



## Item 1 – Cover Page

# FAMILYWEALTH ASSET MANAGEMENT, LLC

Contact: Bill Oakley, Chief Compliance Officer  
1601 Elm Street, Suite 4310,  
Dallas, TX 75201

[www.FamilyWealth.us](http://www.FamilyWealth.us)

PART 2A of FORM ADV: FIRM BROCHURE

03/29/2024

This brochure provides information about the qualifications and business practices of FamilyWealth Asset Management, LLC (“**FamilyWealth**,” “**FWAM**,” the “**Firm**,” “**we**” or “**us**”). The effective date of this brochure is 03/29/2024.

If you have any questions about the contents of this brochure, please contact us at 866-746-3743 or via email at [info@familywealth.us](mailto:info@familywealth.us). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“**SEC**”) or by any state securities authority.

FamilyWealth is a registered investment adviser under the Investment Advisers Act of 1940 (“**Advisers Act**”). Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an investment adviser provide you with information that you may use to determine whether to hire or retain FWAM and the respective Investment Adviser Representative.





## Item 2 – Material Changes

This summary of material changes reflects the material changes since FWAM's last annual filing in March 2023.

This brochure is amended as of the date hereof to provide updated information related to FWAM's fees and compensation and its other financial industry activities and affiliates provided in Item 5 and Item 10, respectively.

This brochure is also updated for various non-material changes to provide clarification and additional information.

We will ensure that you receive a summary of any material changes to this brochure and any subsequent brochures within 120 days of the close of FWAM's fiscal year, which is December 31st. FWAM will provide other ongoing disclosure information about material changes as they occur. We will also provide you with information on how to obtain the complete brochure. Currently, FWAM's brochure may be requested at any time, without charge, by contacting FWAM at [info@familywealth.us](mailto:info@familywealth.us) or by contacting the firm's Compliance Officer, Bill Oakley, at [boakley@familywealth.us](mailto:boakley@familywealth.us).

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## Item 4 – Advisory Business Introduction

FWAM, branded as FamilyWealth<sup>sm</sup>, is a registered investment adviser that offers investment advice, portfolio management, securities and other financial services to Clients. FWAM is registered through and regulated by the SEC.

FWAM was founded with a vision to provide wealth management solutions through registered investment advisors (“RIAs”) and investment adviser representatives (“IARs”) to its Clients, which includes individuals, high net worth individuals, trusts, estates, corporate pension and profit-sharing plans, charitable organizations, foundations, endowments, corporations and small businesses (collectively, “Clients”). FWAM uses the FamilyWealth<sup>TM</sup> platform (“Platform”) to provide its IARs with a comprehensive view of Clients’ portfolios. The Platform is built upon third-party software, with additional Client Relationship Management (“CRM”) functionality. The Platform also contemplates and makes available the Turnkey Asset Management Program models it offers, as explained in the subsection below entitled “Investment Programs.” The Platform enables the provision of risk management techniques, facilitates a broad range of investment options, and supports better relationships with Clients. The integrated Platform makes it easy to execute, manage and track Client portfolios with:

- Client management: CRM technologies, Client profiling and asset allocation review;
- Investment management: Research, rebalancing, trade order and portfolio management;
- Performance monitoring: Data aggregation, reconciliation, performance reporting;
- Operational support: Back-office support, billing, compliance tools, websites and consultants; and
- Advisory Services Offerings.

The integrated Platform generally provides IARs:

- Access to multiple institutional asset allocation strategists (“Institutional Strategists”);
- Model portfolios designed to cover a number of standard risk/return profiles;
- Access to systems including tools for set-up of Client accounts, Client proposals, investment policy statements, Client agreements and the ability to view and manage Client data;
- Research, timely information and recommendations regarding the qualifications, investment philosophies, policies, and performance; and
- Preparation of periodic performance measurement reporting regarding Clients’ assets invested through the Platform.

Dynamic asset management is a cornerstone of FWAM’s investment philosophy. In practice, this means that FWAM creates investment strategies that cross over single asset class boundaries. This allows FWAM to offer portfolios that are structured so that a lack of performance in one asset class is offset by over-performance in another asset class. We can invest in, and/or seek market opportunities in domestic and international companies and markets, via direct or indirect market exposure/participation, to help FWAM achieve global diversification with the objective that no one market or asset impairs Clients’ ability to grow their capital. By pairing dynamic asset management with the FamilyWealth<sup>TM</sup> Platform, we can better



allocate a Client's investments across different classes and use excess returns in one asset class to protect against the downsides in another asset class, without resorting to classes that have much higher volatility to achieve desired returns.

The FamilyWealth™ Platform also provides retirement plan consulting and retirement plan management services. These services encompass plan design, investment policy reviews, ERISA fiduciary services and participant services, among other services.

We also may recommend insurance products as part of our overall advisory service.

We manage accounts on a discretionary and non-discretionary basis. If we manage your account on a discretionary basis, then you have given us the authority to determine the following without your consent for each transaction:

- Securities to be bought or sold for the account; and
- The amount of securities to be bought or sold for the account.

While we may have trading discretion on your account (e.g., placing trades in your account without your approval), we are not authorized to withdraw any money, securities or other property from your account. We may have to trade in your account to meet initial allocation targets, after substantial cash deposits that require investment allocation, and/or after your request for a withdrawal that requires liquidation of a position. Also, if there is inadequate cash balance in your account to pay for our investment adviser fees, other liquidations may need to occur. Aside from deductions from the account for our fees, any monies or securities withdrawn from the account may only be sent to you, for your benefit. Additionally, your account may be rebalanced or reallocated periodically in order to reestablish the targeted percentages of your investment program allocation. You will be responsible for any and all tax consequences resulting from any rebalancing or reallocation of the account. We are not tax professionals and do not give tax advice; however, we will work with your tax professionals to assist you with tax planning. You will have the opportunity to meet with us periodically to review the assets in your account.

## **1. Asset Management Services**

Asset management is the professional management of securities (stocks, bonds, mutual funds, Exchange-Traded Funds ("ETFs") and other securities) and advice on non-securities assets (e.g., real estate), which form part of your overall wealth/financial condition, in order to meet your specified investment goals. With a Separately Managed Account ("SMA"), Clients engage us to assist in developing a personalized asset allocation program and portfolio designed to meet the Client's investment objectives. The investments in the SMA may include, but are not limited to, mutual funds, stocks, bonds, equity options and ETFs.

We provide investment advisory services to both retail Clients (smaller accounts of individuals, IRAs, trusts & employee benefit plans) and institutional Clients (larger accounts of corporate pension plans, public funds, foundations, & other tax-exempt entities).



We believe that a flexible and opportunistic investment approach is vital for investors seeking a balance of risk and return. We also believe that a multi-asset class investment solution that dynamically adjusts to global market conditions fills this need.

### *Investment Philosophy*

When the outlook for fundamental investment strategies evolves, portfolios must be able to evolve and adjust in an opportunistic and flexible manner to take advantage of market conditions. Portfolio Managers (“**Managers**”) need to deliver expertise and utilize sophisticated technology systems that can manage risk on an intraday basis, with deep, high-quality research across asset classes. Managers with multi-asset expertise are especially relevant in today’s environment when investors are confronted with low expected returns, low growth, and relatively over-valued assets with higher levels of volatility.

One of our objectives is to construct portfolios in a manner similar to pension funds, by thinking about the objective of payment liabilities. Our focus is not only on accumulation, but distribution, and whether the Client’s asset level will meet their income objective as well as their objective for asset transfer to their heirs or charity. To achieve this goal, our philosophy is to blend passive, active, and alternative strategies. Passive investing offers the advantage of cost efficiency and ease of understanding, while active and alternative investments have the opportunity to generate excess return against its objective benchmark over time but are more expensive and complicated.

Based upon the Client’s risk exposure, we allocate into a passive exposure with low cost and pair it with a high conviction, high active-share strategy. We use passive strategies in markets where there is potentially less excess return opportunity – for instance, U.S. Large cap stocks. Then, we “spend” or apportion both risk and fee budget in parts of the market where there is opportunity – emerging markets, small cap and alternative investments. The potential for outperformance is not merely because the market (i) misprices small caps or emerging market stocks and (ii) is less efficient. It is predominantly dispersion. Dispersion can be thought of as the spread between the best and the worst performance in the market.

Active management allows us to manage risk and downside protection. Investors can get the benefit of lower fees in their core assets and pay active management fees for true active management that may produce returns that exceed the market or allow for downside protection. Our investment philosophy allows for a shift toward considering absolute risk and return, and active and passive strategies can be used together to produce returns with appropriate risk. We believe absolute risk is more important than relative risk when moving to a higher conviction equity strategy.

### *Advisory Services*

The FamilyWealth™ Platform will assist clients and investment advisers in providing the following services when contracted to do so by the Client:

- Review your present financial situation;



- Monitor and track assets under management;
- Provide portfolio statements, periodic rate of return reports, asset allocation statements and rebalancing activity as needed;
- Advise on asset selection;
- Determine market divisions through asset allocation models;
- Provide research and information on performance and fund management changes;
- Build a risk management profile for you;
- Assist you in setting and monitoring goals and objectives; and
- Provide personal consultations as necessary upon your request or as needed.

The Client shall have the ability to impose reasonable restrictions on the management of accounts, including the ability to instruct us not to purchase certain mutual funds, stocks or other securities. These restrictions may relate to a specific company security, industry sector, asset class, or any other restriction requested that can be implemented in practice. The more specific the request, the more effective any implementation could be. For example, rather than instructing us to avoid investing in “sin stocks,” it would be easier to obtain specific industry guidance such as avoiding investment in tobacco companies. Also, since mutual funds have broad exposure in many cases, it would be useful to know whether an investment that creates investment exposure to the tobacco industry that is less than some de minimis percentage (e.g., less than 5% of gross income of the operating company invested in ....) would still be acceptable.

The Client must notify FWAM promptly when such Client’s financial situation, goals, objectives, or needs change.

Under certain conditions, securities from outside accounts may be transferred into your advisory account. However, we may recommend that the Client sell any security if FWAM believes that such security is not suitable for the current recommended investment strategy. The Client and FWAM may agree to exclude such “legacy” assets from FWAM’s fee invoice if such assets are not subject to ongoing advice and management but are rather assets that the Client does not want to sell for personal reasons. However, if the Client agrees to sell such assets, then the Client is responsible for any taxable events in these instances.

