



**CARLSON CAPITAL MANAGEMENT, LLC.**

11 Bridge Square  
Northfield, MN 55057  
507.645.8887

**March 27, 2024**

**Form ADV Part 2A, Firm Brochure**

### **Item 1 – COVER PAGE**

This brochure provides information about the qualifications and business practices of Carlson Capital Management, LLC. If you have any questions about the contents of this Brochure, please contact us at 507.645.8887 and/or [justin.stets@carlsoncap.com](mailto:justin.stets@carlsoncap.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about Carlson Capital Management, LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Carlson Capital Management LLC is 281544.

Any references to Carlson Capital Management, LLC as a registered investment adviser or its related persons as registered advisory representatives do not imply a certain level of skill or training.

## Item 2 - MATERIAL CHANGES

At least annually, Carlson Capital Management, LLC (“CCM”) will update this section of the Brochure to discuss any material changes.

Each year we will deliver to our clients, by no later than April 30<sup>th</sup>, either (1) an updated Brochure that includes all material changes; or (2) a summary of any material changes and an offer to provide a copy of the complete Brochure. The most current Brochure is available on our website at [www.carlsoncap.com/adv](http://www.carlsoncap.com/adv) or you may request a copy by contacting us at 507.645.8887.

### *SUMMARY OF MATERIAL CHANGES:*

Since our last Annual Amendment filing made on March 23, 2023, the following changes have been made to this Part 2A Brochure:

#### **March 27, 2024**

- There have been no material changes since we last amended this Brochure on November 30, 2023.

#### **November 30, 2023**

- We amended Items 4, 5, 10 and 14 to provide information about CCM’s affiliated exchange-traded fund (“ETF”).

CCM’s Chief Compliance Officer, Justin D. Stets, remains available to address any questions that an existing or prospective client may have regarding this Brochure.

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#### **Item 4 - ADVISORY BUSINESS**

Carlson Capital Management, LLC (“CCM”) is a fee-based financial advisory firm that offers wealth management, financial advisory and institutional (retirement plan) services to clients. CCM was established as an LLC in 2015. CCM is principally owned by Carlson Capital Management Inc., which was founded in 1987 and was previously registered with the SEC as an Investment Adviser from September 21, 1990 until January 5, 2016. Principal owners of Carlson Capital Management Inc. include Gregory A. Carlson, Jeffrey R. Carlson and Justin D. Stets.

As of December 31, 2023, CCM had \$3,485,161,177 of client assets under discretionary management and \$17,532,464 of client assets under non-discretionary management. “Assets Under Management,” as defined by Section 203A(a)(2) of the Investment Advisors Act of 1940, are the “security portfolios” for which an advisor provides “continuous and regular supervisory or management services.”

We have five Minnesota meeting office locations: Northfield, Bloomington, Hastings, Coon Rapids and Rochester. We have a sixth meeting office located in Sioux Falls, SD. The majority of our clients reside in the greater Twin Cities area, but we serve clients from all over the country.

#### **Types of Advisory Services**

CCM offers investment advisory services using its Integrated Wealth Management platform approach. The following advisory services are included:

- Integrated wealth management
- Investment management
- Financial planning services including:
  - Retirement planning
  - Estate and advanced estate planning
  - Tax planning
  - Insurance planning
  - Education planning and
  - Philanthropic planning

At CCM, our advisory services are customized based on the individual needs of our clients. We meet with prospective clients to assess their needs, goals, and objectives prior to making specific recommendations. We assist prospective clients in determining their short-term and long-range investment goals and objectives.

We ask prospective clients to complete a custom inventory form and questionnaire to assist us in obtaining information about their financial situation and history. We gather various financial information and history including, but not limited to:

- Retirement and financial goals
- Investment objectives
- Investment horizon
- Financial needs
- Cash flow analysis
- Cost of living needs
- Education savings needs
- Savings tendencies
- Debt, assets, and liabilities

- Wills and trusts
- Investment and bank accounts
- Other applicable financial information required in order to provide the investment advisory services requested

Upon completing our analysis of your situation, we work with you to determine an asset allocation strategy customized to your financial goals, objectives, and risk tolerance. CCM designs portfolio allocation strategies with objectives ranging from principal preservation to aggressive growth. After evaluating the information provided to us, we determine which of our portfolio allocation strategies would be most suitable for you. From there, we customize your portfolio allocation taking into consideration your limitations or restrictions, the market and economy at the time and your financial situation, goals, and objectives.

