



## ***Form ADV Part 2A – Appendix 1: The Wrap Fee Program Brochure***

### Item 1 – Cover Page

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April 15<sup>th</sup>, 2024

This Wrap Fee Program Brochure provides information about the qualifications and business practices of Crux Wealth Advisors. If you have any questions about the contents of this brochure, please contact us at 562.735.3875 or [information@cruxwealth.com](mailto:information@cruxwealth.com).

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Crux Wealth Advisors also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Crux Wealth Advisors is a registered investment adviser. Registration as an investment adviser does not imply a certain level of skill or training.

## Item 2 – Material Changes

Crux Wealth Advisors filed for registration as an investment adviser on April 15<sup>th</sup>, 2024. This is the firm's initial brochure. Any material changes made to the brochure in the future will be outlined in this section.

You may request a copy of our current Brochure at any time, without charge, by calling us at 562.735.3875 or e-mailing us at [information@cruxwealth.com](mailto:information@cruxwealth.com).

Additional information about Crux Wealth Advisors is available via the SEC's Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's website also provides information about any persons affiliated with Crux Wealth Advisors who are registered, or are required to be registered, as Investment Adviser Representatives of Crux Wealth Advisors.

Item 3 – Table of Contents

Contents

Item 1 – Cover Page .....1

Item 2 – Material Changes .....2

Item 3 – Table of Contents .....3

Item 4 – Services, Fees and Compensation .....4

Item 5 – Account Requirements and Types of Clients .....6

Item 6 – Portfolio Manager Selection and Evaluation.....7

Item 7 – Client Information Provided to Portfolio Managers.....15

Item 8 – Client Contact with Portfolio Managers.....16

Item 9 – Additional information.....16

## Item 4 – Services, Fees and Compensation

Crux Wealth Advisors is a registered investment adviser offering financial planning and asset management services to clients. Crux Wealth Advisors has been in business since 2016, and its principal owner is Travis Alexander. At Crux Wealth Advisors we believe in a process-driven approach to investment management. Our strategies rely on a structured and repeatable process that combines qualitative screening with in-depth qualitative research.

This Wrap Fee Program Brochure is designed to provide detailed and clear information relating to each item noted in the table of contents. Certain disclosures are repeated in one or more items, and/or other items are referred to in an effort to be as comprehensive as possible on the broad subject matters discussed. Within this Brochure, certain terms in either upper- or lowercase are used as follows:

- “We,” “us,” and “our” refer to Crux Wealth Advisors.
- “Advisor” refers to persons who provide investment recommendations or advice on behalf of Crux Wealth Advisors.
- “You,” “yours,” and “client” refer to clients of Crux Wealth Advisors and its advisors.

Commonwealth Financial Network (hereinafter “Commonwealth”) of Waltham, Massachusetts, a FINRA-registered broker/dealer and SEC-registered investment adviser will be referenced throughout this brochure.

We offer asset management services through a wrap-fee management program. Our wrap-fee management program enables Crux Wealth Advisors to assist clients in developing a personalized investment portfolio using one or more investment types, including, but not limited to, stocks, bonds, mutual funds, ETFs, unit investment trusts (“UITs”), variable and fixed-indexed annuities, and alternative investments. Investment Advisor Representatives (“IARs”) of Crux Wealth Advisors typically act as portfolio manager, with full investment discretion, though clients may elect to have the advisor manage an account on a nondiscretionary basis. The account will be tailored to the particular needs of the client and may consist of a mix of asset classes and weightings based on risk profile, investment objective, and individual preferences. The client will have the opportunity to periodically meet with the advisor to review the account. The account may be rebalanced at any time, pursuant to the discretion granted, to maintain the chosen asset allocation. The account may also be reallocated as necessary when warranted by market conditions or changes in the client risk profile, investment objective, or other relevant circumstances.

Clients participating in the Crux Wealth Advisor asset management programs will pay a total asset management fee that consists of a combination of a management fee, which is negotiable, and a platform fee. Crux Wealth Advisors covers the cost of the platform fee for all clients. Commonwealth and the advisor will share in the management fee. Commonwealth retains the platform fee, a portion of which Commonwealth uses to offset custody and clearing costs and annual maintenance fee charges.

### **Block Trading Policy**

Crux Wealth Advisors may aggregate (“bunch”) transactions in the same security on behalf of more than one client in an effort to strive for best execution and to possibly reduce the price per share. However, aggregated or bunched orders will not reduce the transaction costs to participating clients. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently. Crux Wealth Advisors conducts aggregated transactions in a manner designed to ensure that no participating client is favored over another client.

Participating clients will obtain the average share price per share for the security executed that day. To the extent the aggregated order is not filled in its entirety and when possible, securities purchased or sold in an aggregated transaction will be allocated pro-rata to the participating client accounts in proportion to the size of the orders placed for each account. The amount of securities may be increased or decreased to avoid holding odd-lot or a

small number of shares for particular clients. It should be noted, Crux Wealth Advisors does not receive any additional compensation or remuneration as a result of aggregation. Advisory clients purchase funds at net asset value.

### **Suitability and Investment Strategy**

Crux Wealth Advisors will assist clients in determining their objective(s), investment strategy, and investment suitability, prior and subsequent to opening an asset management account. Clients must contact us to notify of any changes in their investment objective(s) and/or financial situation. Investment strategies used to implement investment advice include, but are not necessarily limited to, long term purchases (securities held at least a year); short term purchases (securities sold within a year); trading (securities sold within 30 days); and option writing, including covered options, uncovered options or spread strategies.

### **Termination of Services**

We or you may terminate management services at any time. Services will be terminated without penalty and any fees owed will be refunded to you. In the event you terminate services, termination shall be effective from the time we receive written notification, or such other time as may be mutually agreed upon, subject to the settlement of transactions in process and the final payment of advisory fees. There will be no penalty charged upon termination. In the event we terminate the relationship, the agreement will be terminated upon notice to you with any verbal notice confirmed by a written termination notice or such time as may be mutually agreed upon, also subject to the settlement of transactions in progress and the final payment of advisory fees.

### **Other Fees and Costs**

Commonwealth assesses confirmation fees to clients to offset the asset-based fees it pays to its clearing broker/dealer and to generate additional revenue for Commonwealth.

In addition to the charges noted above, clients incur certain charges in connection with certain investments, transactions, and services in your account. In many cases, Commonwealth will receive a portion of these fees and charges or add a markup to the charge's clients would otherwise pay to generate additional revenue for Commonwealth. The actual fees and charges that clients will incur are dependent upon the type of account and the nature and quantity of the transactions that occur, the services that are provided, or the positions that are held in the account. Additional fees and charges that clients will typically pay include, but are not limited to:

- Mutual fund or money market 12b-1 fees, subtransfer agent fees, and distributor fees
- Mutual fund and ETF money market management fees and administrative expenses
- Mutual fund transaction and redemption fees
- Certain deferred sales charges on mutual funds purchased or transferred into the account
- Other transaction charges and service fees
- IRA and qualified retirement plan fees
- Other charges that may be required by law
- Brokerage account fees and charges

Information describing the brokerage fees and charges that are applicable to a Commonwealth brokerage or Crux Wealth Advisors managed account is provided on Commonwealth's Schedule of Miscellaneous Account and Service Fees, which is available on Commonwealth's website at

[www.commonwealth.com/clients/media/Commonwealth\\_Brokerage\\_Fee\\_Schedule.pdf](http://www.commonwealth.com/clients/media/Commonwealth_Brokerage_Fee_Schedule.pdf).