We do not provide tax advice or tax management services. While your account can be managed in a tax-sensitive manner, and since we do not provide tax advice or tax management services, Clients should always consult with a tax advisor for specific tax advice. Certain assumptions may be made with respect to interest and inflation rates and the use of past trends and performance of the market and economy. However, past performance is not a guarantee of future performance.

If the Client decides to implement our recommendations, we will help the Client complete the necessary paperwork to open custodial account(s). Clients must send funds directly to the custodian.

The identity of your custodian will be communicated to you before the account is opened. You will enter into a separate custodial agreement with the custodian. This agreement, among other things, authorizes



the custodian to take instructions from us regarding all investment decisions for your account. We will select the securities bought and sold and the amount to be bought and sold, within the parameters of the objectives and risk tolerance of your account. The custodian will effect transactions, deliver securities, make payments and do what FWAM instructs regarding transactions. The ability to change your address shall, however, remain within your control, and, for regulatory reasons, FWAM shall take the necessary steps to prevent it from having the authority to change your address- of-record with the custodian; such instructions should come directly from you. Also, for regulatory reasons, you should forward any payments and securities directly to the custodian, and NOT to FWAM. All checks and payment orders should be made payable to the custodian or the issuer (such as a mutual fund, if FWAM operationally enables such “Application-Way” business). You will at all times maintain full and complete ownership rights to all assets held in your account, including the right to withdraw securities or cash, proxy voting and receiving transaction confirmations.

You will receive, at least quarterly, a statement containing a description of all the activity in your account. This statement lists the total value at the start of the month, itemizes all transaction activity during the month, and specifies the types, amounts, and total value of securities held as of the end of the month. Your statement may be in either printed or electronic form based upon your preferences. Clients are encouraged to review the statements from the custodians and inform FWAM if any errors or anomalies are found. Also, any statement provided by FWAM is NOT the official statement of your investments (e.g., such as the quarterly performance statements referenced below), but are provided as a courtesy. The statement provided by the custodian(s) are your official statements of your investment positions and you are encouraged to review them upon receipt.

When reviewing your account with your IAR, you may be provided a quarterly performance report. These statements give you additional feedback regarding performance, and helps your IAR educate you about our long-term investment philosophy, describe any changes in current strategy and allocation, along with the reasons for making any changes.

We are available during normal business hours either by telephone, email, or in person by appointment to answer your questions. We will meet with you to discuss your financial circumstances, investment goals and objectives, and to determine your risk tolerance. Our meeting will include your completion of a Risk Tolerance Questionnaire and providing other information in order to generate an Investment Policy Statement, which will assist us in defining/ascertaining your financial objectives and other relevant parameters for us to advise or manage your account. We will ask you to provide statements summarizing current investments, income and other earnings, recent tax returns, retirement plan information, other assets and liabilities, wills and trusts, insurance policies, and other pertinent information as applicable. Based on the information you share with us, we will analyze your situation and recommend an appropriate asset allocation or investment strategy using the Platform. Once accounts have been set up, we have access to comprehensive data, and can track Clients’ portfolios against their own goals, rather than just broad benchmarks, while enhanced reporting allows us to revise or redirect plans and strategies along the way.





Our recommendations and ongoing management are based upon your investment goals, objectives, risk tolerance, and the investment portfolio you have selected. We will monitor the account, trade as necessary, and communicate regularly with you. Your circumstances shall be monitored in quarterly and annual account reviews by your IAR. These reviews will be conducted in person, by telephone conference, and/or via a written inquiry/questionnaire. We will work with you on an ongoing basis to evaluate your asset allocation, as well as rebalance your portfolio when warranted to maintain alignment with your investment objectives. If the IAR determines that your portfolio materially deviates from the target allocation or an allocation deemed more desirable in light of current market conditions, the IAR may rebalance your portfolio.

## 2. Investment Programs

The Platform offers IARs an opportunity to provide Clients with an effective and efficient asset management system and allows them to focus on Client service functions instead of managing individual investments. Our investment programs can be considered as falling into the following service models:

FamilyWealth™ Portfolio Manager	
TAMP	
Third Party Institutional Strategists	
Third Party Separate Account Managers	
Overlay Management	
Family CIO Services	
Solicitors	
Institutional Services	
Financial Planning/Consulting	

The Platform helps IARs and advisers to deliver customized solutions, ranging from adviser-managed or third-party managed solutions, including strategists and separate account managers. As a one stop platform, the Platform makes it easy to execute, manage and track Client portfolios with:

- Quarterly performance reports (branded with IAR or registered investment adviser firm information when applicable);
- Investment Policy Statements (“IPS”) and proposal generator;
- Advisor as manager, including model level management; and



- Online pre-populated paperwork.

We obtain information from a wide variety of publicly available sources. We do not have any inside, non-public information about any investments that are recommended. All recommendations developed by us are based upon our professional judgment. We cannot guarantee the results of any of our recommendations. If your account is management on a “non-discretionary” basis, choosing which advice to follow is your decision. Also, for accounts managed on a discretionary basis, you can choose which discretion, and how much discretion to provide to your IAR, and can revoke such decisions at any time by written notification.

#### *FamilyWealth™ Portfolio Manager*

FamilyWealth offers access to several levels of asset management through the FamilyWealth™ Portfolio Manager, also known as Rep as Portfolio Manager (“RPM”). These options offer greater or lesser degrees of management and sophistication, and differ in terms of type of investments offered, the asset management firm’s responsibilities, overlay capabilities, and costs. By offering each of these options through a single platform, advisers and firms can efficiently service a broad spectrum of Clients, from mass-market to mass-affluent and all the way up to ultra-high- net-worth individuals and households. The FamilyWealth™ Platform makes sophisticated solutions a realistic option for nearly any investor and provides IARs with the tools they need to reach many segments of the market with a high degree of choice. In using the Platform, Clients pay a fee to use the Platform to FWAM.

FWAM provides certain services to Clients’ accounts that are opened through the Platform. These services generally include:

- Exercising discretion on whether, how and when to implement transactions in a Client’s account based on the Strategist(s), Manager(s), and type of account(s) selected by IAR and Client; and
- Arranging for the execution of trades in Clients’ accounts (except for accounts invested in Separately Managed Account Portfolios).

A Client’s IAR is generally responsible for:

- Ensuring Client portfolios are not only suitable for the Client, but designed for the best interests of the Client, considering the investment objectives, goals, risk tolerance, liquidity needs, etc., both initially and going forward; and
- Selecting and changing the Strategists and Managers in Clients’ accounts that we make available through the Platform in accordance with such objectives and goals.

Clients should carefully review the executed investment management agreement with their IAR, FWAM’s disclosure brochure, and the brochure supplement of the IAR. Also, you should receive and review our Form CRS, which is a succinct disclosure form required of registered investment advisers. The IAR is



responsible for delivering these items to each Client, in addition to determining the suitability of Platform services, Strategists, Managers, and the type of accounts listed below for their Clients.

**Mutual Fund Allocation Portfolio Strategy:** The most basic type of portfolio is the mutual fund allocation, in which multiple mutual funds are selected from a broad array (based on asset allocation guidelines) and managed as a single account. This method provides transparency and simplicity, offering an alternative to upfront commissions or surrender charges. In this approach, our investors may utilize the mutual fund/TAMP platform of FWAM and pay a platform fee to FWAM to access those mutual funds and any associated investment models and/or support services.

**Exchange-Traded Fund (ETF) Allocation Portfolio Strategy:** The next level of an outsourced portfolio solution is the ETF portfolio strategy. In this type of account, investments are held solely in ETFs, while portfolio construction is based on an asset allocation model and is monitored in light of market changes. The fee is asset-based, and the adviser typically pays for transaction costs. ETFs often have lower expense ratios than mutual funds and offer added benefits such as intraday trading and tax efficiencies.

**Separately Managed Account (SMA):** SMA is a portfolio of individual securities managed by a single investment manager in a particular type of style and offered to the investor by a sponsoring firm. A fee-based SMA program can utilize multiple SMAs, while a single SMA can also form a single “sleeve” within a Unified Managed Account structure (discussed below). In general, the main difference between an SMA and a mutual fund is that, in the former, the investor directly owns the securities instead of owning a share in the pool of securities.

**Unified Managed Account (UMA):** Offering a much higher level of sophistication is the UMA, which is a single fee-based account that combines numerous investment products within separate account sleeves. Offering a UMA requires that the IAR manage the Client on a platform optimized for UMAs. Management between sleeves can then be determined by an overlay process to help gain tax and trading efficiencies. UMAs typically are held by a single custodian, but the FamilyWealth™ Platform allows for aggregation across multiple custodians.

**Unified Managed Household Account (UMHA):** The last level is the UMHA, which is similar to the UMA except that it brings together all aspects of a Client household’s wealth, not just that of a single individual. UMHA platforms allow for a more holistic approach that better mirrors how a wealthy household tends to think about its wealth. It can encompass all of the following: qualified and nonqualified accounts; alternative investments; real estate; collectibles; oil and gas partnerships; limited partnerships; managed futures accounts; and more. The UMHA has a single registration and can aggregate across multiple custodians and could be considered as the pinnacle of service in managed accounts. The holistic view that is provided by this aggregation can allow advisers or IARs to charge fees on held-away assets that come under their reporting and overview capabilities/responsibilities. Growth in both UMAs and UMHAs will likely accelerate among high-net-worth Clients due to their preference for and the benefits of holistic wealth management.

*Turnkey Asset Management Program*



Clients who use the FWAM Turnkey Asset Management Program (“**TAMP**”) models are often clients of our affiliated registered investment advisor firm FamilyWealth Advisers, LLC (“**FWA**”) and will be considered Clients of both FWAM and FWA. FWAM operates the models and FWA either (i) serves as a portfolio manager for the Clients using the models, or (ii) FWA could merely conduct initial Client profiling. Both FWAM and FWA provide continuous and regular supervisory services. The Client can defer to FWAM for ongoing services, such as acting as the portfolio manager and operator of the models. In other words, when FWA recommends a Client use the FWAM TAMP program, IARs of FWA may serve as a portfolio manager to make their own product recommendations to fulfill the model parameters (developing customized portfolios), or may defer to FWAM (a) to manage the accounts according to the model’s parameters and (b) select the products determined by FWAM to fulfill the model parameters. In both cases, FWA would take care of the Client “onboarding,” assessment of the investment objectives, risk tolerance and other customers-specific needs, whereas FWAM would have a relationship with the Client insofar as it would implement the models for each account that utilizes the models.