Managed portfolios are constructed using primarily open-ended mutual funds and exchange traded funds (ETFs). CCM will also use its affiliated ETF in constructing a managed portfolio. For more information about the affiliated ETF, please see the section on “Affiliated ETF” below. When appropriate, we will also utilize fixed income securities. Upon your specific request, CCM will maintain individual stock holdings for tax purposes. You also have the ability to impose restrictions and/or limitations on investing in certain securities or types of securities.

After we have done the work necessary to create a recommended portfolio, we will schedule a meeting with you (a Plan Presentation) and present the recommended investment strategies. Upon your approval of our recommendations, you will sign an Investment Advisory Agreement, which establishes the fiduciary relationship between CCM and you, the client. Additionally, you will sign an Investment Policy Statement which grants CCM discretionary authority to trade on your behalf, meaning that we can execute without prior consultation with you. The Investment Policy Statement specifically outlines the type of investments that will govern the account, including any possible restrictions on investing or selling certain securities on your behalf. We will then implement the portfolio strategy. Thereafter, we will manage the account by making appropriate changes to the strategies, and determining and potentially altering, from time to time, the securities to be purchased and sold in the account. CCM may actively trade securities and hold such securities for periods of 30 days or less or maintain positions for longer- or shorter-term periods.

CCM generally requires a minimum investment (currently \$1,000,000 in cash or securities) that can be deposited with an independent, qualified custodian or broker-dealer in order to provide Integrated Wealth Management services. Under certain circumstances, CCM may waive the minimum account requirement and accept accounts less than \$1,000,000. Such circumstances may include, but are not limited to, the fact that additional assets will soon be deposited, or you have other accounts under management with CCM.

## **FINANCIAL PLAN PRESENTATION**

In addition to presenting you with a recommended portfolio we will also present our analysis of your broader financial situation along with recommendations for steps to be taken to assist you in working toward your financial and life goals.

Your financial plan will be based on your financial situation at the time and the financial information that you disclose to CCM. As requested by clients, and as part of a client’s financial plan, CCM also may provide advice on stock option analysis and education funding.

You are not obligated to implement investment recommendations through CCM.

## CARLSON PORTFOLIOS

CCM provides an alternative offering for prospective clients who do not have the complexity in their financial situations that require the array of solutions provided by our Integrated Wealth Management platform. Carlson Portfolios provides the investment discipline and structure of our portfolio allocation strategies and leverages the investment research capabilities, portfolio management team and technology previously offered exclusively to high-net-worth clients.

Carlson Portfolios is a practical option for clients with \$500,000 or more to invest. For some clients, starting on the Carlson Portfolios path is the beginning of engaging CCM and may progress to the Integrated Wealth Management platform as the need arises for more advanced financial planning. For others, the solutions and advisory experience of Carlson Portfolios could meet their investment needs for years to come.

## AFFILIATED ETF

CCM's affiliate, CCM Investment Group, LLC, serves as a subadvisor to an affiliated exchange traded fund—the CCM Global Equity ETF (the “Affiliated ETF”). CCM frequently recommends and uses its investment discretion to invest clients in the Affiliated ETF. Depending on a client's investment strategy and asset allocation, CCM can invest up to 100% of a client's account in the Affiliated ETF. CCM intends to generally (though not always) use the Affiliated ETF for the equity allocation in a client's account. This arrangement creates a conflict of interest because CCM Investment Group, LLC stands to receive a portion of the fee a client incurs investing in the CCM Global Equity ETF in addition to the fees described in Item 5 below. As of November 2023, the adviser to the Affiliated ETF is entitled to receive an advisory fee based on the Affiliated ETF's average daily net assets for the services and facilities it provides payable at the annual rate of 0.34%.<sup>1</sup> The adviser pays CCM Investment Group, LLC as subadvisor to the Affiliated ETF a fee, which is calculated daily and paid monthly, at an annual rate of 0.17% based on the fund's average daily net assets<sup>2</sup>. CCM mitigates this conflict of interest by disclosing it to clients, providing clients with an opportunity to ask questions, and seeking a clients informed consent to manage their account in this manner in our Investment Policy Statement<sup>3</sup>. A client may also limit CCM's ability to invest in the Affiliated ETF by informing CCM of that restriction. Any such restriction should be memorialized in an Investment Policy Statement. The Affiliated ETF's prospectus details the investment objectives, strategy, and the schedule of fees to be received by CCM Investment Group, LLC, and clients should carefully review this document, as well as the statement of additional information.