Crux Wealth Advisors may select share classes of mutual funds that pay advisors 12b-1 fees when lower-cost institutional or advisory share classes of the same mutual fund exist that do not pay Crux Wealth Advisors or your advisor additional fees. As a matter of policy, Commonwealth (on Crux Wealth Advisors behalf) credits the mutual fund 12b-1 fees it receives from mutual funds purchased or held in Crux Wealth Advisors managed accounts back to the client accounts paying such 12b-1 fees.

In most cases, mutual fund companies offer multiple share classes of the same mutual fund. Some share classes of a fund charge higher internal expenses, whereas other share classes of a fund charge lower internal expenses.

Institutional and advisory share classes typically have lower expense ratios and are less costly for a client to hold than Class A shares or other share classes that are eligible for purchase in an advisory account. Mutual funds that offer institutional share classes, advisory share classes, and other share classes with lower expense ratios are available to investors who meet specific eligibility requirements that are described in the mutual fund's prospectus or its statement of additional information. These eligibility requirements include, but may not be limited to, investments meeting certain minimum dollar amounts and accounts that the fund considers qualified fee-based programs. The lowest-cost mutual fund share class for a fund may not be offered through our clearing firm or made available by Crux Wealth Advisors for purchase within our managed accounts. Clients should never assume that they will be invested in the share class with the lowest possible expense ratio or cost.

Crux Wealth Advisors urges clients to discuss with their advisor whether lower-cost share classes are available in their program account. Clients should also ask their advisor why the funds or other investments that will be purchased or held in their managed account are appropriate for them in consideration of their expected holding period, investment objective, risk tolerance, time horizon, financial condition, amount invested, trading frequency, the amount of the advisory fee charged, whether the client will pay transaction charges for fund purchases and sales, whether clients will pay higher internal fund expenses in lieu of transaction charges that could adversely affect long-term performance, and relevant tax considerations. Your advisor may recommend, select, or continue to hold a fund share class that charges you higher internal expenses than other available share classes for the same fund.

The purchase or sale of transaction-fee ("TF") funds available for investment through Crux Wealth Advisors will result in the assessment of transaction charges to you, your advisor, Crux Wealth Advisors or Commonwealth. Although no-transaction-fee ("NTF") funds do not assess transaction charges, most NTF funds have higher internal expenses than funds that do not participate in an NTF program. These higher internal fund expenses are assessed to investors who purchase or hold NTF funds. Depending upon the frequency of trading and hold periods, NTF funds may cost you more, or may cost Crux Wealth Advisors, Commonwealth or your advisor less, than mutual funds that assess transaction charges but have lower internal expenses. In addition, the higher internal expenses charged to clients who hold NTF funds will adversely affect the long-term performance of their accounts when compared to share classes of the same fund that assess lower internal expenses.

The existence of various fund share classes with lower internal expenses that Crux Wealth Advisors may not make available for purchase in its managed account programs present a conflict of interest between clients and Crux Wealth Advisors or its advisors. A conflict of interest exists because Crux Wealth Advisors and your advisor have a greater incentive to make available, recommend, or make investment decisions regarding investments that provide additional compensation to Crux Wealth Advisors that cost clients more than other available share classes in the same fund that cost you less. For those advisory programs that assess transaction charges to clients or to Crux Wealth Advisors or the advisor, a conflict of interest exists because Crux Wealth Advisors and your advisor have a financial incentive to recommend or select NTF funds that do not assess transaction charges but cost you more in internal expenses than funds that do assess transaction charges but cost you less in internal expenses.

## Item 5 – Account Requirements and Types of Clients

To open an Asset Management Services account, a services agreement between you and Crux Wealth Advisors must be executed setting forth the terms and conditions, including the amount of investment advisory fees, under which we will manage your assets.

### **Minimum Account Size**

Crux Wealth Advisors managed account programs generally require clients to meet certain account minimums. In some cases, account balances may be combined at the household level to satisfy the account minimum. Crux Wealth Advisors generally requires a \$100,000 account minimum which can be waived in our sole discretion.

### **Types of Accounts**

Crux Wealth Advisors generally provides investment advice to the following types of clients:

- Individuals (other than high net worth individuals)

- High-Net Worth Individuals
- Pension and profit-sharing plans
- Trusts, estates, or charitable organizations
- Corporations or business entities other than those listed above

## Item 6 – Portfolio Manager Selection and Evaluation

Crux Wealth Advisors and its Investment Adviser Representatives (“IAR”) act as the portfolio manager(s) for accounts receiving Asset Management Services. Our Asset Management Services program is considered a wrap fee program. For our Asset Management Services, we do not allow the use of portfolio managers that are not associated with us. In other words, the only portfolio managers selected for managing client assets in the Asset Management Services Program are Investment Adviser Representatives of Crux Wealth Advisors. Therefore, conflicts of interest present in other wrap-fee programs that make available both affiliated and unaffiliated portfolio managers are not present in the Crux Wealth Asset Management Services Program. Because our Asset Management Services Program does not provide for outside portfolio managers, we do not have procedures designed to select outside portfolio managers. Many of the disclosures required by the Item 6 Wrap Fee Program Brochure instructions do not apply to Crux Wealth Advisors. The disclosures that do apply are answered below.

### Participation in Wrap Fee Programs

We offer asset management services through the Asset Management Services Program, which is a wrap fee management program. In our wrap-fee management program, you elect to pay expenses under a “traditional” payment option. This means that advisory services are provided for a fee, but transaction services are billed separately on a per-transaction basis. In our wrap-fee management program, you elect the bundled “wrap-fee” payment option. This means that advisory services (including portfolio management or advice regarding selecting other investment advisors) and transaction services are provided for one fee. Our Asset Management Services are considered a wrap-fee program. Whenever a fee is charged to you for services described in this Wrap Fee Program Brochure, we will receive all or a portion of the fee charged.

From a management perspective, there is not a fundamental difference in the way we manage accounts that have elected the traditional payment option versus those that have elected the bundled wrap-fee payment option. The only significant difference is the way in which transaction costs are paid.

When we pay the qualified custodian on a per transaction basis for a Wrap Account, we have a conflict of interest when recommending a client select a Wrap Account because, in a Wrap Account arrangement, our net compensation will decrease with each execution fee that we pay on behalf of the client. As a result, we have a financial incentive to recommend the client execute fewer transactions in a Wrap Account or to recommend a Wrap account if such recommendation would increase our net compensation.