The TAMP helps advisers/IARs to deliver customized solutions, whether they are adviser-managed or third-party managed, including strategists and separate account managers. The TAMP makes it easy to execute, manage and track Client portfolios with:

- Professional, private-labeled Website, plus proposals and quarterly performance reports branded with separate registered investment adviser’s data or may be personalized for IARs of FWAM/FWA Clients;
- Private-labeled proposal generator;
- IAR as manager, including model level management;
- Innovative time-savers, including an online proposal generator and pre-populated paperwork; and
- Dynamic, private-labeled performance reporting.

Through this TAMP, we provide the following areas of expertise and the ability for registered investment advisers to use in delivering high quality services to Clients:

- Client management: CRM technologies, Client profiling and asset allocation review;
- Investment management: Research, rebalancing, trade order and portfolio management;
- Performance monitoring: Data aggregation, reconciliation, performance reporting; and
- Operational support: Back-office support, billing, compliance tools, websites and leads to consultants for additional support.

The Platform generally includes:

- Access to multiple Institutional Strategists;
- Model portfolios designed to cover a number of standard risk/return assumptions;



- Access to software including tools for onboarding Client accounts, Client proposals, Investment Policy Statements, Client agreements and the ability to view and manage Client data;
- Research, timely information and recommendations regarding the qualifications, investment philosophies, policies and performance;
- Preparation of periodic performance measurement reporting regarding Clients' assets invested through the TAMP.

FWAM provides certain services to the Client accounts that are opened through the TAMP. These services include:

- Exercising discretion on whether, how and when to implement transactions in a Client's account based on the model(s) selected by adviser or IAR and the Client; and
- Arranging for the execution of trades in Client's accounts (except for accounts invested in SMA portfolios).

A Client's IARs are generally responsible for:

- Ensuring Client suitability and determining Client investment objectives and goals, both initially and on an ongoing basis; and
- Selecting and changing the individual securities or model portfolio(s) in Client's account(s) that we make available through the TAMP in accordance with such objectives and goals.

Clients should carefully review the executed investment management agreement with their IAR, as well as the brochure for the registered investment adviser that introduced the account to FWAM and the TAMP models. The IAR is responsible for delivering these items to each Client.

FWAM manages the TAMP models. FWAM's Investment Committee evaluates and selects the investments to be used by the models, including target allocation and cash levels as determined by the portfolio's investment guidelines.

These models offer investment opportunities for particular asset allocation strategies. Assets may be invested in a range of market sectors and/or asset classes (e.g., large cap, small/med cap, international or high yield income) represented by any number of underlying funds (typically at least five at any given time).

It is anticipated that any given time, the underlying funds in which the model invests may fall anywhere on the entire spectrum of asset classes and sectors currently available. At any given time, an underlying equity fund in which the models invest may buy "growth" or "value" stocks, or some combination of both. FWAM reviews and rebalances the underlying funds in which the model invests, as may be necessary, to reflect its current analysis of the approximate mix of assets among and within asset classes and sectors.



FWAM monitors the investment objectives at the model level and assesses model effectiveness and predictable and reliable investment results. As a means to pursue various investment objectives, the models themselves are intended to be used so that invested assets remain fully invested in shares of underlying investment companies at all times, unless or until, of course, they are no longer suitable for the underlying investor. The models may, however, pursue an investment strategy of investing its assets directly in securities in lieu of indirect investment through other investment companies. The model's direct investment will remain consistent with its asset allocation strategy and, in the case of collectively managed investments such as mutual funds, will typically be close or identical to those securities held by one or more of the underlying funds in which the models currently invest. In addition, under adverse market or other conditions, the models may adopt a temporary defensive position and invest a portion of its assets in cash or similar investments.

These models may be appropriate for advisers and Clients that do not have the time or the experience to choose from a list of mutual funds and create their own portfolios that offer a single investment option blended with stocks, bonds, and short-term investments. Choosing a managed portfolio can provide an easy solution to Clients who want the convenience of professional management, including asset rebalancing and professional oversight.

#### *Third Party Institutional Strategists*

Some of the Managers available on the Platform are accessed through the use of Third-Party Institutional Strategists ("**Strategists**") where an asset manager constructs an asset allocation and selects the investments for each portfolio model. FWAM may provide overlay management by implementing trade orders and periodically updating and rebalancing the models per the direction of the third-party manager. Strategists are subject to change and may not always be available on the Platform.

#### *Third Party Separate Account Managers*

SMA Managers construct portfolios of individual securities with a specific objective, style and risk. Clients may utilize multiple SMA Managers, while a single SMA can also form a single "sleeve" within an UMA structure. FWAM may provide overlay management by implementing trade orders and periodically updating and rebalancing the models per the direction of the third-party manager. Third Party SMA Managers are subject to change and may not always be available on the Platform.

#### *Overlay Management*

FWAM provides overlay management services utilizing the Platform to track a Client's combined position from the separately managed accounts. Clients utilizing different Managers can create inefficiencies and increase the risk to the overall portfolio, have negative tax effects, or unbalance the Client's positions. Any possible portfolio adjustment will be analyzed by the Platform, which ensures the overall portfolio will remain in balance and prevent any inefficient transactions from occurring.

#### *Family CIO Services*



By monitoring the household account, FWAM can address the complexities of high-net-worth families working with different custodians and advisers. We will diligently advise and manage aggregate household wealth as well as serve as sleeve and portfolio managers in each account. FWAM may or may not make tactical investment allocations for certain parts of the overall household assets, but by maintaining a view of how the disparate parts are affecting each other, we can help families make important decisions for household asset allocation.

### *Solicitors*

For Clients referred to us by a solicitor, the Client will typically enter into an investment management agreement directly with FWA and FWA will be the adviser. If FWA utilizes a solicitor, and pays a fee for such solicitations, then you should receive from the IAR/solicitor a separate "Solicitor Disclosure Statement" regarding the arrangement and the fees. For these Clients, FWAM will provide the services outlined above, which include, but are not limited to:

- Providing tools to assess suitability of the Strategist(s), Manager(s), and type of accounts selected by the investment advisor and Client;
- Exercising discretion regarding whether, how and when to implement transactions in a Client's account based on the Strategist(s) and Manager(s) selected by the Client;
- Arranging for the execution of trades in Clients' accounts (except for accounts invested in SMAs, as described above); and
- The complete services provided by FWA as the adviser will be explained in the
- Agreement executed between FWA and the Client.

Depending on the type of arrangement made between FamilyWealth<sup>SM</sup> and the Solicitor, the Solicitor may assist the Client in completing account applications and other applicable forms and submit them to FWA/ FWAM. The Solicitor, if properly licensed to provide advice, may obtain information from the Client regarding the Client's investment objectives and financial situation and may assist the Client in determining a suitable Strategist(s), Manager(s), and type of account(s) based on such objectives and financial information. On the other hand, if the Solicitor is not registered (meaning the Solicitor is not an IAR), then the Solicitor may only provide Solicitor disclosure information and then "step away" – referring the Client to FWA/ FWAM. In either case, the Client is ultimately responsible for making the final selection of Strategist(s), Manager(s), and type of account(s). The Client is further responsible for promptly notifying FamilyWealth<sup>SM</sup> in writing of any change in the Client's investment objectives, financial situation, and/or the selection of Strategist(s), Manager(s) and type of account(s).

For Clients referred to FWA/ FWAM by a Solicitor, both FWA and FWAM reserve the right not to accept and/or terminate the account if FWA/ FWAM believes at any time, based on information provided by the Client, that the Strategist(s), Manager(s), and type of account(s) selected by the Client is neither suitable, nor in the best interest of the Client. Furthermore, FWA/ FWAM will honor the Client's decision to not change the selection of Strategist(s), Manager(s), or account types, at the Client's sole discretion.



### *Institutional Services*

If you are an institutional Client, your accounts are managed in accordance with the investment objectives, guidelines & restrictions you establish. Purchases and sales of securities for your accounts are executed by either broker-dealer firms we select or broker-dealers that you request. We generally impose a minimum dollar amount of \$500,000 of assets for institutional accounts, although smaller accounts may be accepted depending upon the specific circumstances of an account.

### *Financial Planning/Consulting*

We do not have a significant amount of Clients seeking comprehensive financial planning, but, in select cases, we provide comprehensive financial planning, estate planning, business planning and educational planning. Fee-based financial planning is a comprehensive relationship that incorporates many different aspects of your financial status into an overall plan that is tailored to meet your goals and objectives. The financial planning relationship consists of face-to-face meetings and *ad hoc* meetings with you and/or your other advisors (attorneys, accountants, etc.), as necessary. If you utilize only financial planning services, and not continuous and regular management services, then the fiduciary duty of FWAM ceases upon the delivery of the financial plan. If FWAM is being requested to make an initial asset allocation based upon the financial plan, but not provide continuous and regulatory management services, then the fiduciary duty ceases upon making the initial asset allocation.

In performing financial planning services, we typically examine and analyze your overall financial situation, which may include issues such as taxes, insurance needs, overall debt, credit, business planning, retirement savings and reviewing your current investment program. Our services may focus on all or only one of these areas depending upon the scope of our engagement with you.

It is essential that you provide the information and documentation we request regarding your income, investments, taxes, insurance, estate plan, etc. We will discuss your investment objectives, needs and goals, but you are obligated to inform us of any changes. We do not verify any information obtained from you, your attorney, accountant or other professionals.

If we engage in such services in the future, and if you engage us to perform these services, you will receive a written agreement detailing the services, fees, terms and conditions of the relationship. You will also receive this brochure. You are under no obligation to implement recommendations through us. You may implement your financial plan through any financial organization of your choice.

### *Other Services*

Through our IARs who may be licensed independently as an insurance agent, or through Family Wealth Agency, LLC ("**FW Agency**"), Client may purchase insurance products. FW Agency is a separate, but affiliated company of FWA. Through one of those two (2) avenues, our personnel may recommend and sell life, annuity, disability, and long-term care insurance. In those cases, either the IAR, as an independent insurance agent, or FW Agency will receive the usual and customary commissions associated with these





sales from the insurance company. You will not pay a separate investment advisory fee for these assets/products. Also, your advisory fee will not be reduced by any payments we receive from these sales.