## CARLSON RETIREMENT PLAN SERVICES

In addition to the services CCM offers to individuals and families, Carlson Retirement Plan Services serves clients by offering comprehensive and customized 401(k) plan and other retirement plan solutions, proudly serving as a fiduciary for plans and extending personalized guidance and financial education to plan participants. We work with small and mid-sized business owners to address the five

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<sup>1</sup> A client should receive notice from the adviser to the Affiliated ETF in the event of any changes to the fees incurred by the Affiliated ETF. CCM will not update this reference in this Form ADV Part 2A on an interim basis.

<sup>2</sup> As of November 2023. Subject to change. CCM will not update this reference in this Form ADV Part 2A on an interim basis.

<sup>3</sup> Current clients of CCM at the launch of the Affiliated ETF have not been asked to execute a new Investment Policy Statement but will have consented to invest in the Affiliated ETF through a separate acknowledgement.

key areas that contribute to successful retirement outcomes for plan participants, while providing foundational fiduciary stewardship for plan sponsors that includes the following:

Plan Design – Carlson Retirement Plan Services develops customized retirement plans specifically designed and optimized to meet our plan sponsor goals and objectives.

Fiduciary Governance – Carlson Retirement Plan Services advises on the plan sponsor's fiduciary responsibilities. The process may include the following:

- A CEFEX certified fiduciary governance process that allows for the plan sponsor to follow global standards of fiduciary excellence
- Fiduciary education training and communication programs offered to plan sponsors
- Advisement on development, maintenance, and adherence to an appropriate Investment Policy Statement (IPS)

Plan Benchmarking – Carlson Retirement Plan Services assists clients in ensuring their plans are competitive in total cost structure for the services they are receiving.

Investment Management – Carlson Retirement Plan Services acts as a 3(38) investment manager to our client plans ensuring that investment options include a diversified menu of covering the full spectrum of equities, fixed income, and cash equivalents.

Participant Education and Communication – We focus on delivering personal service and care to plan participants—offering relevant education and advice.

Financial Wellness Programming – for an additional fee, Carlson Retirement Plan Services provides access to a financial wellness technology platform and programming designed to:

- Increase overall financial literacy and efficacy for plan participants, decrease absenteeism and turnover related to financial stress, develop financially well employees that are able to meet current obligations and address future planning/preparedness, and meet employees where they are in their own personal financial journey.

## CARLSON FOUNDATIONS AND ENDOWMENTS

CCM works with foundation and endowment stewards, offering access to CCM's investment advisory services and related consultation regarding fiduciary responsibility and practices. Pricing and other terms of these engagements are negotiated with each organization to be specific to the needs associated with the relationship.

### Advisory Business Disclosures

Disclosure Brochure. A copy of CCM's written Brochure and Client Relationship Summary, as set forth on Part 2 of Form ADV and Form CRS respectively, will be provided to each client prior to, or contemporaneously with, the execution of the Investment Advisory Agreement.

Client Obligations. CCM makes certain assumptions with respect to interest and inflation rates and may rely on past trends and prior performance of the markets and the economy in general. However, past performance is in no way an indication of future performance. CCM cannot offer any guarantees or promises that your financial goals and objectives will be met. After you engage CCM, it is important that you continue to review the plans presented to you and update us on changes in your financial situation, goals, or objectives. Should your financial situation or investment goals or objectives change,

it is important to notify CCM promptly. Failure to notify CCM of any such changes could result in investment recommendations or planning solutions not meeting your needs. You are advised that the advice offered by CCM does not include drafting legal documents or providing legal advice. Therefore, you will need to seek the services of an attorney as needed.

Limitations of Financial Planning and Non-Investment Consulting/Implementation Services. As indicated above, to the extent requested by a client, CCM may provide financial planning and related consulting services. Neither CCM nor its investment adviser representatives assist clients with the implementation of any financial plan unless they have agreed to do so in writing. CCM does not monitor a client's financial plan, and it is the client's responsibility to revisit the financial plan with CCM, if desired.

CCM may provide financial planning and related consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. CCM does not serve as an attorney or accountant, and no portion of our services should be construed as legal or accounting services. Accordingly, CCM does not prepare estate planning documents or tax returns. To the extent that you request such services, CCM may recommend the services of other professionals for certain non-investment implementation purpose (i.e., attorneys, accountants, insurance agents, etc.), including representatives of CCM in their separate individual capacities as licensed insurance agents. You are under no obligation to engage the services of any such recommended professional. You retain absolute discretion over all such implementation decisions and are free to accept or reject any recommendation from CCM or its representatives.

If you engage any recommended unaffiliated professional, and a dispute arises thereafter relative to such engagement, you agree to seek recourse exclusively from and against the engaged professional. At all times, the engaged licensed professional (i.e., attorney, accountant, insurance agent, etc.), and not CCM, shall be responsible for the quality and competency of the services provided.

