

## FORM ADV PART 2A: INFORMATIONAL BROCHURE

ECON FINANCIAL SERVICES CORPORATION  
d/b/a



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This brochure provides information about the qualifications and business practices of Econ Wealth Management. If you have any questions about the contents of this brochure, please contact us at 717-545-5870 or via email at [secon@econwealth.com](mailto:secon@econwealth.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. Our registration does not imply a certain level of skill or training. Additional information about Econ Wealth Management is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2: Statement of Material Changes

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Econ Wealth Management is required to disclose any material changes to this ADV Part 2A here in Item 2.

- There are no material changes to report since the previous filing on March 17, 2023.

## Item 3: Table of Contents

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**Item 4: Advisory Business**

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Econ Financial Services Corporation d/b/a Econ Wealth Management (“EWM”) has been in business since August 2015. Steve Economopoulos is the firm’s principal owner.

EWM provides personalized financial planning services and asset management utilizing vehicles such as stocks, bonds, cash, exchange traded funds (ETFs) and mutual funds. We strive to build lasting relationships and create an exceptional experience that provides clients with individualized attention and a financial plan tailored to their needs. Our belief is that making clients feel like they are part of the EWM family fosters a strong working relationship, with an added personal touch. We attempt to help build, maintain, and preserve the assets that clients have worked so hard to accumulate.

**Financial Planning**

Our predominant service is financial planning. Financial planning is a process by which a client’s current circumstances are reviewed, goals stated, and a plan is made to guide the client to those goals. In the information-gathering stage, the client will supply to EWM information including income, investments, savings, insurance, age, and many other items that are helpful to the firm in assessing your financial goals. The information is typically provided during personal interviews and supplemented with written information. Once the information is received, we will discuss their financial needs and goals and compare their current financial situation with the goals they stated. Once these are compared, we will create a financial and/or investment plan to help them meet their goals.

The plan is intended to be a suggested blueprint of how to meet our client’s goals. Not every plan will be the same for every client. Each one is specific to the client who requested it. Because the plan is based on information supplied by the client, it is very important that they accurately and completely communicate to us the information we need. We determine these objectives by interviewing the client for relevant financial information and any additional background information so we can understand a more complete picture of a client’s needs. It is very important that our clients continually provide us with any updates so that, if necessary, we are able to update their plan. Otherwise, their plan may no longer be accurate.

**Asset Management**

Our firm offers in house asset management based on the client’s goals, needs, and tolerance for risk. EWM utilizes a team approach to help clients build and maintain wealth through investment strategies based on individual needs. Our asset management process is both disciplined and active and focuses on individualized attention and personalized advice. Our process includes managing assets on a discretionary basis. This means we make decisions and implement them without specific consultation with each client for each change. This does not mean communication is limited. Building client relationships is at the center of EWM’s approach, and our regular communications are designed to keep you connected and educated. In order for us to provide asset management services in accordance with our client’s financial goals, consistent, meaningful, and frequent communications with our clients is required. This includes access to staff for requests and inquiries, regular meetings to review your portfolio, and other ongoing communication including update calls, newsletters, and communicating on an as needed basis with the client’s other professionals, such as attorneys and accountants. Every client is given an Investment Policy Statement which includes the firm’s most recent

Investment Philosophy, as well as individual goals and needs as stated by the client. The EWM team will collaborate with each client to determine investment objectives, portfolio allocations, and clear expectations for both the firm and the client. This information will be provided in addition to the investment policy statement in a clients Guided Portfolio Structure analysis.

Clients may, at any time, place reasonable restrictions such as the types of investments we may use, or on the allocations to each security type. They will receive written or electronic confirmations from their account custodian after any changes are made to their accounts. Our clients will also receive statements at least quarterly from their account custodian. Clients engaging us on a discretionary basis will be asked to execute a Limited Power of Attorney (granting us the discretionary authority over the client accounts) as well as an Discretionary Investment Advisory Agreement that outlines the responsibilities of both the client and EWM.

