



**Caldwell Group<sub>LLC</sub>**  
WEALTH MANAGEMENT  
*A Loyal Advisor for Life.*

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March 15, 2024

This Brochure provides information about the qualifications and business practices of Caldwell Advisors, LLC. If you have any questions about the contents of this Brochure, please contact us at 615-370-8988 or [www.caldwellgroupllc.com](http://www.caldwellgroupllc.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.

Caldwell Advisors, LLC is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Caldwell Advisors, LLC also is available on the SEC's website at [www.caldwellgroupllc.com](http://www.caldwellgroupllc.com)

## **Item 2 – Material Changes**

This Firm Brochure, dated March 2023, provides you with a summary of Caldwell Advisors, LLC's advisory services and fees, certain business practices and policies, and actual and potential conflicts of interest, among other things. This Item 2 is used to discuss only specific material changes that are made to the Brochure and provide clients and prospective clients with a summary of such changes since the last brochure, dated January 1, 2022, was filed.

Since the last annual filing on March 30, 2023, the following material changes have been made to the Caldwell Advisors Managed Strategies Brochure ("Form ADV Part 2A"):

- None

For a copy of the updated Caldwell Advisors Managed Strategies Brochure, please visit [www.sec.gov](http://www.sec.gov) or request a copy of contacting our office at (615) 370-8988.

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#### **Item 4 – Advisory Business**

Caldwell Advisors, LLC (Hereafter, “CA”) was founded in 2007 and provides both discretionary and non-discretionary advisory services to individuals, institutions, corporations, pension and profit-sharing plans and trusts (“Clients”). CA is a Tennessee Limited Liability Corporation and its sole member, Billy Ray Caldwell, Jr., is the principal portfolio manager. CA provides continuous advice to its Clients concerning the assets under CA's supervision or management. The assets can be made up of the following types of investment products: fixed income securities, equities, non-traded securities, mutual funds, options, and annuities. Advice is given at such times as CA determines that investment or reinvestments of such assets is appropriate on the basis of the individual goals of each Client and CA's assessment of the investment opportunities that are available from time to time. Additional advice is provided at such times as any Client requests information concerning a specific investment situation or investment problem. CA also provides certain administrative services to Clients including: maintaining the books and records relating to Client investments; placing orders for the purchase and sale of securities; and providing directions to custodians as necessary for the consummation of portfolio transactions.

We at CA hold ourselves to a fiduciary standard, which means our firm and its associates will act in the utmost good faith and perform in a manner believed to be in the best interest of our Clients. As fiduciaries, we are obligated to put you - our Client - first. Through our annual review process and year-round communication with our Clients, we strive to understand all aspects of our Clients' financial and life situations to better assist in helping them pursue their long-term goals and objectives.

Communication between clients and portfolio manager is always encouraged. Formal meetings can be arranged periodically or communication can be by mail or phone contact.

An account can be opened by depositing either cash or negotiable securities into a brokerage account. A client agreement will be signed either providing authorization for CA to make all investment decisions on a discretionary basis or after consultation with the client, depending upon which agreement is signed.

From time to time, with client consent, CA may engage sub-advisors through the LPL custodial platform to manage portions of client assets in situations where CA believes that certain expertise is warranted in a specific area (e.g. complex fixed income or foreign portfolios). In such arrangements, the fees may be negotiable and CA will collect the total fee and remit a portion thereof to the sub-advisor.

Interest earned and dividends received are credited to each account and reinvested. If the client desires, however, a regular payout can be sent. The client may add or withdraw cash or securities at any time; however, instructions for a withdrawal must come directly from a client.

The advisory agreement can be terminated in writing by either party at any time. There is no penalty for terminating the account. Upon termination the client receives a refund for the portion of the prepaid management fee which is not earned. CA may recommend a Wrap Fee Program for the client's account(s). A “Wrap Fee Program” for purposes of the SEC is a program under which investment advisory and brokerage execution services are provided for a single “wrapped” fee that is not based on the transactions in a client account. CA provides discretionary and non-discretionary investment advisory services to some of its clients through a Wrap Fee Program. CA will assist clients in determining the suitability of the Wrap Fee Program for the client. Wrap Fee Program accounts recommended by CA are not managed differently from non-Wrap Fee Program accounts. Because brokerage execution costs are included in the client's overall advisory fee, the client's fee may be greater than those that have accounts in non-Wrap Fee Program accounts, however fees will not exceed the fee schedule stated in CA's Wrap Fee Brochure. All clients with Wrap Fee Program accounts will be provided with CA's Wrap Fee Brochure. This Brochure is focused on

non-Wrap Fee Program accounts.