Retirement Rollovers-Potential for Conflict of Interest. A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If CCM recommends that a client roll over their retirement plan assets into an account to be managed by CCM, such a recommendation creates a conflict of interest if CCM will earn new (or increase its current) compensation as a result of the rollover. If CCM provides a recommendation as to whether a client should engage in a rollover or not, CCM is acting as a fiduciary 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. No client is under any obligation to roll over retirement plan assets to an account managed by CCM.

Use of Mutual and Exchange Traded Funds. Most mutual funds and exchange traded funds are available directly to the public. Therefore, a prospective client can obtain many of the funds that may be utilized by CCM independent of engaging CCM as an investment advisor. However, if a prospective client determines to do so, he/she will not receive CCM's initial and ongoing investment advisory services.

Use of DFA Mutual Funds. CCM utilizes mutual funds issued by Dimensional Fund Advisors ("DFA"). DFA funds are generally only available through registered investment advisers. Therefore, if the client were to terminate CCM's services, and not transition to another adviser who utilizes DFA funds,



restrictions regarding additional purchases of, or reallocation among other, DFA funds will generally apply.

**Socially Responsible Investing Limitations.** Socially Responsible Investing involves the incorporation of Environmental, Social and Governance considerations into the investment due diligence process (“ESG”). There are potential limitations associated with allocating a portion of an investment portfolio in ESG securities (i.e., securities that have a mandate to avoid, when possible, investments in such products as alcohol, tobacco, firearms, oil drilling, gambling, etc.). The number of these securities may be limited when compared to those that do not maintain such a mandate. ESG securities could underperform broad market indices. Investors must accept these limitations, including potential for underperformance. Correspondingly, the number of ESG mutual funds and exchange traded funds are few when compared to those that do not maintain such a mandate. As with any type of investment (including any investment and/or investment strategies recommended and/or undertaken by CCM CCM), there can be no assurance that investment in ESG securities or funds will be profitable or prove successful. CCM does not maintain or advocate an ESG investment strategy, but will seek to employ ESG if directed by a client to do so.

**Cryptocurrency.** Cryptocurrency is a digital currency that can be used to buy goods and services but uses an online ledger with strong cryptography (i.e., a method of protecting information and communications through the use of codes) to secure online transactions. Unlike conventional currencies issued by a monetary authority, cryptocurrencies are generally not controlled or regulated, and their price is determined by the supply and demand of their market. Because cryptocurrency is currently considered to be a speculative investment, CMM does not recommend or advocate the purchase of, or investment in, cryptocurrencies and will not exercise discretionary authority to purchase a cryptocurrency investment for client accounts. Rather, a client must expressly authorize the purchase of the cryptocurrency investment. Clients who authorize the purchase of a cryptocurrency investment must be prepared for the potential for liquidity constraints, extreme price volatility and complete loss of principal.

**Portfolio Activity.** CCM has a fiduciary duty to provide services consistent with the client’s best interest. As part of its investment advisory services, CCM will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including, but not limited to, investment performance, fund manager tenure, style drift, account additions/withdrawals, and/or a change in the client’s investment objective. Based upon these factors, there may be extended periods of time when CCM determines that changes to a client’s portfolio are neither necessary nor prudent. Clients nonetheless remain subject to the fees described in Item 5 below during periods of account inactivity.

**Cash Positions.** CCM continues to treat cash as an asset class. As such, unless determined to the contrary by CCM, all cash positions (money markets, etc.) shall continue to be included as part of assets under management for purposes of calculating CCM’s advisory fee. At any specific point in time, depending upon perceived or anticipated market conditions/events (there being **no guarantee** that such anticipated market conditions/events will occur), CCM may maintain cash positions for defensive purposes. In addition, while assets are maintained in cash, such amounts could miss market advances. Depending upon current yields, at any point in time, CCM’s advisory fee could exceed the interest paid by the client’s money market fund.

**ByAllAccounts: Account Aggregation.** CCM, in conjunction with the services provided by ByAllAccounts, may also provide periodic comprehensive reporting services which can incorporate all of the client’s investment assets, including those investment assets that are not part of the assets managed

by CCM (the “Excluded Assets”). CCM’s service relative to the Excluded Assets is limited to reporting services only, which does not include investment implementation. Because CCM does not have trading authority for the Excluded Assets, to the extent applicable to the nature of the Excluded Assets (assets over which the client maintains trading authority vs. trading authority designated to another investment professional), the client (and/or the other investment professional), and not CCM, shall be exclusively responsible for directly implementing any recommendations relative to the Excluded Assets. The client and/or their other advisors that maintain trading authority, and not CCM, shall be exclusively responsible for the investment performance of the Excluded Assets. Without limiting the above, CCM shall not be responsible for any implementation error (timing, trading, etc.) relative to the Excluded Assets. In the event the client desires that CCM provide investment management services with respect to the Excluded Assets, the client may engage CCM to do so pursuant to the terms and conditions of an appropriate agreement between CCM and the client.