In very limited circumstances, clients may engage us to provide investment management services on a non-discretionary basis. The difference is that changes to our clients account will not be made until we have confirmed with them (either verbally or in writing) that our proposed change is acceptable.

### **Retirement Plan Rollovers**

An employee generally has four (4) options for their retirement plan when they leave an employer:

1. Leave the money in his/her former employer's plan, if permitted
2. Rollover the assets to his/her new employer's plan if one is available and permitted.
3. Rollover to an Individual Retirement Account (IRA), or
4. Cash out the account value, which has significant tax considerations.

Each of these options has advantages and disadvantages and before making a change we encourage you to speak with your CPA and/or tax attorney. If you are considering rolling over your retirement funds to an IRA for us to manage here are a few points to consider before you do so:

- Determine whether the investment options in your employer's retirement plan address your needs or whether you might want to consider other types of investments.
- Employer retirement plans generally have a more limited investment menu than IRAs.
- Employer retirement plans may have unique investment options not available to the public such as employer securities, or previously closed funds.
- Your current plan may have lower fees than our fees.

If you elect to roll the assets to an IRA that is subject to our management, we will charge you an asset-based fee as set forth in the agreement you executed with our firm. This practice presents a conflict of interest because Investment Advisor Representatives have 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. Moreover, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by our firm.

Many 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 be 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. Clients should understand the various products and services they might take advantage of at an IRA provider and the potential costs of those products and services.

- Our strategy may have higher risk than the option(s) provided to you in your plan.
- Your current plan may also offer financial advice.
- If you keep your assets titled in a 401k or retirement account, participants could potentially delay their required minimum distribution beyond age 70½.
- A 401(k) may offer more liability protection than a rollover IRA; each state may vary.
- Participants may be able to take out a loan on your 401k, but not from an IRA.
- 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 the purchase of a home.
- If company stock is owned in a plan, participants may be able to liquidate those shares at a lower capital gains tax rate.
- Plans may allow Advisor to be hired as the manager and keep the assets titled in the plan name.

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 some exceptions to the general rules so you should consult with an attorney if you are concerned about protecting your retirement plan assets from creditors.

It is important to understand the differences between these types of accounts and to decide whether a rollover is the best option. Prior to proceeding, if you have questions contact your Investment Adviser Representative, or call our main number as listed on the cover page of this brochure.

When EWM provides investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice).
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments.
- Follow policies and procedures designed to ensure that we give advice that is in your best interest.
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

EWM also provides educational services to retirement plan participants with assets that could potentially be rolled over to an IRA advisory account. Education is based on a particular Client's financial circumstances and best interests. Again, Advisor has an incentive to recommend such a rollover based on the compensation received, which is mitigated by the fiduciary duty to act in a client's best interest and acting accordingly.

### **Assets Under Management**

As of February 2, 2024, EWM has \$167,746,290 in assets under management in 683 accounts, all of which are managed on a discretionary basis, EWM also has \$12,997,215 in assets under advisement.

### **Item 5: Fees and Compensation**

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All investment management clients will be required to execute a Discretionary Investment Advisory Agreement that will describe the type of management services to be provided as well as advisory fees, among other items.

#### **Fees**

Generally, fees vary from 0.60% to 2.00% per annum of the market value of a client's assets managed by EWM. The fee range stated is a guide. Fees are negotiable, and may be higher or lower than this range, based on the nature of the account and the services provided. Factors affecting fee percentages include the size of the account, complexity of asset structures, and other factors which include but are not limited to financial advice, advanced financial planning, and investment management style.

Investment advisory fees will be electronically debited directly from each client's account. The advisory fee is paid quarterly, in advance, and the value used for the fee calculation is the net value as of the last market day of the previous quarter. This means that if the annual fee is 1.00%, then each quarter we will multiply the value of the account by 1.00%, then divide by 4. Additionally, assets allocated to cash or a cash proxy, such as a money market account, will be included in the calculation of assets under management. Once the calculation is made, we will instruct the account custodian to deduct the fee from our clients account and

remit it to EWM. While almost all of our clients choose to have their fee debited from their account, we will invoice clients upon request.