CA offers a clearing platform to execute securities business for investment advisory services, including Wrap Fee Program services, through Schwab Advisor Services division of LPL Financial. ("LPL"). Please see Item 12 – Brokerage Practices for additional information.

As of December 31, 2023, Caldwell Advisors had \$315,986,237 under management on a discretionary basis and \$6,752,980 on a non-discretionary basis.

#### **Item 5 – Maximum Fees and Compensation**

Assets Under Management	Annual Percentage
\$0 to \$1,000,000	up to 2.75%
\$1,000,001 to \$5,000,000	up to 2.00%
\$5,000,001 +	up to 1.25%

Under certain circumstances, fees may be negotiable, but will never exceed 2.75%.

Although the Investment Advisor Representatives ("IARs") of Caldwell Advisors, LLC may be Registered Representatives ("RRs") of LPL Financial and, in their role as an RR may receive commissions on trades, 100% of the revenue of CA is generated by fees from advisory and planning services.

Client shall pay a yearly management fee as compensation for advisor's services. The specific manner in which fees are charged by Caldwell Advisors is established in a client's written agreement with Caldwell Advisors. For fees charged utilizing the agreement titled as the Investment Management Agreement, Caldwell Advisors will generally bill its fees on a quarterly basis in advance, based upon the market value of the assets on the last business day of the previous quarter. Clients may also elect to be billed directly for fees or to authorize CA to directly debit fees from client accounts. Management fees shall be prorated for each capital contribution and withdrawal made during the applicable calendar quarter (with the exception of de minimis contributions and withdrawals). Accounts initiated or terminated during a calendar quarter will be charged a prorated amount for the actual days the assets were managed by CA at the next regular payment date. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. For fees charged utilizing the agreement titled as the Financial Planning & Consulting Agreement, fees charged by Caldwell Advisors may vary among its clients based upon the type of client, the services requested, the investment adviser representative providing advice, the complexity of the client's situation, the composition of the client's account, other advisory services provided and the relationship of the client and the IAR. Client will notify Caldwell Advisors if Client disputes any billing entry. Lower investment advisory fees for comparable services may be available from other sources.

All fees paid to Caldwell Advisors for services under this Agreement are separate and distinct from the commissions, fees and expenses charged by insurance companies associated with any disability insurance, life insurance and annuities subsequently acquired by Client. If Client sells or liquidates certain existing securities positions to acquire any insurance, Client may also incur a commission and/or deferred sales charges in addition to the financial planning and consulting fees paid to Caldwell Advisors and any commissions, fees and expenses charged by the insurance company for subsequently acquired insurance

and/or annuities.

CA's associates may also be registered representatives of LPL Financial and may offer annuities, insurance products, mutual funds, bonds, stocks and other financial investments and receive a commission for sales resulting from the recommendation. As noted above, CA's associates will not receive a commission and a fee for the same investment. However, the Client should be aware of the following disclosures:

- a) A conflict exists between the interests of the IAR and the interests of the Client;
- b) The Client is under no obligation to act upon the IAR's recommendation; and
- c) If the Client elects to act on any of the recommendations, the Client is under no obligation to effect the transaction through the IAR.

Caldwell Advisor's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which may be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment managers and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus.

Such charges, fees and commissions are exclusive of and in addition to the fee charged by CA, and CA shall not receive any portion of these commissions, fees, and costs related to accounts for which CA receives asset based fees or consulting fees. Although the IARs of Caldwell Advisors, LLC may be a Registered Representative of LPL Financial and, in some cases, clients may have certain of their accounts managed by CA and held at LPL Financial, and for which CA may receive fees as more particularly described above, while for other accounts of that client, the IAR may act in the capacity of a RR for LPL Financial. CA will not receive commissions or such 12b-1 fees on those accounts for which it receives fees for the management and investment advice it offers to clients with respect to these accounts, but may receive commissions on others.