### **3. Retirement Plan Consulting**

For FWAM's Retirement Plan accounts, our service begins with an analysis of the current retirement plan structure, custodian, third party administrator, daily recordkeeper, investments, managed investment models, and fees. The analysis is designed to determine if we are able to add value to the plan and, if so, in what areas. We also comment if we feel the plan maybe deficient from both a regulatory perspective and from a financial advisory perspective.

We will offer you one or more of the following services:

- Plan design and asset selection consultation;
- Develop and annually review an IPS;
- Develop an investment menu according to the IPS;
- Review plan sponsor's stated financial criteria for each investment option;
- Monitor each investment option according to the IPS;
- Quarterly portfolio statements, rate of return reports, asset allocation statements;
- Provide investment research and performance information on investment options;
- Investment option replacement guidance;
- Personal consultations with the plan sponsor, as necessary;
- Advise on or develop and plan the Investment Committee Charter, as needed;
- Fiduciary due diligence assistance;
- Attendance at Plan Committee and other meetings;
- Annual Fiduciary Plan Review;
- Fiduciary education services to Plan Committee;
- Participant education, guidance, and enrollment;
- Vendor coordination assistance; and
- Benchmarking services.

#### *ERISA Fiduciary Services*

When delivering Employee Retirement Income Security Act of 1974, as amended ("**ERISA**") fiduciary services, we will perform those services for the retirement plan ("**Plan**") as a fiduciary under ERISA Section 3(21)(A)(ii) or 3(38) and will act in good faith and with the degree of diligence, care and skill that a prudent person rendering similar services would exercise under similar circumstances. Such Plan fiduciary designation must be reflected by the Plan Administrator or by the Plan itself in a formal designation of role, and, in those cases, FWAM requires a separate Plan Fiduciary Agreement.

In our capacity as an ERISA Plan fiduciary, we will conduct research to determine the core investment options for the Plan. We will consider the size of the Plan, number of participants, and the demographics



of the employees to assist the Plan sponsor in determining the appropriate investment(s) options for the Plan.

In our capacity as a Plan fiduciary, we will select a diverse core of investment options. We will monitor and change the investment options included in the Plan offered to Plan Participants from time-to-time as determined by us, solely in our discretion. The investment options will generally include multiple asset classes of mutual funds, SMAs and ETFs.

We also encourage Plan sponsors to consult with other professional advisors since we do not provide tax or legal advice that may affect asset classes or allocations. We will apply any guidelines our Client supplies, as directed. However, compliance with these restrictions or guidelines is our Client's responsibility.

#### *Plan Structure*

We will assist our Client in evaluating the current Plan's structure to determine if a change in the design of the Plan better suits the needs of Plan participants. We will facilitate any changes with the appropriate parties, including the third-party administrator, recordkeeper, and custodian, as well as facilitating the execution of the required Plan document amendments or new Plan documents. However, we will not draft any Plan amendments; a Third-Party Administrator ("TPA") will need to perform this service.

#### *Investment Committee*

If FWAM deems that the establishment of an Investment Committee ("**Committee**") is appropriate for you, FWAM will assist you in establishing such Committee, in addition to establishing a formal Committee Charter, delineating Committee responsibilities, determining fiduciary roles and the scope of such roles.

The Committee may be charged with the fiduciary responsibility of the prudent selection and oversight of the investment options, selecting and retaining professional advisors for the Plan, including investment managers, recordkeeper, custodians, TPAs, and the establishment, execution, and interpretation of an IPS for the Plan.

#### *Investment Policy Statement Service*

FamilyWealth's Investment Policy Statement Service is designed to assist you in creating a written IPS to document the Plan's investment criteria, demographics, goals and objectives, as well as certain policies governing the investment of assets. The IPS serves as a guide to assist the Committee in effectively supervising, monitoring, and evaluating the investment of the Plan's assets.

It is the Client's responsibility to provide all necessary information for the preparation of the IPS, particularly any limitations imposed by law or otherwise. This draft IPS is then submitted to you for review and approval. It is the Client's responsibility to confirm the Committee's acceptance of the IPS, and it is the Committee's responsibility to adhere to the IPS in managing the Plan. We encourage you to review accounts periodically to verify Committee's compliance with the IPS.



### *Investment Selection, Monitoring, and Replacement*

As the fiduciary under ERISA Section 3(21)(A)(ii) or 3(38) to the Plan, we will assist the Committee in selecting the core investment line up, including evaluating SMA Managers, mutual funds, ETFs, Collective Investment Trusts and money market funds which may be retained or replaced.

Past performance of the core investment options and the indices that correspond to the core investment options may not be representative of actual performance, or indicative of future performance. Before a specific investment is selected, other factors such as fiscal and economic trends, which may influence the choice of investments and risk tolerance, should be considered. We have the responsibility and authority to recommend the investment options/recommendations, including evaluating investment managers and SMA Managers, mutual funds, ETFs, Collective Investment Trusts, and money market funds, which may be retained or replaced. The Plan sponsor has the responsibility and authority to make the final decision regarding which investments to include in the model portfolio and when to add or exclude a specific security.

It is the Client's responsibility to select the final mix and to determine whether to implement any strategy. We will apply guidelines you supply, as directed; however, compliance with these restrictions or guidelines is the Client's responsibility.

We will also monitor the current core investment options, including the investment's performance, performance compared to an applicable benchmark index, fees, management changes, style and fundamental investment strategy changes, and fund composition to determine if an investment no longer meets the criteria defined in the IPS. If the Committee determines that a core investment option no longer meets the IPS criteria, we will advise the Committee on possible alternatives and assist in the selection of a replacement investment.

### *Participant Meetings*

We may conduct Plan participant meetings when a change is made either to the structure of the Plan or if the investment options being recommended/considered would change as a result of the decisions of the Committee. We will:

- detail the changes being made or proposed;
- assess how they affect the current participants;
- review the current investment opportunities;
- assess how participants may make changes to their investment selections; and
- Strive to provide meaningful answers to any and all questions a participant may have.

### *Reporting*



We will send an annual Plan criteria report detailing the overall performance of the Plan's core investment options and a detailed list of investments passing or failing the IPS criteria.

#### **4. Assets Under Management**

As of December 31, 2023, we had approximately \$175,053,546 in assets under management, of which \$152,030,333 were managed in a discretionary manner, and \$23,023,212 were managed in a non-discretionary manner.

#### **5. ERISA Fiduciary**

FWAM understands and attests that they are an ERISA fiduciary as defined in the Fiduciary Rule under ERISA and the Internal Revenue Code of 1986. FamilyWealth™ adheres to Best Interest and Impartial Conduct Standards.

FWAM may act as a discretionary investment manager of a Plan as defined in Section 3(38) of ERISA.

FWAM may act as a non-discretionary investment manager of a Plan as defined in Section 3(21) of ERISA.

## Item 5 – Fees and Compensation

We provide our services for a fee. Our fee approach is generally to charge a percentage of assets in the account, as explained below. Our Client investment management contract addresses the fees, how they are charged and their frequency. Some clients' advisory agreements currently contemplate a trading fee of 2.5 basis points. However, we do not implement trading fees in our current advisory agreements and any clients with advisory agreements containing a trading fee are in the process of agreeing to new advisory agreements.

You may authorize the custodian to directly debit fees from your account held at the custodian and to pay us.

Your agreement with us may be terminated by either party at any time upon written notice pursuant to the provisions of your agreement with us. There is no penalty for terminating your account and agreement.

Upon termination, you will receive a refund for the portion of the prepaid management fees which have not been earned by us. Any fees that are due, but have not been paid, will be billed to you and are due immediately.

Although we do not make any representation that the products and services offered by us are offered at the lowest available cost, we strive to provide products and strategies that we think are in your best interest. If you feel that situations exist where we can achieve a better investment strategy and asset allocation at a cheaper price, we encourage you to discuss such matters with us. If you are unsure about such alternatives, you are equally encouraged to constructively challenge your IAR to explain how his/her recommendations and asset management decisions are in your best interest, and explain whether, based upon the research of the IAR, any cheaper options are available that could achieve the same result in terms of the risk/reward relationship determined to be most appropriate for you. You may be able to obtain the same products or services at a lower cost from other providers, but we think our fees are competitive considering our services.

### **1. Asset Management Fee Schedule**

We generally impose a minimum dollar amount of \$500,000 of assets for institutional accounts, although smaller accounts may be accepted. Retail accounts do not have a minimum. The fee charged is based upon the amount of money you invest. No increase in the annual fee shall be effective without prior written notification to you. We believe our advisory fee is reasonable considering the fees charged by other Registered Investment Advisers offering similar services/programs. Management fees are prorated for each contribution and withdrawal made during the applicable calendar quarter (except for small inconsequential contributions and withdrawals). You will be provided with a quarterly statement reflecting the deduction of the advisory fees. Additionally, note that Client accounts may be aggregated (i.e., "household") for purposes of fee billing.

Payments are due and will be assessed on the last day of each quarter, based on the ending balance of the account under management for the preceding quarter and are calculated according to the following Retail and Institutional Schedules. In some cases, we may bill client accounts monthly in arrears due to the policies of a particular custodian.

#### *Retail Fee Schedule*

Retail Clients are charged a 1.45% fee which may be negotiable in certain circumstances. A portion of this fee may go to FWA or another unaffiliated RIA who utilizes the FWAM TAMP and a portion may be paid to FWAM (see platform fee below).

#### *Institutional Fee Schedule*

Percentage	Portfolio Size (AUM)
0.80%	\$500,000 - \$1,000,000
0.70%	\$1,000,000 - \$2,000,000
0.65%	\$2,000,000 - \$5,000,000
0.60%	\$5,000,000 - \$10,000,000

#### *FamilyWealth Platform Fees*

In addition to the fees shown above, the Client will pay the following Platform fees:

Asset Based Fees: <sup>1</sup>
First \$500,000 .....30bps (0.30%)
Next \$500,000 .....25bps (0.25%)
Next \$1,000,000 .....20bps (0.20%)
Next \$1,000,000 .....15bps (0.15%)
Next \$1,000,000 .....10bps (0.10%)
Assets Over \$4,000,000 ..... 5bps (0.05%)

Note that FWAM will receive the Platform Fee for certain portfolio management services rendered to Clients through the FWAM TAMP.