In order to mitigate this conflict of interest, the investment adviser representative assigned to the client will (i) provide investment advice regarding a selection or change in account type in accordance with the adviser’s fiduciary duty, (ii) not recommend investments which result in our firm or any supervised person of our firm receiving unreasonable compensation related to establishing Wrap account over a Non-Wrap account or switching account type from a Wrap account to Non-Wrap account or vice versa, and (iii) fully disclose compensation received by our firm and its supervised persons and any material conflicts of interest related to the investment adviser representative recommending the establishment of Wrap account or Non Wrap account or a switch from Wrap account to Non-Wrap account or vice versa. Our firm and our representatives will refrain from making any materially misleading statements regarding the advantages or disadvantages of such account types or a switch in account types.

When an investment adviser representative provides investment advice to a client regarding whether to maintain investments in Wrap account over a Non-Wrap account, the investment adviser representative will act with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like

aims, based on the investment objectives, risk, tolerance, financial circumstances, and a client's needs, without regard to the financial or other interests of investment adviser representative, our firm or our affiliates.

The investment adviser representative assigned to the client is responsible for analyzing whether to recommend that client establish a Wrap account over a Non-Wrap account or a switch from an existing Wrap account to Non-Wrap account or vice versa. When analyzing whether to recommend a Wrap account, the investment adviser representative will consider various factors including those laid out in our Wrap vs. Non-Wrap Account – Client Acknowledgement Form, the importance of which will depend on the client's individual needs and circumstances.

A Wrap Account is generally not in the best interest of a client if it is more expensive than a Non-Wrap Account alternative. However, cost is not always determinative. If the Wrap Account is expected to be more expensive than a Non-Wrap Account but the client still prefers it, the investment adviser representative must indicate compelling, non-monetary reasons the client prefers the Wrap Account. In all cases, the investment adviser representative must document why he or she thinks the Wrap Account is in the client's best interest.

### **General Description of Other Advisory Services**

In addition to the Asset Management Service, Crux Wealth Advisors provides Planning Services. A detailed description of these other advisory services is provided in the Crux Wealth Advisors Form ADV Part 2A Disclosure Brochure, which is available to wrap fee clients upon request.

### **Program Choice Conflicts of Interest**

Clients should be aware that the compensation to Crux Wealth Advisors and your advisor will differ according to the specific advisory programs or services provided. This compensation to Crux Wealth Advisors and your advisor may be more than the amounts we would otherwise receive if you participated in another program or paid for investment advice, brokerage, or other relevant services separately. Lower fees for comparable services may be available through our firm or from other sources. Crux Wealth Advisors and your advisor have a financial incentive to recommend advisory programs or services that provide us higher compensation over other comparable programs or services available from our firm or elsewhere that may cost you less. For example, the costs you will incur to have your account managed by our firm may be more than what other similar firms may charge. It's important to understand all the associated costs and benefits the program and services you select so you can decide which programs and services are best suited for your unique financial goals, investment objective, and time horizon. We encourage you to review our Form CRS and to discuss your options with your advisor.

### **IRA Rollover Considerations**

As part of our financial planning and advisory services, we may provide you with recommendations and advice concerning your employer retirement plan or other qualified retirement account. When appropriate, we may recommend that you withdraw the assets from your employer's retirement plan or other qualified retirement account and roll the assets over to an individual retirement account ("IRA") to be managed by our firm that we recommend. If you elect to roll the assets to an IRA under our management, we will charge you an asset-based fee as described in Item 5. This practice presents a conflict of interest because our Advisory Representative has an incentive to recommend a rollover to you for the purpose of generating fee-based compensation rather than solely based on your needs. You are under no obligation, contractually or otherwise, to complete the rollover. Furthermore, if you do complete the rollover, you are under no obligation to have your IRA assets managed under our program or a Third-Party Managed Program. You have the right to decide whether to complete the rollover and the right to consult with other financial professionals.

Some employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, you should consider the costs and benefits of each.

An employee will typically have four options:

1. Leave the funds in your employer's (former employer's) plan.



2. Roll over the funds to a new employer's retirement plan.
3. Cash out and take a taxable distribution from the plan.
4. Roll the funds into an IRA rollover account.

Each of these options has advantages and disadvantages. Before making a change, we encourage you to speak with your financial advisor, CPA and/or tax attorney.

Before rolling over your retirement funds to an IRA for us to manage or to a Third-Party Managed Program, carefully consider the following. NOTE: This list is not exhaustive.

1. Determine whether the investment options in your employer's retirement plan address your needs or whether other types of investments are needed.
  - a. Employer retirement plans generally have a more limited investment menu than IRAs.
  - b. Employer retirement plans may have unique investment options not available to the public, such as employer securities or previously closed funds.
2. Your current plan may have lower fees than our fee and/or the Third-Party Manager's fee combined.
  - a. If you are interested in investing only in mutual funds, you should understand the cost structure of the share classes available in your employer's retirement plan and how the costs of those share classes compare with those available in an IRA.
3. You should understand the various products and services available through an IRA provider and their costs.
4. It is likely you will not be charged a management fee and will not receive ongoing asset management services unless you elect to have such services. If your plan offers management services, the fee associated with the service may be more or less than our fee and/or the Third-Party Manager's fee combined.
5. The Third-Party Manager's or our management strategy may have higher risk than the options provided to you in your plan.
6. Your current plan may offer financial advice, guidance, management and/or portfolio options at no additional cost.
7. If you keep your assets titled in a 401(k) or retirement account, you could potentially delay your required minimum distribution beyond the required minimum distribution age.
8. Your 401(k) may offer more liability protection than a rollover IRA; each state varies. Generally, Federal law protects assets in qualified plans from creditors. Since 2005, IRA assets have been generally protected from creditors in bankruptcies; however, there can be exceptions. Consult an attorney if you are concerned about protecting your retirement plan assets from creditors.
9. You may be able to take out a loan on your 401(k), but not from an IRA.
10. IRA assets can be accessed any time; however, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless they qualify for an exception such as disability, higher education expenses or a home purchase.
11. If you own company stock in your plan, you may be able to liquidate those shares at a lower capital gains tax rate.
12. Your plan may allow you to hire us or another firm as the manager and keep the assets titled in the plan name.

It is important that you understand your options, their features, and their differences, and decide whether a rollover is best for you. If you have questions, contact us at our main number listed on the cover page of this brochure.

In addition to complying with applicable SEC rules, Crux Wealth Advisors is subject to certain rules and regulations adopted by the U.S. Department of Labor when we provide nondiscretionary investment advice to retirement plan participants and IRA owners. When these DOL rules apply, our advisors and Crux Wealth Advisors are "fiduciaries," for purposes of the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended, and the Internal Revenue Code of 1986 ("the Code"), as amended. Therefore, Crux Wealth Advisors and our advisors may not receive payments that create conflicts of interest when providing fiduciary investment advice to plan sponsors, plan participants, and IRA owners, unless we comply with a prohibited transaction exemption ("PTE").