Item 12 further describes the factors that CA considers in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

#### **Item 6 – Performance-Based Fees and Side-By-Side Management**

CA does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client). CA does not receive commissions, 12b-1 fees or other transaction based compensation on accounts for which it receives asset based or consulting fees. However, IARs of CA may, in his/her capacity as a RR for LPL Financial, receive commissions, other transaction based fees or 12b-1 fees as more fully described in Item 5.

#### **Item 7 – Types of Clients**

CA provides portfolio management services to individuals, high net worth individuals, corporate pension and profit-sharing plans, charitable institutions, foundations, endowments, and other U.S. institutions. For CA to accept a new client relationship, the combined assets of the client to be managed by CA must generally total \$750,000. Under certain circumstances, clients with less than \$750,000 may be accepted or maintained as clients of CA.

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

***Investing in securities involves risk of loss that clients should be prepared to bear.***

CA uses a both fundamental and technical analysis in making recommendations for the portfolios it manages. Information for the fundamental analysis is taken from research materials prepared by others to which CA subscribes, corporate rating services, financial newspapers and magazines, annual reports, prospectuses, filings with the Securities and Exchange Commission, as well as, company press releases. Technical analysis is both performed in house and taken from technical subscription services. CA manages three types of portfolios for its clients, depending upon the expressed desires and objectives of each individual client. CA manages portfolios of mutual funds that are allocated from aggressive to conservative, portfolios that are primarily individual stocks and bonds, as well as portfolios that combine both, for certain clients that request portfolios of this nature.

CA's methods of analysis and investment strategies incorporate the client's needs and investment objectives, time horizon, and risk tolerance. CA is not bound to a specific investment strategy for the management of investment portfolios, but rather consider the risk tolerance levels pre-determined gathered at the account opening, as well as on an on-going basis. Examples of methodologies that our investment strategies may incorporate include:

*Asset Allocation* – Asset Allocation is a broad term used to define the process of selecting a mix of asset classes and the efficient allocation of capital to those assets by matching rates of return to a specified and quantifiable tolerance for risk.

*Dollar-Cost Averaging* – Dollar-cost averaging is the technique of buying a fixed dollar amount of securities at regularly scheduled intervals, regardless of the price per share. This will gradually, over time, decrease the average share price of the security. Dollar-cost averaging lessens the risk of investing a large amount in a single investment at the wrong time.

*Technical Analysis* – involves studying past price patterns and trends in the financial markets to predict the direction of both the overall market and specific stocks.

*Long-Term Purchases* – securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.

*Short-Term Purchases* – securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.

Our strategies and investments may have unique and significant tax implications. Regardless of your account size or other factors, we strongly recommend that you continuously consult with a tax professional prior to and throughout the investing of your assets.

Investing in securities involves risk of loss that clients should be prepared to bear. Although CA manages your portfolio with strategies and in a manner consistent with your risk tolerances, there can be no guarantee that our efforts will be successful. You should be prepared to bear the risk of loss.

All investments involve the risk of loss, including (among other things) loss of principal, a reduction in earnings (including interest, dividends, and other distributions), and the loss of future earnings. These risks include market risk, interest rate risk, issuer risk, and general economic risk. Regardless of the methods of analysis or strategies suggested for your particular investment goals, you should carefully consider these risks, as they all bear risks.

Below are some more specific risks of investing:

*Market Risk.* The prices of securities in which clients invest may decline in response to certain events taking place around the world, including those directly involving the companies whose securities are owned by the client or an underlying fund; conditions affecting the general economy; overall market changes; local, regional or global political, social or economic instability; and currency, interest rate and commodity price fluctuations. Investors should have a long-term perspective and be able to tolerate potentially sharp declines in market value.

*Management Risk.* CA's investment approach may fail to produce the intended results. If our perception of the performance of a specific asset class or underlying fund is not realized in the expected time frame, the overall performance of client's portfolio may suffer.