<sup>1</sup> If applicable, the asset based FamilyWealth Platform fee is included in the 1.45% fee, which is split between the Platform or the Manager and FWA or an unaffiliated RIA.

## 2. Separate Account Manager Fees

An additional 10bps (0.10%) to 35bps (0.35%) asset management fee applies for asset managers of strategies and portfolios in the Managed Account Solutions Platform, depending on, manager selected. Fees do not include expense ratios of underlying investments, which may include, but are not limited to, Mutual Funds, ETFs, UMA fees, outside advisor fees or brokerage fees.

We retain the right to negotiate the fee structure on a per Client basis.

## 3. Financial Advisor Fee on Non-Managed Assets

Additionally, as may be negotiated between the Client and the IAR or Solicitor through its financial advisor, a Financial Advisor Fee may be payable to Solicitor or IARs on “non-managed” assets. “Non-managed” assets are assets custodied at a custodian that has a trading relationship with the Client or FamilyWealth™, but for which the Adviser provides no investment management services, including but not limited to certain ERISA covered services or the FamilyWealth™ platform services. If payment of a Financial Advisor Fee on non-managed” assets is agreed upon, the adviser shall arrange that the custodian with which the adviser has a trading relationship, but for which the adviser provides no services, shall deduct such amounts from Client custody accounts for payment to Solicitor or IAR, unless other arrangements are made.

## 4. Retirement Plan Consulting Fees

FWAM’s standard fee may include establishing your IPS, reviewing your Plan structure, investment selection and monitoring, fund changes, participant education and reporting. Advisory fees for the Plan are paid to us by the Plan, directly from the Plan sponsor, or in some cases a combination of both. These fees are generally collected by the Plan recordkeeper or vendor and paid directly to us. The fee paid for our services will be a flat annual fee of \$10,000 - \$100,000 or a fee based upon the amount of assets under management, up to 1.00%. When fees are based upon the amount of assets under management, they will be calculated as follows:

Percentage	Portfolio Size (AUM)
1.00%	\$0-\$1,000,000
0.75%	\$1,000,001-\$5,000,000
0.50%	\$5,000,001-20,000,000
0.25%	\$20,000,001-\$50,000,000
Negotiable	\$50,000,001+



This fee includes services as an ERISA section 3(21) or 3(38) fiduciary with respect to the Client's Plan. FWAM's advisory agreement with each Plan sponsor outlines the timing of fees collected and the process of fee remittal.

## **5. Third Party Fees**

Our fees do not include brokerage commissions, transaction fees, and other related costs and expenses. You may incur certain charges imposed by custodians, third party investment companies and other third parties. These include 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, money market funds and ETFs also charge internal management fees, which are disclosed in the fund's prospectus. These fees may include, but are not limited to, a management fee, upfront sales charges, and other fund expenses. Certain strategies offered by us may involve investment in mutual funds and/or ETFs. Load and no-load mutual funds may pay annual distribution charges, sometimes referred to as "12(b)(1) fees". These 12(b)(1) fees come from fund assets, and thus indirectly from Clients' assets. We do not receive any compensation from these fees. All of these fees are in addition to the management fee you pay us. You should review all fees charged to fully understand the total amount of fees you will pay. Services similar to those offered by us may be available elsewhere for more or less than the amounts we charge.

We aim to give preference to adviser-class shares such as "F2 Shares" as compared with products where a commission, load or 12b-1 fee applies. The analysis of which products to select must be able to show the product was both suitable and in the best interest of the Client, considering the products reasonably available to FWAM. If limitations in the available products or Platform exist, then the IAR should disclose them to the Client. Clients are encouraged to ask the IAR to identify the cheapest option(s) to achieve the Client's investment objectives. If not in adviser-class shares or comparable no-commission products/transactions, then you are encouraged to ask the IAR why such products are in the best interest of you, the Client.

You could invest in a mutual fund directly, without our services. In that case, you would not receive the services provided by us which are designed, among other things, to assist you in determining which mutual fund or funds are most appropriate for your financial condition and objectives.

## **6. Other Compensation**

Our IARs may receive additional compensation from sales of insurance products. They may be eligible to receive incentive awards (including prizes such as trips or bonuses) for recommending certain types of insurance policies or other investment products. Our IARs may recommend and sell life, disability, annuity, and long-term care insurance and will receive the usual and customary commissions in addition to any agreed-upon advisory fee. While we endeavor at all times to put the interest of our Clients first as part of our fiduciary duty, the possibility of receiving additional compensation creates a conflict of interest and may affect our IARs' judgment when making recommendations. We require that all IARs disclose this conflict of interest when such recommendations are made. Also, we require IARs to disclose that Clients





may purchase recommended securities or insurance products from other IARs or insurance agents not affiliated with us.

## **Item 6 – Performance Based Fee and Side by Side Management**

We do not charge any performance-based fees. These are fees based on a share of capital gains on or capital appreciation of the assets of a Client.

## **Item 7 – Types of Clients**

We provide portfolio management services to individuals, high net worth individuals, trusts, estates, corporate pension and profit-sharing plans, charitable organizations, trusts, foundations, endowments, corporations, trusts, small businesses and churches.

For institutions, our minimum account opening balance is \$500,000.00, which may be negotiable based upon certain circumstances. For individuals, we have no minimum account opening balance.

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

We recognize that the outlook for fundamentals and the risk/return opportunity is always evolving, and our portfolio management options must also evolve and adjust dynamically. We believe that a flexible and opportunistic investment approach is vital for investors seeking a balanced risk and return.

We believe that multi-asset investors should focus on short-term risk, and when the portfolio has any drawdown, we strive to limit the impact. The more effective we are at managing portfolio volatility, the greater the impact we can have on the growth rate over the long-term. We believe multi-asset managers need to deliver expertise and systems that can manage risk on an intraday basis, with deep, high-quality research across every asset class. By taking a proactive view of individual asset classes and balancing the risk/reward relationship across an entire diversified portfolio, multi-asset investing complements our objective of enabling innovative asset allocation strategies.

To achieve this goal, we blend passive, active, and alternative strategies. We use passive strategies in markets where there is little or no potential for active strategy reward. Then we employ active and alternative strategies in parts of the market where we see opportunity.

To achieve these goals, we use a mixture of multiple investment methods, including Modern Portfolio Theory, as well as fundamental, cyclical, technical and targeted analyses.

## 1. Fundamental Analysis

Fundamental analysis is a technique that attempts to determine a security's value by focusing on the underlying factors that affect a company's actual business and its future prospects. Fundamental analysis is about using real data to evaluate a security's value. It refers to the analysis of the economic well-being of an entity/issuer as opposed to its price movements alone.

Fundamental analysis serves to answer questions, such as:

- Is the company's revenue growing?
- Is the company actually making a profit?
- Is the company in a strong-enough position to beat out its competitors in the future?
- Is the company able to repay its debts?
- Is management focused on increasing shareholder value?

One of the primary assumptions of fundamental analysis is that the stock price does not fully reflect a stock's "real" value. We use a combination of qualitative and quantitative factors to try and find stocks that are undervalued. We look at both macroeconomic factors such as the overall economy, industry conditions and company-specific factors such as financial condition and management. When we are examining a stock, we might look at the stock's annual dividend payout, earnings per share ("**EPS**"), price-to-earnings ratio ("**PE ratio**") and many other quantitative factors. However, no analysis is complete without taking into account brand recognition and other qualitative factors.

The goal of performing fundamental analysis is to produce a value that we can compare with the security's current price, with the aim of figuring out what sort of position to take in that security (underpriced = buy; overpriced = sell or short). Once we discover undervalued funds or funds that are investing in undervalued stocks, we assess the company offering/managing these funds to determine stability and volatility of the funds.

## 2. Modern Portfolio Theory

We may also use Modern Portfolio Theory to help select the securities in our investment programs and portfolios. Modern Portfolio Theory tries to understand the market as a whole, rather than merely evaluating what makes each investment opportunity unique. Investments are described statistically, in terms of their expected long-term return rate and their expected short-term volatility. The volatility is one measure of risk (e.g., measuring how much worse than average an investment's bad years are likely to be). The goal is to identify your acceptable level of risk tolerance, and then to find a portfolio with the maximum expected return for that level of risk.

### **3. Cyclical Analysis**

While we do not attempt to time the market, we may use cyclical analysis in conjunction with other strategies to help determine if shifts are required in your investment strategies depending upon long and short-term trends in financial markets and the performance of the overall national and global economy.

### **4. Technical Analysis**

Technical analysis is a technique that attempts to determine a security's value by developing models and trading rules based upon price and volume transformation. Technical analysis assumes that a market's price reflects all relevant information, so the analysis focuses on the history of a security's trading behavior rather than external drivers such as economic, fundamental and news events. The practice of technical analysis incorporates the importance of understanding how market participants perceive and act upon relevant information rather than focusing on the information itself. Ultimately, technical analysts develop trading models and rules by evaluating factors such as market trends, market participant behaviors, supply and demand, pricing patterns and correlations.

As with other types of analysis, the predictive nature of technical analysis can vary greatly; models and rules are often modified and updated as new patterns and behaviors develop. As with all aspects of the investment industry, past performance is not a guarantee or indicator of future return.

### **5. Targeted Asset Allocation**

We combine analyses to determine asset allocation strategies in our resulting investment programs. We have compiled five (5) targeted asset allocation model portfolios, which cover a broad range of analyses including conservative to aggressive growth-oriented approaches. We will advise you and you will choose which program or combination of programs most appropriately suits your goals and time horizon, while addressing the level of risk that you are comfortable assuming. The strategic model portfolio allocation in our programs remains constant. Your specific portfolio model may change infrequently if your risk tolerance and goals remain the same, unless market, economic or company/issuer-specific factors warrant substituting other securities in place of the previous securities in the model portfolio. We screen and select funds and securities to be added to or removed from the model portfolio, which can be done on a regular basis. Rebalancing can occur after shifts in the market, changes in your financial circumstances, according to your specific requests and after significant deposits or withdrawals to and from your accounts. The timing and nature of rebalancing are dictated by your specific investment objectives and financial situation in consultation with us.