Beginning December 20, 2021, Crux Wealth Advisors and our advisors will comply with ERISA and the Code by using PTE 2020-02. As fiduciaries under ERISA and the Code, we render advice that is in plan participants' and IRA customers' best interest. Crux Wealth Advisors and our advisors' status as an ERISA/Code fiduciary is limited to ERISA/Code covered nondiscretionary advice and recommendations regarding rolling over a retirement account and does not extend to all situations.

### **Tailor Advisory Services to Individual Needs of Clients**

Crux Wealth Advisor services are always provided based on the individual needs of each client. This means, for example, that you are given the ability to impose restrictions on the accounts we manage for you, including specific investment selections and sectors. We work with each client on a one-on-one basis through interviews and questionnaires to determine the client's investment objectives and suitability information.

### **Performance-Based Fees and Side-By-Side Management**

We do not charge or accept performance-based fees. Performance based fees are defined as fees based on a share of capital gains on or capital appreciation of the assets held within a client's account.

### **Methods of Analysis**

Investing in securities involves risk of loss that investors should be sure they understand and should be prepared to bear.

Crux Wealth Advisors primarily serves retail investors. Crux Wealth Advisors investment advisor representatives have the independence to take the approach he or she believes is most appropriate when analyzing investment products and strategies for clients. There are several sources of information that Crux Wealth Advisors and the advisor may use as part of the investment analysis process. These sources include, but are not limited to:

- Prospectuses and offering materials
- Product and sponsor sales materials
- Sponsor due diligence meetings and product presentations
- Financial publications
- Research, software, and materials prepared by third parties
- Corporate rating services
- SEC filings (annual reports, prospectus, 10-K, etc.)
- Company press releases

As a firm, Crux Wealth Advisors does not favor any specific method of analysis over another and, therefore, would not be considered to have one approach deemed to be a "significant strategy." There are, however, a few common approaches that may be used by Crux Wealth Advisors or your advisor, individually or collectively, in the course of providing advice to clients. It is important to note that there is no investment strategy that will guarantee a profit or prevent loss. Following are some common strategies employed by advisors in the management of client accounts:

- **Dollar Cost Averaging ("DCA"):** The technique of buying a fixed dollar amount of a particular investment on a regular schedule, regardless of the share price. More shares are purchased when prices are low, and fewer shares are bought when prices are high. DCA is believed to lessen the risk of investing a large amount in a single investment at higher price. DCA strategies are not effective and do not prevent loss in declining markets.
- **Asset Allocation:** An investment strategy that aims to balance risk and reward by allocating assets among a variety of asset classes. At a high level, there are three main asset classes—equities (stocks), fixed income (bonds), and cash/cash equivalents—each of which has different risk and reward profiles/behaviors. Asset classes are often further divided into domestic and foreign investments, and equities are often divided into small, intermediate, and large capitalization. The general theory behind asset allocation is that each asset class will perform differently from the others in different market

conditions. By diversifying a portfolio of investments among a wide range of asset classes, advisors seek to reduce the overall volatility and risk of a portfolio through avoiding overexposure to any one asset class during various market cycles. Asset allocation does not guarantee a profit or protect against loss.

- **Technical Analysis (aka “Charting”):** A method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security’s intrinsic value. Instead, they use charts and other tools to identify patterns that can suggest future activity. When looking at individual equities, a person using technical analysis generally believes that performance of the stock, rather than performance of the company itself, has more to do with the company’s future stock price. It is important to understand that past performance does not guarantee future results.
- **Fundamental Analysis:** A method of evaluating a security that entails attempting to measure its intrinsic value by examining related economic, financial, and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security’s value, including macroeconomic factors (e.g., the overall economy and industry conditions) and company-specific factors (e.g., financial condition and management). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security’s current price, with the aim of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). This method of security analysis is considered to be the opposite of technical analysis.
- **Quantitative Analysis:** An analysis technique that seeks to understand behavior by using complex mathematical and statistical modeling, measurement, and research. By assigning a numerical value to variables, quantitative analysts try to replicate reality mathematically. Some believe that it can also be used to predict real-world events, such as changes in a share price.
- **Qualitative Analysis:** Securities analysis that uses subjective judgment based on non-quantifiable information, such as management expertise, industry cycles, strength of research and development, and labor relations. This type of analysis technique is different from quantitative analysis, which focuses on numbers. The two techniques, however, are often used together.

### Investment Strategies

Crux Wealth Advisors uses the following investment strategies when managing client assets and/or providing investment advice:

Long term purchases.	Investments held at least a year.
Short term purchases.	Investments sold within a year.
Trading.	Investments sold within 30 days.
Option writing including covered options, uncovered options, or spreading strategies. Options are contracts giving the purchaser the right to buy or sell a security, such as stocks, at a fixed price within a specific period of time.	

### Risks of Loss

Regardless of what investment strategy or analysis is undertaken, investing in securities involves risk of loss that clients must be prepared to bear; in fact, some investment strategies could result in total loss of your investment. Some risks may be avoided or mitigated, while others are completely unavoidable. Some of the common risks you should consider prior to investing include, but are not limited to:

**Market risks:** The prices of, and the income generated by, the common stocks, bonds, and other securities you own may decline in response to certain events taking place around the world, including those directly involving the issuers; conditions affecting the general economy; overall market changes; local, regional, or global political, social, or economic instability; governmental or governmental agency responses to economic conditions; and currency, interest rate, and commodity price fluctuations.

**Interest rate risks:** The prices of, and the income generated by, most debt and equity securities will most likely be affected by changing interest rates and by changes in the effective maturities and credit ratings of these securities. For example, the prices of debt securities generally decline when interest rates rise and increase when interest rates fall. In addition, falling interest rates may cause an issuer to redeem, “call,” or refinance a security before its stated maturity date, which would typically result in having to reinvest the proceeds in lower-yielding securities.

**Credit risks:** Debt securities are also subject to credit risk, which is the possibility that the credit strength of an issuer will weaken and/or an issuer of a debt security will fail to make timely payments of principal or interest and the security will go into default.

**Risks of investing outside the U.S.:** Investments in securities issued by entities based outside the United States are often subject to the risks described above to a greater extent.

**Margin transactions:** Securities transactions in which an investor borrows money to purchase a security, in which case the security serves as collateral on the loan, inherently have more risk than cash purchases. If the value of the shares drops sufficiently, the investor will be required to either deposit more cash into the account or sell a portion of the stock in order to maintain the margin requirements of the account. This is known as a “margin call.” An investor’s overall risk in accounts utilizing margin includes the amount of money invested plus the amount that was loaned to them.

**Pledging Assets:** Pledging assets in an account to secure a loan involves additional risks. The bank holding the loan has the authority to liquidate all or part of the securities at any time without prior notice in order to maintain required maintenance levels, or to call the loan at any time, and this may cause you to sell assets and realize losses in a declining market. In addition, because of collateral requirements imposed by the bank, investment decisions for the account may be restricted. These restrictions, or a forced liquidation, may interfere with your long-term investment goals and/or result in adverse tax consequences.