*Equity Risk.* Equity securities tend to be more volatile than other investment choices. The value of an individual mutual fund or ETF can be more volatile than the market as a whole. This volatility affects the value of the client's overall portfolio. Small- and mid-cap companies are subject to additional risks. Smaller companies may experience greater volatility, higher failure rates, more limited markets, product lines, financial resources, and less management experience than larger companies. Smaller companies may also have a lower trading volume, which may disproportionately affect their market price, tending to make them fall more in response to selling pressure than is the case with larger companies.

*Fixed Income Risk.* The issuer of a fixed income security may not be able to make interest and principal payments when due. Generally, the lower the credit rating of a security, the greater the risk that the issuer will default on its obligation. If a rating agency gives a debt security a lower rating, the value of the debt security will decline because investors will demand a higher rate of return. As nominal interest rates rise, the value of fixed income securities is likely to decrease. A nominal interest rate is the sum of a real interest rate and an expected inflation rate.

*Municipal Securities Risk.* The value of municipal obligations can fluctuate over time, and may be affected by adverse political, legislative and tax changes, as well as by financial developments that affect the municipal issuers. Because many municipal obligations are issued to finance similar projects by municipalities (e.g., housing, healthcare, water and sewer projects, etc.), conditions in the sector related to the project can affect the overall municipal market. Payment of municipal obligations may depend on an issuer's general unrestricted revenues, revenue generated by a specific project, the operator of the project, or government appropriation or aid. There is a greater risk if investors can look only to the revenue generated by the project. In addition, municipal bonds generally are traded in the "over-the-counter" market among dealers and other large institutional investors. From time to time, liquidity in the municipal bond market (the ability to buy and sell bonds readily) may be reduced in response to overall economic conditions and credit tightening.

*Investment Companies Risk.* When a client invests in open end mutual funds or ETFs, the client indirectly bears its proportionate share of any fees and expenses payable directly by those funds. Therefore, the client will incur higher expenses, many of which may be duplicative. In addition, the client's overall portfolio may be affected by losses of an underlying fund and the level of risk arising from the investment practices of an underlying fund (such as the use of derivatives). ETFs are also subject to the following risks: (i) an ETF's shares may trade at a market price that is above or below their net asset value; (ii) the ETF may employ an investment strategy that utilizes high leverage ratios; or (iii) trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are de-listed from the exchange, or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock



prices) halts stock trading generally. CA has no control over the risks taken by the underlying funds.

### **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 CA or the integrity of CA's management. CA has no information to which this item is applicable.

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

IARs of CA may be a Registered Rep affiliated with LPL, a securities broker-dealer registered with the Financial Industry Regulatory Authority, Inc. ("FINRA"). In such capacity, an IAR may receive commissions for investments made by investment advisory clients which are placed through LPL. LPL Financial and CA are not related entities and the securities commission business is separate and apart from the CA's fee-only investment management services. This relationship is disclosed to clients when broker-dealers are recommended and in CA's brochure.

IARs may also be licensed with the Insurance authorities of several states and may earn commissions from the sale of insurance products to individuals, pension plans or business entities that may also be clients of CA. In the role as a RR, the IAR may receive commissions or other compensation such as 12b-1 fees. However, as outlined previously in Item 5, the IAR does not receive commissions, 12b-1 fees or other transaction compensation on accounts for which it receives asset based fees.

### **Item 11 – Code of Ethics**

Rule 204A-1 under the Investment Advisers Act of 1940 ("Advisers Act") requires all investment advisors registered with the Securities Exchange Commission ("SEC") to adopt codes of ethics that set forth standards of conduct and require compliance with federal securities laws. CA is an investment advisor registered with the SEC and has adopted a Code of Ethics. This Code of Ethics is intended to reflect fiduciary principles that govern the conduct of CA and its employees and affiliated advisors when acting as an investment advisor as defined under the Advisers Act in providing investment advice to advisory clients ("Clients"). It consists of an outline of policies regarding several key areas: standards of conduct and compliance with laws, rules, and regulations; protection of material non-public information; and personal securities trading. A copy of the Code of Ethics is available to any Client or prospective Client upon request.

