advisory services.

Our standard fee schedule for advisory services, on an annual basis, is as follows:

1.00% - First \$2 million  
0.70% - Next \$3 million  
0.50% - Next \$5 million  
0.30% - Amount over \$10 million

Minimum Annual Fee - \$20,000

Advisory contracts are subject to cancellation by either party upon 30 days prior written notice with fees prorated through the date of cancellation.

#### **B. What other fees will I pay?**

Councilmark's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which may be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investments and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to Councilmark's fee, and Councilmark does not receive any portion of these commissions, fees, and costs.

#### **C. When will I incur fees and costs on my account?**

Councilmark charges its fee at the end of each calendar quarter. Transaction costs such as brokerage fees for the buying or selling of securities are incurred at the time of the transaction and deducted from the client's account by the custodian and/or broker handling the transaction. Other fees and costs of the custodian may occur from time to time.

It is important to understand that you will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any money you make on investments over time. Please make sure you understand what fees and costs you are paying.

**Conversation Starters: What else should I understand about fees and costs and what other questions should I ask?** ♦ How might fees and costs affect my investments? ♦ If I give you a particular amount, how much will go to fees and costs and how much will be invested for me?

#### **D. What are your legal obligations to me when acting as my investment adviser?**

When we act as your investment adviser, we must 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. You should understand and ask us about these conflicts because they can affect the

investment advice we provide you. Below are some examples to help you understand what this means.

**E. *How does your firm make money and what conflicts of interest do you have?***

As stated before, Councilmark's only revenue source is the advisory fees paid by clients based on a percentage of the market value of assets under management. It is our objective to ensure that our interests are aligned with yours, understanding that your interests as the client are the prevailing and guiding interests, not ours. We believe our fee arrangement aligns our interests by rewarding us for long-term performance...we make more as your account value grows and make less if it declines.

While Councilmark is intentional about eliminating conflicts of interest, some conflicts of interest are unavoidable. For example, since Councilmark is compensated based on the assets under management in a client's account, the more assets you have in your account the more you will pay us in fees. This introduces one of those unavoidable conflicts of interest by creating an incentive to encourage you to increase the assets in your account. The mitigation to this conflict is our commitment to place the interest of clients before the interest of our firm or its employees.

**F. *What are other potential conflicts of interest that I should understand?***

- ♦ Councilmark and its related persons (employees and owners) may, from time to time, purchase or sell securities that are recommended to clients ("common securities"). Any such transactions by its related persons are subject to Councilmark's *Code of Ethics*, which is based upon general fiduciary principles, including that at all times the interests of clients will take precedence over personal interests. This policy applies to the purchase and sale of stocks or other securities that are also owned, purchased, or sold by the advisory accounts of clients of Councilmark. The trading accounts of Councilmark's related persons are continually monitored under the Code of Ethics to reasonably prevent conflicts of interest between Councilmark and its clients.
- ♦ A conflict may emerge if an adviser does not place the interest of its clients before its own, including the trading of common securities. For example, a practice known as "front running" can occur if an adviser places trades in advance of client trades in order to obtain more favorable market prices. Councilmark does not partake in such practices and has specific policies and procedures in place to govern the trading of assets by the firm and its related persons with the objective of protecting the interests of the firm's clients. Ultimately, the applicable test is this: does the trade of a common security in the account of a related person in any way negatively impact a client account? If so, the transaction is prohibited. Generally, given the nature of the securities in which we invest client capital, including the significant market capitalization of such securities, it is extremely unlikely that the trading of common securities by persons related to Councilmark would impact the valuation or the price of securities for a client account. Nonetheless, policies and procedures exist to monitor and govern this matter.

**G. *How do your financial professionals make money?***

Councilmark professionals are compensated by way of a salary. They are not paid sales commissions, transaction fees, or the like. Councilmark's owners are professionals with the firm. As Councilmark is successful as a firm, its owners benefit financially.

**Conversation Starters: *What other questions should I ask about conflicts of interest?***

♦ *How might your conflicts of interest affect me and how will you address them?* ♦ *Are the interests of the firm aligned with mine as the client?* ♦ *Does the compensation of the firm and its professionals support this alignment?*

#### Item 4 – Disciplinary History

***Do you or your financial professionals have legal or disciplinary history?***

No. Registered Investment Advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Councilmark or the integrity of Councilmark's management. Neither Councilmark nor any of its professionals have any legal or disciplinary history.

#### Item 5 – Additional Information

***Where can I find additional information about your firm?***

To arrange an appointment or to request a copy of our most current version of this form (Relationship Summary - Form ADV Part 3) you may contact us directly at 865-330-2525. Additional information about Councilmark also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Also, free and simple tools are available to research firms and financial professionals at [www.investor.gov/CRS](http://www.investor.gov/CRS), which also provides educational materials about investment advisers, broker-dealers, and investing.

**Conversation Starters: Other questions you should ask when considering hiring an investment professional:** ♦ Who is my primary contact person? ♦ Is he or she a representative of an investment adviser or of a broker-dealer? ♦ Who can I talk to if I have concerns about how that person is treating me or handling my accounts?