Clients whose fees are directly debited will provide written authorization to debit advisory fees from their accounts held by a qualified custodian chosen by EWM. Each quarter, clients will receive a statement from their account custodian showing all transactions in their account, including any associated advisory or otherwise fees.

### **Hourly Fees**

EWM reserves the right to offer fees based on hourly rates for specific circumstances. The hourly rate charged will be \$350 - \$500 per hour.

### **Other Fees**

There are a number of other fees that can be associated with holding and investing in securities. Our clients will be responsible for fees including transaction fees for the purchase or sale of a mutual fund or exchange traded fund (ETF), or commissions for the purchase or sale of a stock. Expenses of a fund will not be included in management fees, as they are deducted from the value of the shares by the ETF or mutual fund manager. For complete discussion of expenses related to each ETF or mutual fund, our clients should read a copy of the prospectus issued by that fund. EWM can provide or direct them to a copy of the prospectus for any fund that we recommend.

Brokerage arrangements are further described in Item 12 below.

Please make sure to read Item 12 of this informational brochure, where we discuss broker-dealer and custodial issues.

### **Pro-rata Fees**

If a client joins during a quarter, they will pay a management fee for the number of days left in that quarter included with their next quarter's bill. However, if they terminate their relationship with EWM during a quarter, they will be not be entitled to a refund of any management fees for the remainder of the quarter. To be clear, there will be no refund for any termination, therefore it would be in our client's best interest to wait until the end of the quarter to close any accounts with EWM.

### **Compensation for the Sale of Securities.**

This item is not applicable.

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**Item 6: Performance-Based Fees**

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EWM will not charge performance-based fees.

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**Item 7: Types of Clients**

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Clients advised may include individuals, families, trusts, charitable organizations and foundations, pensions and corporations. EWM's niche is managing accounts with \$250,000 or more. This is not to be considered a minimum as we will offer various service levels to clients with a variety of needs.

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

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It is important for you to know and remember that all investments carry risks. **Investing in securities involves risk of loss that clients should be prepared to bear.**

EWM utilizes both technical and fundamental analysis when constructing portfolios and making investment decisions. Technical analysis is the review of past behaviors in a security and the markets in which it trades for signals as to what might happen in the future. Using fundamental analysis, we base our conclusions on predominantly publicly available research, such as regulatory filings, press releases, competitor analyses, and in some cases, research we receive from our custodian or other market analyses.

The investment allocations we recommend that create a client's overall portfolio are based on the needs of the client as compared with the results of our investment process and investment screens. Other factors include current market conditions, the client's current financial situation (including assets that may be managed by another advisor), financial goals, and the timeline to meet those goals which will be reviewed on an ongoing basis. Because we develop an investment strategy based on the client's personal situation and financial goals, their asset allocations may be similar or different from another client with similar investment objectives.

It is important to remember that because market conditions can vary greatly, clients' asset allocation guidelines are not necessarily strict rules. Rather, we review accounts individually, and may deviate from the guidelines as we believe necessary.

Long-Term Investments – Holdings purchased in portfolios with the goal of capital appreciation over a reasonably extended time frame, usually longer than twelve months.

Short-Term Investments – Holdings purchased in portfolios to capitalize on short-term market conditions with the expectation of being closed out in a reasonably short time frame, typically less than twelve months.