With respect to mutual fund transactions, CA generally recommends to its Clients no-load mutual funds. However, although CA does not receive 12b-1 fees from mutual funds purchased for client accounts, and as noted above, IARs of CA may also be a Registered Representative of LPL Financial and may earn commissions or other transaction related compensation, such as 12b-1 fees, in its capacity as a RR.

From time to time, CA may recommend to its clients that they buy or sell securities of the same type that CA's employees or member may also own.

CA has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Caldwell Advisors must acknowledge the terms of the Code of Ethics annually, or as amended. CA has a simple, basic Code of Ethics, which is disseminated to all affiliated personnel. Activities by anyone,

from senior management to clerical staff, violating this Code of Ethics will not be tolerated.

- Every aspect of our business will be conducted in a fair, lawful and ethical manner. Sufficient internal controls have been implemented to ensure that all reasonable efforts are taken at all times to deter and detect any activities which do not meet the highest standards of ethical behavior.
- Senior management is committed to working with Compliance and all registered individuals to ensure the existence and awareness of a strong and committed compliance culture. Our leadership will consistently be such that we will instill ethical behavior throughout the firm and make it known that anyone acting in a manner less than what is expected will be sanctioned or terminated.
- Senior management's leadership style will be to lead by example, creating an environment encouraging honesty and fair play by all employees in the conduct of his or her duties.
- Our customers will be offered only those pre-approved products/services which have been determined to be appropriate for their specific needs and which provide fair value.
- It is our obligation to respect and protect the right to privacy of all our clients.
- Confidential or proprietary information, obtained in the course of an individual's association or employment with Caldwell Advisors, LLC is not to be used for personal gain or to be shared with others for personal benefit.
- All efforts are to be made to avoid actual or apparent conflicts of interest. Such a conflict may exist even when no actual wrongdoing occurs; the opportunity to act improperly may be sufficient to give the appearance of a conflict.
- Strict compliance with all laws and regulations governing the securities industry is paramount.
- Senior management will continue to ensure that the procedures in place are acceptable in terms of making determinations regarding the qualifications, experience and training of all individuals prior to assigning them any supervisory responsibilities.
- Individual employees not adhering to this Code of Ethics, as well as all other policies and directives issued by Caldwell Advisors, LLC during the course of any activities undertaken on behalf of Caldwell Advisors, LLC, or a broker/dealer will be subject to sanctions and possible termination.

Caldwell Advisors anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which CA has management authority to effect and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which CA, its affiliates and/or clients, directly or indirectly, have a position of interest. CA's employees and persons associated with CA are required to follow CA's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of CA and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for CA's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of CA will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of CA's clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between CA and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with CA's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. CA will retain

records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. 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.

CA's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Natasha Smith at the offices of CA by calling (615) 870-8988 or (888) 370-8988 or via email at [nsmith@caldwellgroupllc.com](mailto:nsmith@caldwellgroupllc.com).

It is CA's policy that the firm will not conduct any principal or agency cross securities transactions for client accounts. CA will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

## **Item 12 – Brokerage Practices**

CA does not select broker-dealers for client security transactions. All client securities transactions are executed through a broker-dealer selected by each client. Clients may ask CA to recommend possible broker-dealers. In such cases, Caldwell Advisors will generally recommend LPL Financial, a firm at which IARs of CA may be a Registered Rep, and for which CA has negotiated transaction charges that will be included in the fees charged to clients by CA. CA recommends broker/dealers and custodians that CA feels will provide services in a manner and at a cost that will allow CA to meet its duty of best execution. However, CA may be limited in the broker/dealer or custodians that it is allowed to use due to CA's registered representative relationship with LPL. LPL may limit or restrict the broker/dealer or custodial platforms for its registered representatives that are also independently licensed due to its duty to supervise the transactions implemented by these individuals.