**Tax considerations:** Our strategies and investments may have unique and significant tax implications. Unless specifically agreed otherwise, and in writing, however, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, it is strongly recommended that you consult with a tax professional regarding the investing of your assets. Custodians and broker/dealers must report the cost basis of equities acquired in client accounts. Your custodian will default to the first in, first out (“FIFO”) accounting method for calculating the cost basis of your equity investments and average-cost for mutual fund positions. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, provide written notice to our firm immediately, and Commonwealth will alert your account custodian of your individually selected accounting method. Decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

**Liquidity risk:** The risk of being unable to sell your investment at a fair price at a given time due to high volatility or lack of active liquid markets. You may receive a lower price, or it may not be possible to sell the investment at all. Certain structured products, interval funds, and alternative investments are less liquid than securities traded on an exchange, and you should be aware of the fact that you may not be able to sell these products outside of prescribed time periods. You should consult your advisor prior to purchasing products considered illiquid and in instances where changes in your financial situation and objectives may increase your need for liquidity.

**Inflation risk:** Security prices and portfolio returns will likely vary in response to changes in inflation and interest rates. Inflation causes the value of future dollars to be worth less and may reduce the purchasing power of a client’s future interest payments and principal. Inflation also generally leads to higher interest rates which may cause the value of many types of fixed income investments to decline.

**Time horizon and longevity risk:** Time horizon risk is the risk that your investment horizon is shortened because of an unforeseen event (e.g., the loss of your job). This may force you to sell investments that you were expecting to hold for the long term. If you must sell at a time that the markets are down, you may lose money. Longevity

risk is the risk of outliving your savings. This risk is particularly relevant for people who are retired or nearing retirement.

**Recommendation of particular types of securities:** We will recommend various types of securities and do not primarily recommend one particular type of security over another since each client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it, and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. In very general terms, however, the higher the anticipated return of an investment, the higher the risk of loss associated with the investment. Descriptions of the types of securities we may recommend to you and some of their inherent risks are provided below:

- **Money market funds:** A money market fund is technically a security, and, as such, there is a risk of loss of principal, although it is generally rare. In return for this risk, you should earn a greater return on your cash than you would expect from a Federal Deposit Insurance Corporation (“FDIC”) insured savings account (money market funds are not FDIC insured). Next, money market fund rates are variable. In other words, you do not know how much you will earn on your investment next month. The rate could go up or down. If it goes up, that may result in a positive outcome. If it goes down, however, and you earn less than you expected to, you may end up needing more cash. A final risk you are taking with money market funds has to do with inflation. Because money market funds are considered to be safer than other investments like stocks, long-term average returns on money market funds tend to be less than long-term average returns on riskier investments. Over long periods of time, inflation can eat away at your returns.
- **Municipal securities:** Municipal securities, while generally thought of as safe, can have significant risks associated with them, including, but not limited to, the creditworthiness of the governmental entity that issues the bond, the stability of the revenue stream that is used to pay the interest to the bondholders, when the bond is due to mature, and whether the bond can be “called” prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same amount of interest or yield to maturity.
- **Bonds:** Also known as corporate debt securities, bonds are typically safer investments than equity securities, but their risk can also vary widely based on the financial health of the issuer, the risk that the issuer might default, when the bond is set to mature, and whether the bond can be “called” prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same rate of return.
- **Stocks:** There are numerous ways of measuring the risk of equity securities (also known simply as “equities” or “stocks”). In very broad terms, the value of a stock depends on the financial health of the company issuing it. Stock prices, however, can be affected by many other factors, including, but not limited to, the class of stock (e.g., preferred or common), the health of the market sector of the issuing company, and the overall health of the economy. In general, larger, more well-established companies (i.e., large-caps) tend to be safer than smaller start-up companies (i.e., small-caps), but the mere size of an issuer is not, by itself, an indicator of the safety of the investment.
- **Mutual funds and ETFs:** Mutual funds and ETFs are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short term money market instruments, other mutual funds, other securities, or any combination thereof. The fund will have a manager that trades the fund’s investments in accordance with the fund’s investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small-cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. ETFs differ from mutual funds in that they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on mutual funds and ETFs can be reduced by the costs to manage the

funds. Also, while some mutual funds are “no load,” meaning there’s no fee to buy into or sell out of the fund, other types of mutual funds do charge such fees, which can also reduce returns. Mutual funds can also be “closed-end” or “open-end.” Open-end mutual funds continue to allow new investors indefinitely, whereas closed-end funds have a fixed number of shares to sell, which can limit their availability to new investors.

- **Variable annuities:** A variable annuity is a form of insurance where the seller or issuer (typically an insurance company) makes a series of future payments to a buyer (annuitant) in exchange for the immediate payment of a lump sum (single-payment annuity) or a series of regular payments (regular-payment annuity). The payment stream from the issuer to the annuitant has an unknown duration based principally upon the date of death of the annuitant. At this point, the contract will terminate, and the remainder of the funds accumulated will be forfeited unless there are other annuitants or beneficiaries in the contract. Annuities can be purchased to provide an income during retirement. Unlike fixed annuities that make payments in fixed amounts or in amounts that increase by a fixed percentage, variable annuities pay amounts that vary according to the performance of a specified set of investments, typically bond and equity mutual funds. Many variable annuities typically impose asset-based sales charges or surrender charges for withdrawals within a specified period. Variable annuities may impose a variety of fees and expenses, in addition to sales and surrender charges, such as mortality and expense risk charges, administrative fees, underlying fund expenses, and charges for special features, all of which can reduce the return.
- **Real estate:** Real estate is increasingly being used as part of a long-term core strategy due to increased market efficiency and increasing concerns about the future long-term variability of stock and bond returns. In fact, real estate is known for its ability to serve as a portfolio diversifier and inflation hedge. The asset class still bears a considerable amount of market risk, however. Real estate has shown itself to be very cyclical, somewhat mirroring the ups and downs of the overall economy. In addition to employment and demographic changes, real estate is also influenced by changes in interest rates and the credit markets, which affect the demand and supply of capital and, thus, real estate values. Along with changes in market fundamentals, investors wishing to add real estate as part of their core investment portfolios need to look for property concentrations by area or by property type. Because property returns are directly affected by local market basics, real estate portfolios that are too heavily concentrated in one area or property type can lose their risk mitigation attributes and bear additional risk by being too influenced by local or sector market changes.
- **Limited partnerships:** A limited partnership is a financial affiliation that includes at least one general partner and a number of limited partners. The partnership invests in a venture, such as real estate development or oil exploration, for financial gain. The general partner has management authority and unlimited liability. The general partner runs the business and, in the event of bankruptcy, is responsible for all debts not paid or discharged. The limited partners have no management authority, and their liability is limited to the amount of their capital commitment. Profits are divided between general and limited partners according to an arrangement formed at the creation of the partnership. The range of risks is dependent on the nature of the partnership and disclosed in the offering documents if privately placed. Publicly traded limited partnerships have similar risk attributes to equities; however, like privately placed limited partnerships, their tax treatment is under a different tax regime from equities. You should speak to your tax adviser in regard to their tax treatment.
- **Options contracts:** Options are complex securities that involve risks and are not suitable for everyone. Option trading can be speculative in nature and carry substantial risk of loss. It is generally recommended that you only invest in options with risk capital. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an underlying asset at a specific price on or before a certain date (i.e., the expiration date). The two types of options are calls and puts. A call gives the holder the right to buy an asset at a certain price within a specific period of time. Calls are similar to having a long position on a stock. Buyers of calls hope that the stock will increase substantially before the option expires. A put gives the holder the right to sell an asset at a certain price within a specific period of time. Puts are very