## Risk of Loss

There are always risks to investing. **Clients should be aware that all investments carry various types of risk including the potential loss of principal that clients should be prepared to bear.** It is impossible to name all possible types of risks. Among the risks are the following:



- **Political Risks.** Most investments have a global component, even domestic stocks. Political events anywhere in the world may have unforeseen consequences to markets around the world.
- **General Market Risks.** Markets can, as a whole, go up or down on various news releases or for no understandable reason at all. This sometimes means that the price of specific securities could go up or down without real reason and may take some time to recover any lost value. Adding additional securities does not help to minimize this risk since all securities may be affected by market fluctuations.
- **Currency Risk.** When investing in another country using another currency, the changes in the value of the currency can change the value of a security in one of our portfolios.
- **Regulatory Risk.** Changes in laws and regulations from any government can change the value of a given company and its accompanying securities. Certain industries are more susceptible to government regulation. Changes in zoning, tax structure or laws impact the return on these investments.
- **Strategy Risk.** When investments are made through a strategy, rather than individualized investment considerations, there is always the possibility that individualized investment choices would have produced a more positive result for a client than an approach where investments are made for a group of individuals with common characteristics.
- **Tax Risks Related to Short Term Trading:** Clients should note that EWM may engage in short-term trading transactions. These transactions may result in short term gains or losses for federal and state tax purposes, which may be taxed at a higher rate than long term strategies. EWM endeavors to invest client assets in a tax efficient manner, but all clients are advised to consult with their tax professionals regarding the transactions in client accounts.
- **Purchasing Power Risk.** Purchasing power risk is the risk that the investment's value will decline as the price of goods rises (inflation). The investment's value itself does not decline, but its relative value does, which is the same thing. Inflation can happen for a variety of complex reasons, including a growing economy and a rising money supply.
- **Business Risk.** This can be thought of as certainty or uncertainty of income. Management comes under business risk. Cyclical companies (like automobile companies) have more business risk because of the less steady income stream. On the other hand, fast food chains tend to have steadier income streams and therefore, less business risk.
- **Financial Risk.** The amount of debt or leverage determines the financial risk of a company.

- **Default Risk.** This risk pertains to the ability of a company to service their debt. Ratings provided by several rating services help to identify those companies with more risk. Obligations of the U.S. government are said to be free of default risk.
- **Margin Risk.** “Margin” is a tool used to maximize returns on a given investment by using securities in a client account as collateral for a loan from the custodian to the client. The proceeds of that loan are then used to buy more securities. In a positive result, the additional securities provide additional return on the same initial investment. In a negative result, the additional securities provide additional losses. Margin therefore carries a higher degree of risk than investing without margin. Any client account that will use margin will do so in accordance with Regulation T. EWM may utilize margin on a limited basis for clients with higher risk tolerances.
- **Short Sales.** “Short sales” are a way to implement a trade in a security EWM feels is overvalued. In a “long” trade, the investor is hoping the security increases in price. Thus in a long trade, the amount of the investor’s loss (without margin) is the amount paid for the security. In a short sale, the investor is hoping the security decreases in price. However, unlike a long trade where the price of the security can only go from the purchase price to zero, in a short sale, the price of the security can go infinitely upwards. Thus in a short sale, the potential for loss is unlimited and unknown, where the potential for loss in a long trade is limited and knowable. EWM utilizes short sales only when the client’s risk tolerances permit.
- **Information Risk.** All investment professionals rely on research in order to make conclusions about investment options. This research is always a mix of both internal (proprietary) and external (provided by third parties) data and analyses. Even an adviser who says they rely solely on proprietary research must still collect data from third parties. This data, or outside research is chosen for its perceived reliability, but there is no guarantee that the data or research will be completely accurate. Failure in data accuracy or research will translate to a compromised ability by the adviser to reach satisfactory investment conclusions.
- **Options.** The use of options transactions as an investment strategy involves a high level of inherent risk. Although the intent of many of the options-related transactions implemented by EWM is to hedge against principal risk, certain of the options-related strategies (i.e., straddles, short positions, etc.), may in and of themselves, produce principal volatility and/or risk. Thus, a client must be willing to accept these enhanced volatility and principal risks associated with such strategies. In light of these enhanced risks, client may direct EWM, in writing, not to employ any or all such strategies for his/her/their/its accounts. Clients participating in an options strategy should *carefully* consider all information regarding the strategy and its risks prior to participating.
- **Small Companies.** Some investment opportunities in the marketplace involves smaller issuers. These companies may be starting up or are historically small. While these companies sometimes have potential for outsized returns, they also have the potential for losses because the reasons the company is small are also risks to the company’s future. For example, a company’s management may lack