Cybersecurity Risk. The information technology systems and networks that CCM and its third-party service providers use to provide services to CCM’s clients employ various controls, which are designed to prevent cybersecurity incidents stemming from intentional or unintentional actions that could cause significant interruptions in CCM’s operations and result in the unauthorized acquisition or use of clients’ confidential or non-public personal information. Clients and CCM are nonetheless subject to the risk of cybersecurity incidents that could ultimately cause them to incur losses, including for example: financial losses, cost and reputational damage to respond to regulatory obligations, other costs associated with corrective measures, and loss from damage or interruption to systems. Although CCM has established its systems to reduce the risk of cybersecurity incidents from coming to fruition, there is no guarantee that these efforts will always be successful, especially considering that CCM does not directly control the cybersecurity measures and policies employed by third-party service providers. Clients could incur similar adverse consequences resulting from cybersecurity incidents that more directly affect issuers of securities in which those clients invest, broker-dealers, qualified custodians, governmental and other regulatory authorities, exchange and other financial market operators, or other financial institutions.

Independent Managers. CCM may allocate (and/or recommend that the client allocate) a portion of a client’s investment assets among unaffiliated independent investment managers (“Independent Managers”) in accordance with the client’s designated investment objective(s). In such situations, the Independent Managers shall have day-to-day responsibility for the active discretionary management of the allocated assets. CCM shall continue to render investment advisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. CCM generally considers the following factors when considering its recommendation to allocate investment assets to Independent Managers: the client’s designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fee charged by the Independent Managers is separate from, and in addition to, CCM’s investment advisory fee as set forth in Item 5.

Scope of Work. You are advised that investment recommendations and advice offered by CCM are not legal advice or accounting advice. You should coordinate and discuss the impact of financial advice with your attorney or accountant.

Potential Tax Implications. You are advised that transactions in your account, account re-allocations, and the rebalancing of your account may trigger a taxable event, with the exception of IRA accounts, 403(b) accounts and other tax-exempt qualified retirement accounts.

Performance of Smaller Accounts. You are advised that performance may suffer due to difficulties with diversifying smaller accounts. In addition, performance of smaller accounts may vary from the performance of larger accounts due to fluctuations in the market that may affect smaller accounts more and the effects of compounding may be greater in larger accounts.

Wrap Fee Program. You are advised that CCM does not participate in a wrap fee program.

## Item 5 - FEES AND COMPENSATION

CCM's fees are negotiable and are not based on a share of capital gains on, or capital appreciation of, funds in your account.

### Integrated Wealth Management

Client fees for Integrated Wealth Management are tiered as follows:

Account Size	Maximum Annual Fee
First \$2,000,000	1.00%
Next \$2,000,000	0.75%
Over \$4,000,000	0.50%

The formula CCM uses to calculate your monthly fee is as follows: (Based on a \$10 million dollar portfolio)

First \$2,000,000 x 1.00%	\$20,000
Next \$2,000,000 x 0.75%	\$15,000
<u>Remaining \$6,000,000 x 0.50%</u>	<u>\$30,000</u>
\$10,000,000	\$65,000 / 12 = \$5,416.67 monthly fee

### Carlson Portfolios

Client fees for Carlson Portfolios are tiered as follows:

Account Size	Maximum Annual Fee
First \$500,000	1.25%
Next \$1,500,000	1.00%
Over \$2,000,000	0.75%

Planning fees are assessed in certain situations and depend on the long-term intentions of a prospective client. Fees are negotiated with a principal of the firm and generally fall within the parameters outlined below. Fees will depend on several factors including time spent with CCM, number of meetings, complexity of your situation, amount of research, services requested, and usage of staff and other resources.

Fee Type	Maximum Fee	Payable
Financial Plan	\$1,500 to \$7,500	Payable one-half (1/2) upon execution of the client agreement with CCM and the balance due at the time of presentation of the plan.
Integrated Wealth Management	\$2,500 to \$15,000	Payable one-half (1/2) upon execution of the client agreement with CCM and the balance due at the time of presentation of the plan.