In order to perform this analysis, we use many resources, such as:

- Morningstar;
- Financial newspapers and magazines (e.g., Wall Street Journal, Forbes, etc.);
- Annual reports, prospectuses, and filings with the Securities and Exchange Commission;

- Research materials prepared by others;
- Company press releases;
- Corporate rating services;
- Company Websites; and
- Inspections of corporate activities.

## 6. Investment Strategies

FWAM uses various investment strategies to implement any advice we give to you, including but not limited to:

- Long-term purchases: securities held at least a year;
- Short-term purchases: securities sold within a year; and
- Trading: securities sold within 30 days.

In general, FWAM's focuses primarily on long-term strategies and positions.

## 7. Risks

We cannot guarantee our analytical methods will yield a return. In fact, there is always a risk of a partial or complete loss of investment. Investing in securities involves a risk of loss that you should be prepared to handle. You need to understand that investment decisions made for your account by us are subject to various market, currency, economic, political and business risks. The investment decisions we make for you will not always be profitable and we cannot guarantee any level of performance. Please refer to the information below regarding various elements of risk.

### *Market Risks*

- **Market Volatility:** Future price movements are inevitable. While we seek to effectively project the long-term value of investments, we may not be able to do so, and prices may change in both a material and negative way.
- **Investment Activities:** The performance of any investment is subject to incorrect and unforeseen, negative changes in value. Several factors may impact value such as economic, political, competitive, technological and other conditions (including acts of terrorism and war). The impacts may be more limited to a particular investment or may have a broader impact. The securities markets may be volatile, which may adversely affect our ability to achieve positive returns.
- **Accuracy of Public Information:** We conduct research and collect information from various public sources, and there is a risk that those public sources may be wrong. We cannot assess the completeness or accuracy of such information.

- Valuation of Investments. While we endeavor to assess the proper values of investments, our assumptions and conclusions may be significantly different than the market valuation at any point in time.
- Market or Interest Rate Risk: The price of most fixed income securities tends to move in the opposite direction of the change in interest rates. If we sell a fixed income security before the maturity date, because of the inverse correlation between interest rates and price, an increase in interest rates would probably result in a loss of principal.
- Fixed Income Call Option Risk: Many fixed income securities can be “called” or retired by the issuer. That creates a risk of negatively impacting the projected cash flow, reduced capital appreciation potential and reinvestment risk due to lower interest rates then being experienced.
- Inflation Risk: Inflation risk results from the variation in the value of cash flows from a security due to inflation, which reduces the purchasing power of the cash flow.

#### Security Specific Risks

- Company Valuation: Valuation may be impacted by numerous factors such as lawsuits, allegations of mismanagement, allegations of wrongdoing/corruption, etc. Such issues can have a profound, negative impact on valuation, and they are oftentimes unforeseeable.
- Liquidity: Investments may not be able to be readily converted into cash. This risk is much more pronounced with Alternative Investments such as Privately Placed Securities.
- Private Placement Securities Risk: Such products are generally speculative investments, which means they have a very high risk, and should therefore not be the product used by investors who have a more moderate risk tolerance in the same account. However, it is conceivable, if the customer consents and agrees with a different investment objective for certain investments than the investment objective generally agreed upon in the Investment Policy Statement, then investments that represent a very small percentage of the overall portfolio could be used in a limited fashion, provided they are only used on a non-discretionary basis, and such riskier investments are assigned to a separate account that reflects that investment objective.
- Investing in alternative investments are not suitable for all Clients, and are intended for experienced and sophisticated investors who are willing to bear the high economic risks of the investment, which can include:
  - Loss of all or a substantial portion of the investment due to leveraging, short-selling or other speculative investment practices;
  - Lack of liquidity in that there may be no secondary market for the securities, and no liquidity is expected to develop;

- Volatility of returns;
- Restrictions on selling/transferring the securities (no market permitted unless or until registered);
- Absence of information regarding valuations and pricing;
- Delays in tax reporting; and
- Less regulation and higher fees than mutual funds

### Mutual Funds Risk

Mutual funds can offer the advantages of diversification and professional management. However, as with other investment choices, investing in mutual funds involves risk, in addition to fees and taxes that will diminish a fund's return. Mutual funds also have features that some Clients might view as disadvantageous, such as:

- **Costs despite Negative Returns:** Clients must pay sales charges, annual fees, and other expenses, regardless of how the fund performs. And, depending on the timing of their investment, Clients may also have to pay taxes on any capital gains distribution they receive — even if the fund proceeded to perform poorly after they bought shares. Such distributions can occur even if the distribution remains in the account(s) and is not materially distributed to the Client.
- **Lack of Control:** Investors typically cannot ascertain the exact make-up of a fund's portfolio at any given time, nor can they directly influence which securities the fund manager buys and sells or the timing of those trades.
- **Price Uncertainty:** With an individual stock, you can obtain real-time (or close to real-time) pricing information with relative ease by checking financial Websites or by calling your IAR. You can also monitor how a stock's price changes from hour to hour. But with a mutual fund, the price at which you purchase or redeem shares will typically depend on the fund's net asset value (“NAV”), which is generally an end-of-day price, which the fund might not calculate until many hours after you've placed your order. In general, mutual funds must calculate their NAV at least once every business day, typically after the major U.S. exchanges have closed for the day.

The following is a list of some general risks associated with investing in mutual funds:

- **Country Risk:** The possibility that political events (e.g., war, national elections, etc.), financial problems (rising inflation; government default), or natural disasters (an earthquake; a poor harvest) will weaken a country's economy and cause investments in that country to decline.
- **Currency Risk:** The possibility that returns could be reduced for Americans investing in foreign securities because of a rise in the value of the U.S. dollar against foreign currencies (also called exchange-rate risk).
- **Income Risk:** The possibility that a fixed-income fund's dividends will decline as a result of falling overall interest rates.

- **Industry Risk:** The possibility that a group of stocks in a single industry will decline in price due to developments in that industry.
- **Inflation Risk:** The possibility that increases in the cost of living will reduce or eliminate a fund's real inflation- adjusted returns.
- **Manager Risk:** The possibility that an actively managed mutual fund's manager will fail to execute the fund's investment strategy effectively, resulting in the failure of stated objectives.
- **Market Risk:** The possibility that stock fund or bond fund prices overall will decline over short or even extended periods. Stock and bond markets tend to move in cycles, with periods when prices rise and other periods when prices fall.
- **Principal Risk:** The possibility that an investment will go down in value, or “lose money,” from the original or invested amount.

### Bond Fund Risk

Bond funds generally have higher risks than money market funds, largely because they typically pursue strategies aimed at producing higher yields than the risks associated with money market funds. Risks include:

- **Call Risk:** The possibility that falling interest rates will cause a bond issuer to redeem—or call—its high-yielding bond before the bond's maturity date.
- **Interest Rate Risk:** The risk that the market value of the bonds will go down when market interest rates go up. Because of this, you can lose money in any bond fund, including those that invest only in insured bonds or Treasury bonds.
- **Prepayment Risk:** The chance that a bond will be paid off early. For example, if interest rates fall, a bond issuer may decide to pay off (or “retire”) its debt and issue new bonds that pay a lower rate. When this happens, the fund may not be able to reinvest the proceeds in an investment with as high a return or yield.

### Stock Fund Risk

Although a stock fund's value can rise and fall quickly over the short-term, historically stocks have performed better over the long-term than other types of investments — including corporate bonds, government bonds and treasury securities.

Overall, “market risk” poses the greatest potential danger for investors in stock funds. Stock prices can fluctuate for a broad variety of reasons, such as the overall strength of the economy or demand for particular products or services. Not all stock funds are the same. For example:

Growth funds focus on stocks that may not pay a regular dividend but have the potential for large capital gains. Income funds invest in stocks that pay regular dividends.

Index funds aim to achieve the same return as a particular market index, such as the S&P 500 Composite Stock Price Index, by investing in all — or perhaps a representative sample — of the companies included in an index.

Sector funds may specialize in a particular industry segment, such as technology or consumer products stocks.

### Insurance Product Risk

The rate of return on variable insurance products is not stable, but varies with the stock, bond and money market subaccounts that you choose as investment options. There is no guarantee that you will earn any return on your investment and there is a risk that you will lose money. Before you consider purchasing a variable product, make sure you fully understand all of its terms. Carefully read the prospectus. Some of the major risks include:

- **Liquidity and Early Withdrawal Risk:** There may be a surrender charge for withdrawals within a specified period, which can be as long as six to eight years (and up to 15 years for Equity Indexed Annuities). Any withdrawals before a Client reaches the age of 59 ½ are generally subject to a ten percent (10%) income tax penalty in addition to any gain being taxed as ordinary income.
- **Sales and Surrender Charges:** Asset-based sales charges or surrender charges exist, but normally decline and eventually are eliminated the longer you hold your shares. For example, a surrender charge could start at seven percent (7%) in the first year and decline by one percent (1%) per year until it reaches zero (0). That is one reason why variable and /or fixed insurance products are generally not suitable for short-term time horizons.
- **Fees and Expenses:** There are a variety of fees and expenses that can reach two percent (2%) or more, such as:
  - Mortality and expense risk charges;
  - Administrative fees;
  - Underlying fund expenses; and
  - Charges for any special features or riders.
- **Bonus Credits:** Some products offer bonus credits that can add a specified percentage to the amount invested ranging from one percent (1%) to five percent (5%) for each premium payment. Bonus credits, however, are usually not free. In order to fund them, insurance companies typically impose high mortality and expense charges and lengthy surrender charge periods.



- **Guarantees:** Insurance companies provide a number of specific guarantees. For example, they may guarantee a death benefit or an annuity payout option that can provide income for life. These guarantees are only as good as the financial strength of the insurance company that offers them.
- **Market Risk:** The possibility exists that stock fund or bond fund prices overall will decline over short or even extended periods. Stock and bond markets tend to move in cycles, with periods when prices rise and other periods when prices fall.
- **Principal Risk:** The possibility that an investment will go down in value, or “lose money,” from the original or invested amount. This risk may entail a partial or complete loss of principal.

### Overall Fund Risk

Clients need to remember that past performance is no guarantee of future results. All funds carry some level of risk. You may lose some or all of the money you invest, including your principal, because the securities held by a fund goes up and down in value. Dividend or interest payments may also fluctuate, or stop completely, as market conditions change.

Before you invest, be sure to read a fund's prospectus and shareholder reports to learn about its investment strategy and the potential risks. Funds with higher rates of return may take risks that are beyond your comfort level and that are inconsistent with your financial goals.