experience, or the company's capital for growth may be restricted. These small companies also tend to trade less frequently than larger companies, which can add to the risks associated with their securities because the ability to sell them at an appropriate price may be limited as compared to the markets. Not only do these companies have investment risk, if a client is invested in such small companies and requests immediate or short-term liquidity, these securities may require a significant discount to value to be sold in a shorter time frame.

- **Concentration Risk.** While EWM selects individual securities, including mutual funds, for client portfolios based on an individualized assessment of each security, this evaluation comes without an overlay of general economic or sector specific issue analysis. This means that a client's equity portfolio may be concentrated in a specific sector, geography, or sub-sector (among other types of potential concentrations), so that if an unexpected event occurs that affects that specific sector or geography, for example, the client's equity portfolio may be affected negatively, including significant losses.
- **Transition risk.** As assets are transitioned from a client's prior advisers to EWM there may be securities and other investments that do not fit within the asset allocation strategy selected for the client. Accordingly, these investments will need to be sold to reposition the portfolio into the asset allocation strategy selected by EWM. However, this transition process may take some time to accomplish. Some investments may not be unwound for a lengthy period for a variety of reasons that may include unwarranted low share prices, restrictions on trading, contractual restrictions on liquidity, or market-related liquidity concerns. In some cases, there may be securities or investments that are never able to be sold. The inability to transition a client's holdings into recommendations of EWM may adversely affect the client's account values, as EWM's recommendations may not be able to be fully implemented.
- **Restriction Risk.** Clients may always place reasonable restrictions on the management of their accounts. However, placing these restrictions may make managing the accounts more difficult, thus lowering the potential for returns.
- **Risks Related to Investment Term & Liquidity.** Securities do not follow a straight line up in value. All securities will have periods of time when the current price of the security is not an accurate measure of its value. If a client requires us to liquidate their portfolio during one of these periods, they will not realize as much value as they would have had the investment had the opportunity to regain its value. Further, some investments are made with the intention of the investment appreciating over an extended period of time. Liquidating these investments prior to their intended time horizon may result in losses.
- **REITs.** EWM may recommend that portions of client portfolios be allocated to real estate investment trusts, otherwise known as "REITs". A REIT is an entity, typically a trust or corporation, that accepts investments from a number of investors, pools the money, and then uses that money to invest in real estate through either actual property purchases or mortgage loans. While there are some benefits to owning REITs, which include potential tax benefits, income and the relatively low barrier to invest in

real estate as compared to directly investing in real estate, REITs also have some increased risks as compared to more traditional investments such as stocks, bonds, and mutual funds. First, real estate investing can be highly volatile. Second, the specific REIT chosen may have a focus such as commercial real estate or real estate in a given location. Such investment focus can be beneficial if the properties are successful but lose significant principal if the properties are not successful. REITs may also employ significant leverage for the purpose of purchasing more investments with fewer investment dollars, which can enhance returns but also enhances the risk of loss. The success of a REIT is highly dependent upon the manager of the REIT. Clients should ensure they understand the role of the REIT in their portfolio.