While CA does recommend broker dealers or custodians, clients are free to select any broker, dealer or custodian they wish. As previously discussed, however, CA may be limited in the broker, dealers or custodians where client's contracting for asset management services will be allowed to maintain their assets. If a client directs the use of a particular broker, dealer, or custodian, such direction must be provided in writing to CA. When a client directs the use of a particular broker, dealer or other custodian, CA may not be able to obtain the best prices and execution for the transaction. Clients who direct the use of a particular broker, dealer or custodian may receive less favorable prices than would otherwise be the case if clients had not designated a particular broker, dealer, or custodian. No employee of CA or any related persons have any arrangements, oral or in writing, where they are paid cash or receive some economic benefit including commissions, equipment or non-research services from a non-client in connection with giving advice to clients.

CA does not have any formal soft dollar agreements, however through its relationship with LPL the firm may receive certain benefits. Such benefits provided to our firm may include research, market information, and administrative services that help our firm manage your account(s). CA believes that recommended broker-dealers provide quality execution services for our clients at competitive prices. Price is not the sole factor CA considers in evaluating best execution. CA also considers the quality of the brokerage services

provided by the recommended broker-dealers, including the value of research provided, the firm's reputation, execution capabilities, commission rates, and responsiveness to our clients and our firm.

If Client positions in a particular equity for purchase or sale in client discretionary advisory accounts may be aggregated into one order ("Block Orders") for purposes of execution, then allocated to the individual accounts. When aggregating orders and subsequently allocating Block Orders (purchases and sales) to individual client accounts, it is CA's policy to treat all clients fairly and to achieve an equitable distribution of aggregated orders. However, in the event such purchases or sales are not eligible for such aggregation, such purchases and sales are effected as expeditiously as possible in client accounts and, as in Block Orders above, it is CA's policy to treat all clients fairly and to achieve an equitable distribution of aggregated orders. As investment advisory clients do not pay any fees or commissions for transactions, there are no additional transaction costs associated with such individual orders.

#### **Item –13 - Review of Accounts**

The client receives a confirmation on each transaction from the brokerage firm as well as a monthly statement showing positions, cash, and a summary of that month's transactions. A quarterly summary is also provided showing positions as well as performance comparisons. A year-end summary is provided showing all gains, losses, interest and dividends, as well as an analysis of the performance. In addition, CA will review the assets, performance and objectives of each client with such client at least annually or at such time as changing market conditions or other factors may suggest or be requested by the client.

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

CA does not pay referral fees or other compensation to persons or entities for introductions or other referrals that may lead to business.

#### **Item –15 - Custody**

CA does not have physical custody of any client funds and/or securities and does not take custody of client accounts at any time. Client funds and securities will be held with a bank, broker dealer, or other independent qualified custodian. However, by granting CA written authorization to automatically deduct fees from client accounts, CA is deemed to have limited custody. You will receive account statements from the independent, qualified custodian holding your funds at least quarterly. The account statement from your custodian will indicate the amount of advisory fees deducted from your account(s) each billing cycle. Clients should carefully review statements received from the custodian.

Some clients may execute limited powers of attorney or other standing letters of authorization that permit the firm to transfer money from their account with the client's independent qualified Custodian to third-parties. This authorization to direct the Custodian may be deemed to cause our firm to exercise limited custody over your funds or securities and for regulatory reporting purposes, we are required to keep track of the number of clients and accounts for which we may have this ability. We do not have physical custody of any of your funds and/or securities. The account statements from your custodian(s) will indicate any transfers that may have taken place within your account(s) each billing period. You should carefully review account statements for accuracy.

#### **Item – 16 - Investment Discretion**

In most cases, CA receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold without obtaining your consent or

approval prior to each transaction. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, CA observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, CA's 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.

Investment guidelines and restrictions must be provided to CA in writing.

#### **Item – 17 - Voting *Client* Securities**

With respect to proxies and class action lawsuits, CA will not be obligated to advise nor can CA act on behalf of its clients in any voting, legal proceeding, including proxy voting, class action, and bankruptcies involving securities purchased or held in accounts managed by CA. CA does not vote proxies on behalf of clients. It will, however, assist clients with questions they may have regarding proxies. CA and/or the client shall correspondingly instruct each custodian of the assets to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

#### **Item – 18 - Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about CA's financial condition. At no time will Caldwell Advisors require payment of more than \$1,200 in fees more than six months in advance. CA has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.