### **Affiliated ETF**

As noted above in Item 4, CCM Investment Group, LLC stands to receive a portion of the fee a client incurs investing in the CCM Global Equity ETF in addition to the fees described above. As of November 2023, the adviser to the Affiliated ETF is entitled to receive an advisory fee based on the Affiliated ETF's average daily net assets for the services and facilities it provides payable at the annual rate of 0.34%.<sup>4</sup> The adviser pays CCM Investment Group, LLC as subadvisor to the Affiliated ETF a fee, which is calculated daily and paid monthly, at an annual rate of 0.17% based on the fund's average daily net assets<sup>5</sup>. The Affiliated ETF's prospectus details the investment objectives, strategy, and the schedule of fees to be received by CCM Investment Group, LLC, and clients should carefully review this document, as well as the statement of additional information.

### **General Billing Information**

CCM may change the above fee schedules upon 30 days' prior written notice to you.

CCM aggregates all of your managed accounts together to determine your monthly fee.

You may make additions to your account or withdrawals from your account at any time. Additional assets in excess of \$50,000 deposited into an account after it is opened will be charged a pro-rated fee based upon the number of days remaining in the then current monthly period. Conversely, withdrawals from your account in excess of \$50,000 will result in a pro-rated fee credit to be applied toward your next monthly fee. No fee adjustments will be made for account appreciation or depreciation between billing cycles.

Fees are paid monthly in advance. The fee will be calculated based on the value of the account on the last business day of the prior calendar month, including any accrued interest. The initial monthly fee will be a pro-rated portion of the fee based on the number of days remaining in the calendar month.

Advisory fees will be deducted directly from your account to the extent authorized by the client Advisory Agreement. You will be provided with regular custodial account statements that reflect the deduction of advisory fees. If a client's account does not contain sufficient funds to pay advisory fees, CCM may sell or redeem securities in sufficient amounts to pay advisory fees. You may reimburse an account for advisory fees paid to CCM, except for ERISA and IRA accounts.

<sup>4</sup> A client should receive notice from the adviser to the Affiliated ETF in the event of any changes to the fees incurred by the Affiliated ETF. CCM will not update this reference in this Form ADV Part 2A on an interim basis.

<sup>5</sup> As of November 2023. Subject to change. CCM will not update this reference in this Form ADV Part 2A on an interim basis.

Carlson Capital Management, LLC.

CCM's fees may be negotiated or waived in certain circumstances depending upon such factors as: anticipated future earning capacity, the level and scope of services required, anticipated future additional assets, dollar amount of assets to be managed, related accounts and account composition.

Because our billing schedules change over time, existing clients may be billed according to a different schedule.

The custodian will send to the client a statement, at least quarterly, indicating all amounts disbursed from the account. CCM's quarterly statement will encourage the client to compare CCM's statement with the statement received from the custodian. It is the client's responsibility to review fee deductions to ensure they are correct, as the client's custodian will not do so.

**Carlson Retirement Plan Services**

Retirement Plan Service fees are based on a percentage of assets under advisement, according to the following schedule.

First	\$ 1,000,000	0.75%	\$ 7,500	\$ 7,500
Next	\$ 2,000,000	0.60%	\$ 12,000	\$ 19,500
Next	\$ 3,000,000	0.50%	\$ 15,000	\$ 34,500
Next	\$ 4,000,000	0.40%	\$ 16,000	\$ 50,500
Next	\$ 10,000,000	0.30%	\$ 30,000	\$ 80,500
Above	\$ 20,000,000	0.20%	-	

These fees are subject to an annual minimum fee of \$5,000. If the assets under advisement, under the above schedule, generate an annualized fee below this minimum requirement, CCM will bill the difference until the assets under advisement are sufficient to generate the minimum annual fee.

As an alternative to the above schedule, we can implement a flat fee for our services, which will be based on the schedule above. If a flat fee is implemented, it will be subject to annual increases of 3%.

Carlson Retirement Plan Services retains the discretion to negotiate, reduce or waive these fees in certain circumstances. Carlson Retirement Plan Services will take into account many factors when determining the resulting fee including: the client's overall relationship with CCM, the level and scope of services required, anticipated future flows, dollar amount of managed assets and plan complexity.

\*Fees for our Financial Wellness programming and technology platform will be billed separately, on a per eligible employee basis, determined by the depth and breadth of the programming.

**Methods of Payment**

Plan sponsors will be invoiced in advance, at the beginning of each calendar quarter, unless the retirement plan record keepers require billing to occur in arrears. There are two ways that a Plan may pay our fee, and there can be a combination of both.

**Plan Sponsor Pays**

The sponsoring employer may pay our fee directly out of company assets and utilize that expense as a tax deduction, without using plan assets to pay the fee.