- **MLPs.** EWM may recommend that portions of client portfolios be allocated to master limited partnerships, otherwise known as “MLPs”. An MLP is a publicly traded entity that is designed to provide tax benefits for the investor. In order to preserve these benefits, the MLP must derive most, if not all, of its income from real estate, natural resources and commodities. While MLPs may add diversification and tax favored treatment to a client’s portfolio, they also carry significant risks beyond more traditional investments such as stocks, bonds and mutual funds. One such risk is management risk-the success of the MLP is dependent upon the manager’s experience and judgment in selecting investments for the MLP. Another risk is the governance structure, which means the rules under which the entity is run. The investors are the limited partners of the MLP, with an affiliate of the manager typically the general partner. This means the manager has all of the control in running the entity, as opposed to an equity investment where shareholders vote on such matters as board composition. There is also a significant amount of risk with the underlying real estate, resources or commodities investments. Clients should ask EWM any questions regarding the role of MLPs in their portfolio.
- **International Investing.** Investing outside of the United States, especially in emerging markets, can have special or enhanced risks. The most obvious are political risk (changes in local politics can have a vast impact on the markets in that country as well as regulations affecting given issuers) and currency risk (changes in exchange rates between the dollar and the local denominations can materially affect the value of the security even if the underlying fundamentals and market price are stagnant). There are other risks, including enhanced liquidity risk, meaning that while domestic equities and mutual funds are generally easily liquidated (though there may be a risk of loss due to the timing of the sale), equities in other jurisdictions may be subject to the circumstances of lower overall market volume and fewer companies on an emerging exchange. In addition, there may be less information and less transparency in a foreign market or from a foreign company. Foreign markets impose different rules than domestic markets, which may not be to an investor's advantage. Also, companies in foreign jurisdictions are generally able to avail themselves of local laws and venues, meaning that legal remedies for U.S. investors may not be as easily obtained as in the U.S.
- **Pandemic Risk.** Large-scale outbreaks of infectious disease that can greatly increase morbidity and mortality over a wide geographic area, crossing international boundaries, and causing significant economic, social, and political disruption.

**Item 9: Disciplinary Information**

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There are no disciplinary items to report.

**Item 10: Other Financial Industry Activities and Affiliations**

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**A. Broker-dealer**

Neither the principal of EWM, nor any related persons are registered, or have an application pending to register, as a broker dealer or as an associated person of the foregoing entities.

**B. Futures Commission Merchant/Commodity Trading Advisor**

Neither the principal of EWM, nor any related persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

**C. Relationship with Related Persons**

EWM does not have any relationships with Related Persons.

**D. Recommendations of other Advisers**

EWM does not utilize nor select other advisers or third-party managers. All assets are managed by EWM.

**Item 11: Code of Ethics, Participation or Interest in Client Transactions & Personal Trading**

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A. A copy of our Code of Ethics is available upon request. Our Code of Ethics includes discussions of our fiduciary duty to clients, political contributions, gifts, entertainment, and trading guidelines.

B. Participation or interest in client transactions - Not applicable. EWM does not recommend to clients that they invest in any security in which EWM or any principal thereof has any financial interest.

C. On occasion, an employee of EWM may purchase for his or her own account securities which are also recommended for clients. Our Code of Ethics details rules for employees regarding personal trading and avoiding conflicts of interest related to trading in one's own account. To avoid placing a trade before a client (in the case of a purchase) or after a client (in the case of a sale), all employee trades must either take place in the same block as a client trade or sufficiently apart in time from the client trade, so the employee receives no added benefit. Employee statements are reviewed to confirm compliance with the trading procedures.

**Item 12: Brokerage Practices**

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**A. Recommendation of Broker-Dealer**

EWM does not maintain custody of client assets, though EWM may be deemed to have custody if a client grants EWM authority to debit fees directly from their account (see Item 15 below). Assets will be held with a qualified custodian, which is typically a bank or broker-dealer. EWM recommends that investment accounts be held in custody by Charles Schwab & Co., Inc. ("Schwab"), which is a qualified custodian. EWM is independently owned and operated and is not affiliated with Schwab. Schwab will hold client assets in a brokerage, retirement, or another appropriate account and buy and sell securities when EWM instructs them to, which EWM does in accordance with its agreement with our clients. While EWM recommends that their

clients use Schwab as custodian/broker, they will decide whether to do so and will open their account with Schwab by entering into an account agreement directly with them. EWM does not open the account for their clients, although EWM may assist in doing so. Even though a client account is maintained at Schwab, we can still use other brokers to execute trades for their accounts as described below (see “Your brokerage and custody costs”).