similar to having a short position on a stock. Buyers of puts hope that the price of the stock will fall before the option expires. Selling options is more complicated and can be even riskier. Option trading risks are closely related to stock risks, as stock options are a derivative of stocks.

- **Structured products:** A structured product is generally a prepackaged investment strategy based on derivatives, such as a single security, a basket of securities, options, indices, commodities, debt issuances, and/or foreign currencies, and, to a lesser extent, swaps. Structured products are usually issued by investment banks or affiliates thereof. In addition to a fixed maturity, they have two components: a note and a derivative. The derivative component is often an option. The note provides for periodic interest payments to the investor at a predetermined rate, and the derivative component provides for the payment at maturity. Some products use the derivative component as a put option written by the investor that gives the buyer of the put option the right to sell to the investor the security or securities at a predetermined price. Other products use the derivative component to provide for a call option written by the investor that gives the buyer of the call option the right to buy the security or securities from the investor at a predetermined price. A feature of some structured products is a “principal guarantee” function, which offers protection of principal if held to maturity. These products are not always FDIC insured, however; they may only be insured by the issuer and, thus, have the potential for loss of principal in the case of a liquidity crisis or other solvency problems with the issuing company. Investing in structured products involves a number of risks, including, but not limited to, fluctuations in the price, level, or yield of underlying instruments; interest rates; currency values; and credit quality. They also involve the risk of substantial loss of principal, limits on participation in any appreciation of the underlying instrument, limited liquidity, credit risk of the issuer, conflicts of interest, and other events that are difficult to predict.

Investments may also be affected by currency controls; different accounting, auditing, financial reporting, disclosure, and regulatory and legal standards and practices; expropriation (occurs when governments take away a private business from its owners); changes in tax policy; greater market volatility; different securities market structures; higher transaction costs; and various administrative difficulties, such as delays in clearing and settling portfolio transactions or in receiving payment of dividends. These risks may be heightened in connection with investments in developing countries. Investments in securities issued by entities domiciled in the United States may also be subject to many of these risks.

Any of the common risks described above could adversely affect the value of your portfolio and account performance, and you can lose money. Even though these risks exist, Crux Wealth Advisors and your advisor will still earn the fees and other compensation described in this Brochure. Clients should carefully consider the risks of investing and the potential that they may lose principal while Crux Wealth Advisors and your advisor continue to earn fees and other forms of compensation.

Your investments are not bank deposits and are not insured or guaranteed by the FDIC or any other governmental agency, entity, or person, unless otherwise noted and explicitly disclosed as such, and as such may lose value.

#### **Voting Client Securities**

As a matter of firm policy, and in accordance with this Brochure and our advisory client agreements, neither Crux Wealth Advisors nor our advisors have or will accept the authority to vote proxies on behalf of advisory clients in any situation where Crux Wealth Advisors or the adviser acts as investment adviser to the client.

### **Item 7 – Client Information Provided to Portfolio Managers**

Because only Investment Adviser Representatives of our firm serve as portfolio managers for the Asset Management Services Program, the Investment Adviser Representatives are responsible for gathering all information provided by clients. Your Investment Adviser Representative(s) will interview and work with you to gather all information needed relative to your investment objectives and needs in order to provide management services through the Asset Management Services Program. You are responsible for promptly contacting your Investment Adviser Representative to notify us of any changes to your financial situation that will impact or

materially influence the way we manage your accounts. Since we do not use any outside portfolio managers, we do not share client information with any outside portfolio managers.

## Item 8 – Client Contact with Portfolio Managers

Because only Investment Adviser Representatives of our firm serve as portfolio managers for the Asset Management Services Program, there are no restrictions placed on your ability to contact and consult with your portfolio managers. It is the policy of our firm to provide for open communications between the Investment Adviser Representatives and our clients. You are encouraged to contact your Investment Adviser Representative whenever you have questions about the management of your account(s).

## Item 9 – Additional information

### **Disciplinary Information**

Neither the Firm nor its management personnel have any disciplinary information to report in this section.

### **Other Business Activities**

Some of our advisors are Registered Representatives and Investment Adviser Representatives of Commonwealth Financial Network, an SEC-registered investment adviser and FINRA-registered broker dealer. As such, they spend approximately 20% of their time offering securities products on a commission or fee basis with Commonwealth. Some of our advisors are also licensed insurance agents and offer various insurance products for which they will be paid a commission. Advisors spend approximately 10% of their time offering insurance products. Should you choose to purchase an insurance product on which our advisor is paid a commission, there will be no advisory fee associated with the product. The remainder of the advisor's time is spent acting in the capacity of an investment adviser representatives for Crux Wealth Advisors.

### **Other Crux Wealth Advisors-Related Companies**

Crux Wealth Advisors has a related company that is licensed as an insurance agency under the name of Crux Insurance Agency.

### **Interest in Client Transactions and Code of Ethics**

Some IARs are also Registered Representatives with Commonwealth and, as such, must execute securities transactions through Commonwealth, unless the IAR obtains authorization from Commonwealth to execute securities transactions through another Broker/Dealer. In such instances, the IAR will receive normal and customary commissions for such transactions. The possible receipt of said commissions and the possibility of any conflict of interest are fully disclosed in advance. Crux Wealth Advisors and its advisors also recommend securities to, and buy and sell securities for, client accounts at or about the same time that we buy or sell the same securities for our own accounts. These activities create a conflict of interest between us and our clients. Our firm policy prohibits "trading ahead" of clients' transactions to the detriment of clients. When Crux Wealth Advisors and its advisors are purchasing or selling securities for their own accounts, priority will be given to client transactions, or trades will be aggregated together to obtain an average execution price for the benefit of all parties.

### **Code of Ethics**

Pursuant to Rule 204A-1 under the Investment Advisers Act of 1940, as amended, Crux Wealth Advisors has adopted a Code of Ethics that governs a number of conflicts of interest we have when providing our advisory services to you. Our Code of Ethics is designed to ensure that we meet our fiduciary obligations to you and to foster a culture of compliance throughout our firm.