While past performance does not necessarily predict future returns, it can tell you how volatile (or stable) a fund has been over a period of time. Generally, the more volatile a fund, the higher the investment risk. If you need your money to meet a financial goal in the near-term, you probably can't afford the risk of investing in a fund with a volatile history because you will not have enough time to “ride out” any declines in the stock market.

### *Analytical Technique Risks*

#### Fundamental Analysis Risk

Fundamental analysis, when used in isolation, has a number of risks:

There are an infinite number of factors that can affect the earnings of a company, and its stock price, over time. These can include economic, political and social factors, in addition to various industry statistics. When using this method with mutual funds, the funds are comprised of many companies and not all of them will be undervalued.

- The data used may be at least six months out-of-date.
- It is difficult to give appropriate weightings to the factors.

- A fundamental analyst assumes that other fundamental analysts will form the same view about the company and buy the stock, thus restoring its value and returning the trader or investor a capital gain. In practice, an undervalued company's stock price can stay at approximately the same level (or decline) for years.
- It ignores the influence of random events such as oil spills, product defects being exposed, and "Acts of God," etc.
- It assumes that there is no monopolistic power in the market.
- Even when fundamental analysis reveals an undervalued company, or a stock with high growth prospects, it does not tell us anything about the timing of the purchase of the stock. We may have discovered a grossly undervalued stock with a price that has been falling for some time and may well continue falling.

#### Technical Analysis Risk

- Technical analysis is derived from the study of market participant behavior and its efficacy is a matter of controversy.
- Methods vary greatly and can be highly subjective; different technical analysts can sometimes make contradictory predictions from the same data.
- Models and rules can incur sufficiently high transaction costs.

#### *Investments in Non-U.S. Investments*

From time to time, we may invest and trade a portion of model assets in non-U.S. securities and other assets, which will give rise to risks relating to political, social, legal, currency, regulatory and economic developments abroad. Different laws, regulation, and market practices may also increase the risk.

#### *Risk of Default or Bankruptcy of Third Parties*

We may engage in transactions with counterparties, and counterparties may default and thereby create partial (if, e.g., a fund reserve provides some or full protection against loss ) or full loss of principal of the investment.

#### *Market Circuit Breakers*

From time to time, the market, due to excessive volatility or otherwise, may result in the temporary closure of the securities markets. Such closure may result in significant price changes upon re-opening or make timely liquidation impossible.

#### *Miscellaneous Risks*

There are too many risks to enumerate specifically. Thus, the foregoing risks do not purport to be a complete compendium of the risks of any particular investment; they are general risks that should guide



your initial evaluation of any prospective investment. You are encouraged to read the prospectus and offering documents, as applicable, for any prospective and current investment, and discuss them with your IAR vis-à-vis your investment objectives, risk tolerance, liquidity needs, investment time horizon, risk/reward preferences, along with other considerations.

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of us or the integrity of our management. We have no such disciplinary history and are unaware of any material threat of a disciplinary action.

## **Item 10 – Other Financial Industry Activity and Affiliations**

### **1. Ownership**

FWAM is owned by FamilyWealth Corporation, which is owned by FinTech Fund II, LLLP (“**Venture Fund**”).

### **2. Technology Tools**

#### *Generally*

FWAM is affiliated with FinTech Automation LLC (“**FTA**”), which offers access to the Platform used by FWAM. This provides us with technology that helps not only with portfolio management, but with risk management as well. They partner with FWAM to help tackle the challenges commonly found with innovation and flexibility.

#### *Back-Office Services*

FTA provides access to back-office services, including billing, account reconciliation and trade processing support for FWAM, FWA, and other unaffiliated RIAs who may license the FamilyWealth Platform. By outsourcing these functions to FTA, FWAM can provide more services, more efficiently and cost-effectively to its Clients.

### **3. Financial Industry Affiliations**

#### *Insurance Agency*

*FWAM is affiliated with an insurance agency, FamilyWealth Agency, LLC.*



### *Registered Investment Adviser*

FWAM is affiliated with another Investment Adviser, FWA.

### *Investment Adviser Representative Affiliations*

FWA, is affiliated with FWAM, through which FWAM's TAMP services are offered. Additionally, some IARs may have business activities and/or affiliations outside of FWAM. Some of the FWAM personnel may be registered as representatives of broker-dealers that are unrelated to FWAM and FWA. You may also check their affiliations by visiting [www.BrokerCheck.com](http://www.BrokerCheck.com) and putting in the IAR's name. These IARs, therefore, may recommend securities products that will pay them a commission through their broker-dealer relationship. When such recommendations or sales are made, a conflict of interest exists as the registered representatives may receive additional money in the form of commissions from the sale of these products versus only providing investment advisory services in their role as an IAR. Because of the fact that such broker-dealers are unaffiliated and separate entities, FWAM and FWA may not be aware of such transactions and, therefore, could be incapable of taking certain actions in relation to the IAR's conflicts of interest. That conflict originates at the individual relationship between the Client and the IAR who is serving in a dual capacity.

We require that all IARs disclose this conflict of interest when such recommendations are made. We also require IARs to disclose to Clients that recommended products may also be purchased from other representatives not affiliated with us. Our Code of Ethics requires our IARs do what is in the Clients' best interests at all times.

Some of FWAM's IARs may recommend insurance products and may also, as independent insurance agents, sell those recommended insurance products to Clients. When recommendations or sales of insurance products are made, a conflict of interest exists as the insurance-licensed IARs earn insurance commissions for the sale of those products, which creates a potential incentive to recommend such products. FWAM requires that all IARs disclose this conflict of interest when such recommendations are made. FWAM also requires IARs to disclose that Clients may purchase recommended insurance products from other insurance agents not affiliated with us. However, our IARs do not charge advisory or management fees on annuities when our IARs receive a commission for the sale of those products.

## Item 11 – Code of Ethics, Participation or Interest in Client Accounts and Personal Trading

We act in a fiduciary capacity. If a conflict of interest arises between us and you, we shall make every effort to resolve the conflict in your favor. Conflicts of interest may also arise in the allocation of investment opportunities among the accounts that we advise. We will seek to allocate investment opportunities according to what we believe is appropriate for each account. We also adhere to the fiduciary standards of ERISA for ERISA accounts. We strive to adhere to regulatory guidance regarding Investment Advisers Standards of Conduct, which includes the duty of care and the duty of loyalty, similar to the impartial conduct standards, which require adherence to a “best interest” standard. We strive to do what is in the best interests of all the accounts we advise. We also strive to ensure reasonable compensation and avoid providing any information that could be construed as a misrepresentation.

We have adopted a Code of Ethics for all supervised persons of the Firm describing its high standards of business conduct, and fiduciary duty to you, our Client. The Code of Ethics includes provisions relating to the confidentiality of Client information, a prohibition on insider trading, a prohibition of rumor generation/spreading, restrictions on the acceptance of gifts, the reporting of certain gifts and business entertainment items, and personal securities trading procedures. All of our supervised persons must acknowledge the terms of the Code of Ethics annually.

### **1. Participation or Interest in Client Accounts**

Our compliance policies and procedures prohibit anyone associated with FWAM from having an interest in a Client account or participating in the profits of a Client’s account without the approval of the CCO, which, as a matter of general Firm’s policy, is prohibited.

The following acts are prohibited:

- Employing any device, scheme or artifice to defraud;
- Making any untrue statement of a material fact;
- Omitting to state a material fact necessary in order to make a statement, in light of the circumstances under which it is made, not misleading;
- Engaging in any fraudulent or deceitful act, practice or course of business;
- Engaging in any manipulative practices; and
- Clients and prospective Clients may request a copy of the firm's Code of Ethics by contacting the CCO.

## 2. Personal Trading

We may recommend securities to you that we will purchase for our own accounts. We may trade securities in our account that we have recommended to you as long as we place our orders after your orders. This policy is meant to prevent us from benefiting as a result of transactions placed on behalf of advisory accounts.

Certain affiliated accounts may trade in the same securities with your accounts on an aggregated basis when consistent with our obligation to seek best execution. When trades are aggregated, all parties will share the costs in proportion to their investment. We will retain records of the trade order (specifying each participating account) and its allocation. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order instructions.

FWAM has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of “**Access Persons**.” The policy requires that an Access Person of the Firm provide his/her designated supervisor/manager with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide such Access Person’s designated supervisor/manager with a written report of the Access Person’s current securities holdings at least once each twelve-month period, and thereafter on a date the adviser selects. Any compliance concerns are required to be escalated by the designated supervisor/manager to the CCO.

We have established comprehensive insider trading policies and procedures in our Compliance Manual to promote compliance with our fiduciary responsibilities and industry regulations prohibiting trading on the basis of non-public or “inside information.” FWAM’s Insider Trading Policy is distributed to all employees, including new employees upon hire, and requires a written acknowledgement of such policies by each employee. In general, we do not receive non-public information in the course of FWAM’s work, but if such an exceptional situation were to occur, FWAM, and its employees, are prohibited from using that information personally or to tip other people about such information.

## 3. Privacy Statement

We are committed to safeguarding your confidential information and hold all personal information provided to us in compliance with application industry privacy regulations, including Regulation SP. These records include all personal information that we collect from you or receive from other firms in connection with any of the financial services they provide. We also require other firms with whom we deal to restrict the use of your information. Our Privacy Policy is available upon request.

## 4. Conflicts of Interest

We have a conflict of interest if we use FWAMs TAMP models for investment advisory services. By so doing, the investment advisory fees for using the TAMP models can be greater than if the IAR was directly managing the Client’s portfolio. The result is that there is an incentive for the IAR to use the TAMP models,



since using its service may require less work from the IAR. We encourage you to ask your IAR to explain (i) the benefits of using the models and TAMP of FWAM, (ii) the associated costs, (iii) the associated risks and (iv) justification about why using their services and Platform is in your best interest.

FWAM's IARs may employ the same or different strategy for their personal investment accounts as it does for its Clients. However, IARs may not place their orders in a way to benefit from the purchase or sale of a Client security. If a conflict of interest arises between us and you, we shall make every effort to resolve the conflict in your favor. Conflicts of interest may also arise in the allocation of investment opportunities among the accounts that we advise. We will seek to allocate investment opportunities according to what we believe is appropriate for each account. We strive to do what is equitable and in the best interests of all the accounts we advise.