### **How we select brokers/custodians**

We seek to recommend a custodian/broker that will hold our client’s assets and execute transactions on terms that are, overall, most advantageous when compared with other available providers and their services. We consider a wide range of factors, including both quantitative (Ex: costs) and qualitative (execution, reputation, service) factors. We do not consider whether Schwab or any other broker dealer/custodian, refers clients to EWM as part of our evaluation of these broker-dealers.

### **Your brokerage and custody costs**

Schwab generally does not charge clients an additional fee for custody services but is compensated by charging other fees on trades that it executes or that settle into their Schwab account. Schwab charges account holders a flat dollar amount as a “prime broker” or “trade away” fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to other compensation they pay the executing broker-dealer. Because of this, in order to minimize the trading costs, we have Schwab execute most trades for our client’s account(s). We have determined that having Schwab 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”).

### **Products and services available to EWM from Schwab**

Schwab Advisor Services™ is Schwab’s business serving independent investment advisory firms like EWM. Through Schwab Advisor Services, Schwab provides EWM and our clients, with access to its institutional brokerage services – trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients’ accounts while others help EWM manage and grow our business. Schwab’s support services described below are generally available on an unsolicited basis (we don’t have to request them) and at no charge to EWM. The availability to EWM of Schwab’s products and services is not based on EWM giving particular investment advice, such as buying securities for our clients. Here is a more detailed description of Schwab’s support services:

### **Services that benefit you**

Schwab’s brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab’s services described in this paragraph generally benefit our clients and their account.

### **Services that may not directly benefit our clients.**

Schwab also makes available to EWM other products and services that benefit EWM but may not directly benefit our clients or their accounts. These products and services assist EWM in managing and administering

our clients' accounts. They include investment research, including Schwab's own and that of third parties. EWM may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab 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 and allocate aggregated trade orders for multiple client accounts.
- Provide pricing and other market data.
- Facilitate payment of our fees from our clients' accounts.
- Assist with back-office functions, recordkeeping, and client reporting.

#### **Services that generally benefit only EWM.**

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

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to EWM. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide EWM with other benefits, such as occasional business entertainment of our personnel.

#### **Our interest in Schwab's services**

The availability of services from Schwab benefits EWM because we do not have to produce or purchase them. We don't have to pay for these services, and they are not contingent upon EWM committing any specific amount of business to Schwab in trading commissions or assets in custody. We believe that our selection of Schwab as custodian and broker is in the best interests of our clients. It is primarily supported by the scope, quality and price of Schwab's services and not Schwab's services that benefit only EWM. In addition, we conduct, at minimum, an annual review of custodial services to support our selection and consider many factors such as website security, trade reliability, portfolio analysis & reports and educational resources. We feel we are mitigating any conflicts of interest to the extent our cost does not exceed our use of the custodian.

We do not consider whether Schwab or any other broker-dealer/custodian, refers clients to EWM as part of our evaluation of these broker-dealers.

#### **B. Aggregating Trades**

Aggregating trades is defined as the process of adding together trade orders to purchase/sell the same security as one large order, therefore averaging the price across all accounts involved. Investment advisers frequently aggregate orders for administrative convenience and to achieve lower overall execution costs/commission rates typically associated with larger orders. Instead of placing multiple trades for the same security for each account, we will, when appropriate, execute one trade for all accounts and then allocate the trades to each account after execution. If an aggregate trade is not fully executed, the securities will be allocated to client accounts on a *pro rata* basis, except when doing so would create an unintended adverse

consequence (For example, if a *pro rata* division would result in a client receiving a fraction of a share, or a position in the account of less than 1%).

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**Item 13: Review of Accounts**

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All accounts will be reviewed by a senior professional on at least an annual basis. However, market conditions, account adjustments, or circumstantial changes will trigger a review of accounts.