Our Code of Ethics is comprehensive and is designed to help us detect and prevent violations of securities laws and to help ensure that we keep your interests first at all times. We distribute our Code of Ethics to each supervised person at the time of his or her initial affiliation with our firm; we make sure it remains available to each supervised person for as long as he or she remains associated with our firm; and we ensure that updates to our Code of Ethics are communicated to each supervised person as changes are made.



Our Code of Ethics sets forth certain standards of conduct and addresses conflicts of interest between our firm, our employees, our agents, our advisors, and our advisory clients. Clients and prospective clients of Crux Wealth Advisors may request a copy of our Code of Ethics at any time.

### **Account Reviews**

All asset management client accounts are reviewed by an Investment Advisor Representative (IAR) of the firm on at least an annual basis or when changes in client circumstances or market conditions warrant. Securities held in managed accounts are regularly reviewed by the firm's investment professionals and IARs.

Clients will be provided statements monthly directly from account custodian where your assets are maintained. Additionally, you will receive confirmations of all transactions directly from account custodian. All non-retirement accounts and retirement accounts for those clients taking distributions will receive an annual tax reporting statement.

### **Account Statements**

Clients who establish a managed account with Crux Wealth Advisors utilizing Commonwealth as the broker/dealer of record will receive custodial account statements directly from the respective custodian that holds those assets, such as NFS, Pershing, or a direct product sponsor. Clients should carefully review the statements they receive from their account custodians and should promptly report material discrepancies to Crux Wealth Advisors.

Crux Wealth Advisors urges you to compare the account statements you receive from your account custodian with any account summary statements or reports you receive from us or your advisor. Although account holdings and asset valuations should generally match, for purposes of calculating performance and account valuations on your account, our summary or performance reporting month-end market values sometimes differ from custodial account statement month-end market values. The three most common reasons why these values may differ are differences in the manner in which accrued interest is calculated, the date upon which "as of" dividends and capital gains are reported, and settlement date versus trade date valuations.

If you believe there are material discrepancies between your custodial statement and the summary statements or reports you receive from Crux Wealth Advisors or your advisor, please contact Crux Wealth Advisors directly.

### **Client Referrals**

Crux Wealth Advisors does not have any arrangements under which it compensates any individual for client referrals.

### **Additional Compensation**

Crux Wealth Advisors receives an economic benefit from Commonwealth in the form of the support, products and services Commonwealth makes available to Crux Wealth Advisors and other investment advisors whose clients maintain their accounts on Commonwealth's platform. These products and services, how they benefit us, and the related conflicts of interest are described in Item 12 of this brochure.

Our access to Commonwealth's products and services is not conditioned on our firm or our advisors giving particular investment advice, such as buying particular securities for our clients. Product vendors recommended by Crux Wealth Advisors may provide monetary and non-monetary assistance for the purposes of funding marketing, distribution, business and client development, educational enhancement and/or due diligence reviews incurred by Crux Wealth Advisors or our advisors relating to the promotion or sale of the product vendor's products or services. We do not select products as a result of the receipt or potential receipt of any monetary or non-monetary assistance. Crux Wealth Advisors due diligence of a product does not take into consideration any assistance it may receive. While the receipt of products or services is a benefit for you and us, it also presents a conflict of interest. We attempt to mitigate this conflict of interest by:

- Informing you of conflicts of interest in our disclosure document and agreement;

- Maintaining and abiding by our Code of Ethics which requires us to place your interests first and foremost;
- Advising you of the right to decline to implement our recommendations and the right to choose other financial professionals for implementation.

Commonwealth offers our firm and our firm's advisory representatives one or more forms of financial benefits based on our advisory representatives' total AUM held at Commonwealth or financial assistance for advisory representatives transitioning from another firm to Commonwealth. The types of financial benefits that our advisory representatives may receive from Commonwealth include, but are not limited to, forgivable or unforgivable loans, enhanced payouts, and discounts or waivers on transaction, platform, and account fees; technology fees; research package fees; financial planning software fees; administrative fees; brokerage account fees; account transfer fees; licensing and insurance costs; and the cost of attending conferences and events. The enhanced payouts, discounts, and other forms of financial benefits that advisory representatives may receive from Commonwealth are a conflict of interest and provide a financial incentive for advisory representatives to select Commonwealth as broker/dealer for your accounts over other broker/dealers from which they may not receive similar financial benefits. We attempt to mitigate this conflict of interest by disclosing the conflict in this brochure and engaging in a regular review of our relationship with Commonwealth to ensure the relationship continues to be appropriate in all respects for our firm's clients.

### **Brokerage, Clearing and Custody**

Some of our advisors are dually registered with Commonwealth Financial Network. Commonwealth policy restricts its advisors from conducting securities transactions away from Commonwealth unless Commonwealth provides the advisor with written authorization. Therefore, clients are advised that our advisors are substantially always limited to conducting securities transactions through Commonwealth and its clearing firms, National Financial Services LLC ("NFS") and Pershing. Substantially all of Crux Wealth Advisor clients must select Commonwealth as the broker/dealer of record and NFS as the clearing firm for their managed accounts. In all cases, the account custodian will be identified in the respective managed account client agreement. Client transactions will be charged according to Commonwealth's then-current commission schedule and clients may pay higher commission rates and other fees than otherwise available. The client may be assessed transaction or other fees charged by Commonwealth, custodians and/or product sponsors, in addition to normal and customary commissions, all of which are fully disclosed to the client. These fees and expenses are separate and distinct from any fee(s) charged by Crux Wealth Advisors. This additional compensation received by Commonwealth creates a conflict of interest. Additionally, by using Commonwealth as the broker/dealer for Crux Wealth Advisors managed account program(s), Crux Wealth Advisors may be unable to achieve most favorable execution of client transactions, which may cost clients more money. Crux Wealth Advisors attempts to mitigate this conflict of interest by engaging in a regular review of our relationship with Commonwealth to ensure that the costs incurred are reasonable in comparison to industry norms, and by advising our clients that you are not obligated to open an account with Crux Wealth Advisors or Commonwealth; you may open an account and implement advice provided by Crux Wealth Advisors with the firm of your choice.

Our clients do not generally have the option to direct securities brokerage transactions to other broker/dealers or other account custodians. If, however, a client should request, and Commonwealth approve, the use of a broker/dealer other than NFS or Pershing for securities transaction execution, the client should be aware that Crux Wealth Advisors will generally be unable to negotiate commissions or other fees and charges for the client's account, and Crux Wealth Advisors would not be able to combine the client's transactions with those of other clients purchasing or selling the same securities ("batched trades"), as discussed further below. As a result, Crux Wealth Advisors would be unable to ensure that the client receives "best execution" with respect to such directed trades. Crux Wealth Advisors may also be unable to provide timely monitoring of transaction activity or provide the client with quarterly performance reporting.