### Plan Pays

As a sponsor of a retirement plan, the sponsor also retains the discretion to direct the fee to come from the value of plan assets. This allows the fee to be prorated across all participants, and for them to share in the fee. In this instance, the plan sponsor will direct the Plan to pay our fee.

### Fee Disclosures

As discussed above, CCM's investment advisory fee is negotiable at CCM's discretion, depending upon objective and subjective factors including but not limited to: the amount of assets to be managed; portfolio composition; the scope and complexity of the engagement; the anticipated number of meetings and servicing needs; related accounts; future earning capacity; anticipated future additional assets; the professional(s) rendering the service(s); prior relationships with CCM and/or its representatives, and negotiations with the client. As a result of these factors, similarly situated clients could pay different fees, the services to be provided by CCM to any particular client could be available from other advisers at lower fees, and certain clients may have fees different than those specifically set forth above.

Other Fees and Expenses. In addition to the fees above, you will pay fees for securities transactions executed in your account in accordance with the custodian's current transaction fee schedule, a copy of which is available upon your request. Custodians and broker-dealers also may charge an account for custodial services, account maintenance fees and other fees associated with maintaining the account and purchases and sales of securities for the account. These fees are not charged by or paid to CCM but are paid to the account's custodian or broker-dealer. Mutual funds and ETFs in which clients invest charge their own advisory fees and other expenses as set forth in each fund's prospectus. You should request and read each fund's prospectus prior to investing. Please refer to Item 12 for additional information regarding Brokerage Practices.

Tradeaway/Prime Broker Fees. If, in the reasonable determination of CCM that it would be beneficial for the client, individual equity and/or fixed income transactions may be effected through broker-dealers other than the account custodian, in which event, the client generally will incur both the fee (commission, mark-up/mark-down) charged by the executing broker-dealer and a separate "tradeaway" and/or prime broker fee charged by the account custodian (i.e., Schwab, TD Ameritrade). CCM's Chief Compliance Officer, Justin D. Stets, remains available to address any questions that a client or prospective client may have regarding tradeaway arrangements.

Fee Refunds. The client may terminate for any reason upon fourteen days (14) written notice to CCM, specifying the date of termination (date cannot precede the written notice). In the event a client terminates as described above, management fees paid, but not yet earned, shall be refunded to the client pro rata based on the number of days the client utilized CCM's services.

## **Item 6 - PERFORMANCE-BASED FEES AND SIDE BY SIDE MANAGEMENT**

CCM does not charge performance-based fees.

## **Item 7 - TYPES OF CLIENTS**

With the exception of Carlson Portfolios, CCM's services are designed for high-net worth families and individuals, trusts and estates, charitable organizations, pension and profit-sharing plans, and corporations or other business entities.

## Item 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

In general terms, CCM takes a structured, long-term approach to investing that is based on Modern Portfolio Theory and a factor-based investing. CCM applies the following principles to investment management:

- *Risk and return are related.* Investors are rewarded in proportion to the risk taken. Framing decisions around compensated risk factors in the equity and bond markets connects investors to the forces that create opportunities to build wealth over time. Financial science offers insight into these risks. Evidence from practicing investors and academics points to an undeniable conclusion: returns are compensation for taking risk. Gain is rarely accomplished without accepting risks, but not all risks carry a reliable reward. Financial science over the last 50 years has brought us to a powerful understanding of the risks that are worth taking and the risks that are not.
- *Broad global diversification reduces risk and may increase return.* Diversification is the most essential risk reduction tool available to investors. It enables them to capture broad market forces while reducing the excess, uncompensated risk arising in individual stocks.
- *Structure determines performance.* Structure, or asset allocation, determines most of the performance in a diversified portfolio. The factors that have been shown to have the most explanatory power are: (1) exposure to market risk, (2) exposure to company size (3) exposure to company valuation and (4) the quality of the underlying companies in a portfolio. Active management through security selection or market timing plays a very small role in the overall performance of a portfolio. In most cases, the increased costs and ineffective strategies employed by active managers lead investors to decreased returns relative to market benchmarks.
- *Proactive management affects portfolio outcomes.* Taking a proactive approach to investment management may allow investors to decrease risk and may increase expected returns within a portfolio. By utilizing a strategy that locates assets in accounts by their tax efficiency, harvests tax losses when available and opportunistically rebalances asset class components, investors may decrease future risk and may increase return over time.