Quarterly performance reports, and portfolio/asset allocations are provided upon client request; however, all pertinent information is reviewed with clients during their annual review meeting. All clients will receive statements and confirmations of trades directly from Schwab. Please refer to Item 15 regarding Custody.

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**Item 14: Client Referrals and Other Compensation**

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**A. Economic Benefit Provided by Third Parties for Advice Rendered to Client.**

We receive an economic benefit from Schwab in the form of the support products and services it makes available to EWM. These products and services, how they benefit EWM, and the related conflicts of interest are described above in Item 12. The availability to EWM of Schwab's products and services is not based on EWM giving particular investment advice, such as buying particular securities for our clients.

**B. Compensation to Non-Advisory Personnel for Client Referrals.**

Clients may be introduced to EWM via other third parties. In the event that EWM compensates any party for the referral of a client to EWM, any such compensation will be paid by EWM, and not the client. If the client is introduced to EWM by an unaffiliated third party, that third party will disclose to the client the referral arrangement with EWM, including the compensation for the referral, and provide the client a copy of EWM's ADV Part 2A and 2B. The referral source will also provide a written disclosure to the client regarding the relationship between EWM and the referral source, including the fact that referral fees will be paid.

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**Item 15: Custody**

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There are two avenues through which EWM has custody of client funds; by directly debiting its fees from client accounts pursuant to applicable agreements granting such right, and potentially by permitting clients to issue standing letters of authorization ("SLOAs"). SLOAs permit a client to issue one document that directs EWM to make distributions out of the client's account(s).

Clients whose fees are directly debited will provide written authorization to debit advisory fees from their accounts held by EWM's qualified custodian. Each quarter, clients will receive a statement from the account custodian showing all transactions in their account, including the fee.

We encourage clients to carefully review the statements and confirmations sent to them by the custodian, and to compare them to the information found on the quarterly report prepared by EWM. Please alert EWM of any discrepancies.

In addition to the account custodian's custody procedures, clients issuing SLOAs will be requested to confirm, in writing, that the accounts to which funds are distributed are parties unrelated to EWM.



**Item 16: Investment Discretion**

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When EWM is engaged to provide asset management services on a discretionary basis, we will monitor client accounts to ensure that they are meeting the asset allocation requirements. If any changes are needed to the investments, we will make the changes. These changes may involve selling a security or group of investments and buying others or keeping the proceeds in cash. Clients may at any time place restrictions on the types of investments we may use on their behalf, or on the allocations to each security type. Clients may receive at their request written or electronic confirmations from their account custodian after any changes are made to their account. They will also receive, at minimum, quarterly statements from the account custodian. Clients engaging EWM on a discretionary basis will be asked to execute a Limited Power of Attorney (granting EWM the discretionary authority over the client accounts) as well as an Investment Management Agreement that outlines the responsibilities of both the client and EWM.

When a client engages EWM to provide asset management services on a non-discretionary basis, the accounts/securities are monitored by EWM. The difference is that changes to a clients account will not be made until EWM has confirmed with the client (either verbally or in writing) that the proposed change is acceptable.

**Item 17: Voting Client Securities**

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Copies of our Proxy Voting Policies are available upon request.

From time to time, shareholders of stocks, mutual funds, exchange traded funds or other securities may be permitted to vote on various types of corporate actions. Examples of these actions include mergers, tender offers, or board elections. Clients are required to vote proxies related to their investments, or to choose not to vote their proxies. EWM will not accept authority to vote client securities. Clients will receive their proxies directly from the custodian for the client account. EWM will, upon request, give clients advice on how to vote proxies.

**Item 18: Financial Information**

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EWM does not require the prepayment of fees more than six (6) months or more in advance and therefore has not provided a balance sheet with this brochure.

There are no material financial circumstances or conditions that would reasonably be expected to impair our ability to meet our contractual obligations to our clients.