We have a conflict of interest in the sense that our recommendation to use Austin Capital Trust Company, LLC ("**ACTC**"), which is a custodian where a control person of FWAM and FWA has a financial interest, who neither makes Client-specific recommendations nor controls Client accounts. Nevertheless, FWAM is hereby informing the Client that the choice to use ACTC is a conflict of interest, and we encourage you, the Client, to discuss (i) any recommendation to use ACTC and verify that the custodian is competitive in terms of fees and expenses, (ii) no FWAM/ FWA IARs have any ability to access, convert or transfer customer funds, but such funds may only be sent for the benefit of the customer to the address-of-record, (iii) such custodial arrangement is otherwise in the best interest of the Client and (iv) such entities are operationally independent.

IARs receive insurance brokerage commissions for insurance products sold by our IARs through unaffiliated insurance agencies, as well as through FamilyWealth Agency, LLC, an affiliate insurance agency.

IARs receive securities brokerage commissions for securities products sold by our IARs through unaffiliated securities broker-dealers.

## Item 12 – Brokerage Practices

### 1. Soft Dollars

We do not receive any soft dollars from broker-dealers, custodians or third-party money managers.

#### *Research*

As part of our agreement with the custodians that we typically use, we may receive additional research and access to systems and processes that assist us in our investment research and analysis. Such research, systems and processes are not a function of order routing decisions or commissions being paid for transactions but are platform benefits provided by custodians to their institutional customers such as we. These benefits may not be allocated equally among all of our Clients or their accounts. We may also receive services, which can include investment profiles, sales literature, advertising and other materials.

### 2. Brokerage for Client Referrals

We do not receive any compensation or incentive for referring you to certain broker-dealers for brokerage trades.

### 3. Best Execution

We will arrange for the execution of securities brokerage transactions for your account through broker-dealers that we reasonably believe will provide “best execution.” These transactions will typically take place through one of our approved broker-dealers and custodians. In seeking best execution, the determinative factor is not the lowest possible commission cost, although that is clearly an important factor, but the holistic analysis of best execution entails evaluating whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer’s services and the Client’s needs and objectives, including the value of research provided, execution capability, execution speed, commission rates and responsiveness. Therefore, we will seek competitive commission rates, but we may not obtain the lowest possible commission rates for account transactions.

### 4. Directed Brokerage

FWAM generally uses its custodians to seek execution through their broker-dealer network. The custodians that have such a platform and that route orders are Fidelity and Schwab. If routed independently of those custodians, FWAM seeks best execution, but if the orders are “directed brokerage” orders (in other words, orders routed to a particular broker/dealer requested by the Client), then the Client may pay higher fees or transaction costs than those obtainable by other broker/dealers. In most cases, we believe you are paying a discounted and reasonable rate within the broker-dealer landscape used by FWAM’s custodians. Generally, we will not negotiate lower rates below the rates established by the executing broker-dealer for this type of directed brokerage account, unless we believe





that such rate is unfair or unreasonable for the size and type of transaction. We believe that these commissions are generally reasonable and customary.

Not all advisory firms require you to route your orders to a specific broker-dealer. You may direct us to execute your transactions and custody your assets at a specific firm. By directing us to a specific custodian or broker-dealer, we may not be able to obtain the most favorable costs or execution. You may pay higher fees or transaction costs. You may also lose any benefits that we have been able to obtain for our other Clients such as volume discounts, order aggregation or block trades. If you direct us to use a particular broker-dealer, you will have the sole responsibility for negotiating the commission rate and other transaction costs with the broker-dealer and/or custodian. While you may direct us to a broker-dealer and/or custodian for execution of your transactions, you agree that we will not be required to effect any transactions through that directed broker if we reasonably deem doing so would clearly result in a breach of our duties as a fiduciary. By directing brokerage, a disparity may exist between the commissions borne by your account and the commissions borne by our other Clients that do not direct brokerage.

## **5. Trading**

FWAM may aggregate, by custodial broker/dealer, transactions for Platform Clients in the same securities for the purpose of obtaining best execution, negotiating more favorable commission rates, or allocating equitably among Clients the differences in prices, commissions or other transaction costs that might not have been obtained had such orders been placed independently.

No advisory Client will be favored over any other Client, and each account that participates in an aggregated order will participate at the average share price (per custodial broker-dealer) for all transactions in that security on a given business day.

FWAM does not aggregate trades of our personnel with those of Client accounts unless our personnel have personal accounts that are managed by FWAM through the Platform.

FWAM does not trade in any retirement accounts where the Plan is the Client.

## Item 13 – Review of Accounts

### 1. Review Process

Reviews will be conducted at least annually or as agreed to by us. Reviews will be conducted at a couple different levels. First, the IARs, as the “first line of defense,” who are responsible for the account, are required to regularly review the accounts under their responsibility. Second, Branch Office Managers, when and if applicable, will conduct account reviews on a monthly basis. Third, as the “second line of defense,” the CCO will conduct account reviews annually on a spot check basis. You may request more frequent reviews and may set thresholds for triggering events that would cause a review to take place. Generally, the triggers for our reviews include significant changes and shifts in the economy, significant changes to the management and structure of an equity or company in which Client assets are invested, and significant market shifts and corrections.

### 2. Reports

You will be provided with quarterly account statements from the respective custodian(s), which reflect the transactions occurring in your account. You may also receive reports from us as a courtesy, which may provide additional information than that information provided in the official reports from the custodian(s). These statements may be written or electronic depending upon the options you chose when you opened the account. You will be provided with confirmations for each securities transaction executed in the account. You are requested to notify us of any discrepancies in the account(s) or any concerns you have about the account(s).

## Item 14 – Client Referrals and Other Compensation

We do not receive any economic benefit from someone who is not a Client for providing investment advice or other advisory services to our Clients.

We may, however, pay other people compensation if they refer Clients to us. Personnel providing such referrals are known as Solicitors. When FWAM uses Solicitors, FWAM requires such Solicitors to provide additional disclosure information regarding the nature of the investment services and the solicitation arrangement. FWAM retains the option to utilize Solicitors who are not IARs in cases when they are not required by governing State law to register as an IAR.

In any case, for a Solicitor to be eligible to receive such a referral fee, the Solicitor is required to disclose the following information in writing to the prospective Client:

- The name of the Solicitor;
- The name of the registered investment adviser (FWAM);
- The nature of the relationship, including any affiliation, between the Solicitor and FWAM;
- A statement that the Solicitor will be compensated by FWAM for his/her solicitation services;
- The terms of such compensation arrangement, including a description of the compensation paid or to be paid to the Solicitor; and
- The amount, if any, for the cost of obtaining a new account, the Client may be charged, in addition to the advisory fee, fees attributable to any arrangement between the investment adviser and Solicitor for referring Clients to the adviser.

This Solicitor fee can be relevant in the context of if and when FWAM refers the Client to FWAM's TAMP models. The Platform fee is split between both FWAM and FWAM, and may not increase the total compensation, but the IAR must ensure that appropriate disclosures are made in each particular Client case.

The absence of the Solicitor providing the above information to the Client is grounds for withholding any investment advisory fees otherwise payable to the Solicitor.

IARs who are not statutory employees of FWAM (so, independent contractors from a labor law perspective) are treated as Solicitors and sign a contract to that effect and are obligated to provide the compliance disclosures referenced above.

## Item 15 – Custody

We do not have physical custody of any accounts. However, we do have constructive custody since we have the ability to debit the Client fees directly from their advisory account, but such instructions are provided by contract between the Client and the respective custodian.

We will use one of our approved custodians for all your accounts. You should receive quarterly statements from the custodian that holds and maintains your investment assets. A “statement” from the custodian means it is an official record of your account, and it necessarily is provided from the custodians that retain your assets. The custodians we mainly use are Fidelity, Schwab and ACTC. When registered investment advisers use the term “statements” in reference to information that they provide, they are fundamentally referring to supplemental account information, but not the official record of your account; such records provided by investment advisers are typically issued to provide information that (i) is branded in the name of the investment adviser and (ii) may provide performance information and other information not necessarily contained on the custodian’s statements. We urge you to carefully review such statements and compare this official custodial record with the account records/performance reports that we may provide to you. Our records may vary from custodial statements based on accounting procedures, reporting dates or valuation methodologies of certain securities. If you notice any discrepancies, please contact our CCO.

If the Client decides to implement our recommendations, we will help the Client open a custodial account. The funds in the Client’s account(s) will be held at the respective custodian, not with FWAM. Presently, as referenced above, we mainly use the following custodians: Fidelity, Schwab and ACTC. We encourage you to discuss with your IAR which custodian is in your best interest, depending upon your portfolio, strategies, preferences, recordkeeping, online portals and executive leadership and culture of the respective custodians, along with other considerations.

## Item 16 – Investment Discretion

We usually receive discretionary authority from you at the beginning of an advisory relationship to select the identity and amount of securities to be bought or sold. That discretion may commence with (i) the initial investment choices and allocation or (ii) thereafter. We may seek your approval for your initial investment choices/allocation in your portfolio, as well as the discretion to rebalance or make future purchase or sales decisions. The nature of the discretion should be described in the investment management contract you sign with us.

When selecting securities, and determining amounts, we observe the investment policies, limitations and restrictions you have set. For registered investment companies, our authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Prior to assuming discretionary authority, Clients must execute the investment advisory/management contract. Execution of the investment advisory/management contract grants us the authority to determine, without obtaining specific Client consent, both the amount and the type of securities to be bought and sold.



## Item 17 – Voting Client Securities

We shall not render any advice with respect to the voting of proxies solicited by, or with respect to, the issuers of any securities held in your advisory account. Furthermore, we shall not render any advice or take any action on behalf of you with respect to securities or any other investments held in your advisory account or the issuers of such securities or investments that become the subject of any legal proceedings, including bankruptcies or class- action suits relating to the securities held in the account. You retain the right and obligation to take any action with respect to any legal proceedings, including bankruptcies and class-action suits relating to securities held in the account.



## Item 18 – Financial Information

We are required to provide you with certain financial information or disclosures about our financial condition. We have no financial commitment that would impair our ability to meet any contractual and fiduciary commitments to you, our Client. We have not been the subject of any bankruptcy proceedings.

In no event shall we charge advisory fees that are both in excess of \$1,200 and more than six (6) months in advance of advisory services rendered.