### **The Custodians and Brokers We Use**

Crux Wealth Advisors does not maintain physical custody of your assets; although we will be deemed to have custody of your assets under SEC rules if you give us authority to withdraw advisory fees from your account or if

you provide us with authorization for money movement to third parties (see Item 15 - Custody below). Your assets must be maintained in an account at a “qualified custodian”, generally a broker dealer or other financial institution. We primarily recommend that our clients use National Financial Services, a registered broker-dealer, member SIPC, as a qualified custodian. At times, we may utilize other qualified custodians to hold your assets. We are independently owned and operated and are not affiliated with National Financial Services or any other qualified custodian. The qualified custodian will hold your assets in a brokerage account and buy and sell securities with our instruction. While we will recommend a qualified custodian to hold your assets, you will decide whether to do so and will open the account directly at the qualified custodian with our assistance. Not all advisers require their Client to use a particular broker-dealer or other custodian selected by the Advisor. However, if you choose not to open an account with one of the qualified custodians we recommend, we will not be able to provide asset management services to you. Consulting services not including asset management will be available in such cases if you desire.

### **How We Select Brokers/Custodians**

We seek to use a custodian/broker who will hold your assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others:

- Combination of transaction execution services and asset custody services
- Capability to execute, clear and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds [ETFs], limited partnerships)
- Availability of investment research and tools that assist us in making investment decisions.
- Quality of services
- Competitiveness of the price of those services and willingness to negotiate the prices
- Reputation, financial strength, and stability
- Prior service to us and our other clients
- Availability of other products and services that benefit us

### **Your Brokerage and Custody Costs**

For our clients’ accounts that Crux Wealth Advisors maintains via National Financial Services, Crux Wealth Advisors and National Financial Services generally do not charge you separately for custody services but are compensated by charging you commissions or other fees on trades that are executed or settled into your account. Commonwealth’s commission rates applicable to our client accounts were negotiated based on the condition that our clients collectively maintain a total of at least \$50,000,000 of their assets in accounts at National Financial Services. For client accounts at Commonwealth, this commitment benefits you because the overall commission rates you pay are lower than they would be otherwise. Because of these factors, in order to minimize your trading costs, we have Commonwealth (via NFS) execute most trades for your account(s). We have determined that having Commonwealth/NFS execute most trades is consistent with our duty to seek “best execution” of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see “How We Select Brokers/Custodians”). Periodically, we will review alternative broker-dealers and custodians in the marketplace to ensure that the custodians we use are meeting our duty to provide best execution for our clients. Best execution does not simply mean the lowest transaction cost. When examining firms, we will compare overall expertise, cost competitiveness and financial condition. The quality of execution by the custodians we use will be reviewed using publicly available trade execution data and other sources as needed. No single criteria will validate nor invalidate a custodian, but rather, all criteria taken together will be used in evaluating the currently utilized custodian.

### **Products and Services Available to Us from Commonwealth and Our Custodians**

Commonwealth Financial Network provides Crux Wealth Advisors with various products and services that enable us to both serve our clients and grow our business. Commonwealth (through their disclosed clearing relationships with National Financial Services and Pershing) provide us and our clients with

access to its brokerage services— trading, custody, reporting, and related services. Commonwealth also makes available various support services. Some of those services help us manage or administer our client accounts, while others help us manage and grow our business. Following is a more detailed description of Commonwealth's support services:

#### *Services That Benefit You*

Commonwealth's brokerage services include access to a broad range of investment products, execution of securities transactions by Commonwealth's clearing firms, and custody of client assets via their clearing firms. The investment products available through Commonwealth include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients.

#### *Services That Do Not Directly Benefit You*

Commonwealth also makes available to us other products and services that benefit our firm and our advisors but do not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Commonwealth's and that of third parties. We use this research to service substantially all our client accounts, including accounts not maintained at Commonwealth. In addition to investment research, Commonwealth also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution
- Provide pricing and other market data
- Facilitate payment of our fees from our client accounts
- Assist with back-office functions, recordkeeping and client reporting

#### *Services That Generally Benefit Only Us*

Commonwealth also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Complementary or discounted attendance at conferences and events
- Consulting on technology, compliance, legal and business needs
- Publications and conferences on practice management and business succession

#### **Our Relationship with Commonwealth**

Crux Wealth Advisors has chosen to partner with Commonwealth to provide certain services, including but not limited to fee billing, custom trading services ("CTS") and account performance reporting, to our firm and our clients. To the extent Commonwealth is the service provider to the Crux Wealth Advisors investment advisory programs, Commonwealth receives compensation for its services. Clients should be aware that Commonwealth's or Crux Wealth Advisors receipt of fees, payments, and other compensation presents a conflict of interest because Commonwealth and Crux Wealth Advisors have an incentive to make available or to recommend those products, programs, or services or make investment decisions regarding investments, that provide additional compensation to Commonwealth or Crux Wealth Advisors over other investments that do not provide additional compensation to Commonwealth or us.

For the services it provides, Commonwealth charges our advisors an administrative fee at the same time clients are charged asset-based management fees. The administrative fee is charged to and paid by the advisor rather than the advisor's clients, and is calculated as a percentage of the total account assets, including cash and money market positions, held by the advisor's clients. The administrative fee is used to offset Commonwealth's maintenance costs associated with account reporting and reconciliation and can generate additional revenue for Commonwealth.

Commonwealth offers our advisors discounts on administrative fees based on their total assets under management within our asset management program. As these advisors grow their assets in these programs, Commonwealth's economies of scale are shared with the advisors by reducing the percentage amount of

administrative fees that would otherwise be charged to the advisors. The advisors receive discounts on the administrative fee when they reach specified asset levels, starting at \$10 million. As the amount of the advisors' client assets grow above certain levels, the advisors receive larger percentage discounts to the administrative fees than they would otherwise receive.

Additionally, advisors with advisory AUM of at least \$25 million qualify for an increased payout percentage on their clients' advisory management fees, starting at 90% and rising to a maximum of 99% as their advisory AUM grows.

These discounts in administrative fees and higher payouts for reaching various AUM levels present a conflict of interest because they provide a financial incentive for advisors who receive the discounts to recommend our advisory program over other available managed or wrap account programs that do not offer such discounts or higher payouts to advisors. On the other hand, because Commonwealth does not assess administrative fees to advisors when they use advisory programs outside of PPS or our own asset management program, depending upon the costs and fees of a particular outside program, advisors may have a financial incentive to use one or more outside programs rather than our own program, which also creates a conflict of interest.

As a fiduciary, we must act in your best interests. We believe that our selection of National Financial Services or Pershing (via Commonwealth) as custodian and broker is in the best interests of our clients and conduct regular reviews of our relationship with Commonwealth to ensure this remains the case. Our choice to maintain a relationship with Commonwealth is primarily supported by the scope, quality, and price of Commonwealth's services (see "How We Select Brokers/Custodians") and not Commonwealth's services that benefit only us.

#### **Financial Information**

We do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year with this Brochure Appendix. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, we have not been the subject of a bankruptcy petition at any time.