Investing in securities involves risk of loss, including the potential loss of principal. Therefore, your participation in any of the investment portfolios offered by CCM will require you to be prepared to bear the risk of loss and fluctuating performance. Below are some more specific risks of investing:

- **Market Risk.** The prices of securities held by mutual funds or ETFs 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 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. Clients should have a long-term perspective and be able to tolerate potentially sharp declines in market value.
- **Management Risk.** A manager's investment approach may fail to produce the intended results. If the manager's perception of the performance of a specific asset class or 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-cap 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 held by the fund is likely to decrease. A nominal interest rate is the sum of a real interest rate and an expected inflation rate.
- **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: (1) an ETF's shares may trade at a market price that is above or below its net asset value; (2) the ETF may employ an investment strategy that utilizes high leverage ratios; or (3) 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. Adviser has no control over the risks taken by the underlying funds in which client invests.
- **REIT Risk.** To the extent that a client invests in real estate investment trusts ("REITs"), it is subject to risks generally associated with investing in real estate, such as (1) possible declines in the value of real estate, (2) adverse general and local economic conditions, (3) possible lack of availability of mortgage funds, (4) changes in interest rates, and (5) environmental problems. In addition, REITs are subject to certain other risks related specifically to their structure and focus such as: dependency upon management skills; limited diversification; the risks of locating and managing financing for projects; heavy cash flow dependency; possible default by borrowers; the costs and potential losses of self-liquidation of one or more holdings; the possibility of failing to maintain exemptions from securities registration; and, in many cases, relatively small market capitalization, which may result in less market liquidity and greater price volatility.
- **Foreign Securities Risk.** Funds may invest in foreign securities. Foreign securities are subject to additional risks not typically associated with investments in domestic securities. These risks may include, among others, currency risk, country risks (political, diplomatic, regional conflicts, terrorism, war, social and economic instability, currency devaluations and policies that have the effect of limiting or restricting foreign investment or the movement of assets), different trading practices, less government supervision, less publicly available information, limited trading markets and greater volatility. To the extent that underlying funds invest in issuers located in emerging markets, the risk may be heightened by political changes, changes in taxation, or



currency controls that could adversely affect the values of these investments. Emerging markets have been more volatile than the markets of developed countries with more mature economies.

- **Liquidity Risk.** Interval funds include the same risks listed above with mutual funds, and in addition, carry liquidity risk, which is the risk that certain assets may not be able to be sold in a timely manner

With the exception of the Affiliated ETF, CCM analyzes mutual funds and exchange traded funds recommended to clients based on a fund's structure, relative performance among its peer group, total operating expense ratio, portfolio turnover, investment objective and investment restrictions and limitations and other metrics. Adviser typically recommends that clients invest in no-load mutual funds and exchange traded funds that have lower operating expenses, lower portfolio turnover, below average capital gains distributions and a demonstrated expertise and focus in each particular asset class. CCM has a preference for using the Affiliated ETF in managing client's accounts.

Dimensional Fund Advisors ("DFA") mutual funds generally are available for investment only by clients of registered investment advisers, and all investments are subject to approval of the adviser. This means that you may not be able to make additional investments in DFA mutual funds if you terminate your agreement with Adviser, except through another adviser authorized by DFA.

CCM does not represent, warrant, or imply that the services or methods of analysis used by CCM can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to major market corrections or crashes. Past performance is no indication of future performance. No guarantees can be offered that your goals or objectives will be achieved. No promises or assumptions can be made that the advisory services offered by CCM will provide a better return than other investment strategies.

CCM primarily recommends that clients purchase open-end mutual funds, and ETFs to implement CCM's investment advice. These underlying funds may, in turn, invest in a broad range of stocks of any market capitalization, including large-, mid- and small-cap stocks; and/or a broad range of fixed income securities of any credit quality or maturity, including U.S. Government and agency securities, municipal securities, corporate debt, and debt of foreign issuers including those located in emerging markets. Underlying funds may also invest in real estate, commodities-related assets, or high-yield, high-risk debt securities, and they may engage in leveraged or derivative transactions. With the exception of the Affiliated ETF, CCM has no control over the investment strategies, policies, or decisions of the underlying funds' investment managers. CCM's only option would be to liquidate its clients' investments in an underlying fund in the event of dissatisfaction with the fund's manager, including CCM Investment Group, LLC. In addition to risks generally associated with investments in mutual funds, ETFs are subject to the following risks: (1) the market price of an ETF's shares may trade above or below their net asset value; (2) an active trading market for an ETF's shares may not develop or be maintained; or (3) trading of an ETF's shares may be halted if the stock exchange's officials deem such action appropriate.

CCM may invest on a limited basis in derivative instruments in an effort to mitigate concentrated risk in a client's portfolio. Derivatives may be used for hedging purposes when clients come to CCM with concentrated holdings in a small amount of equity positions. Utilizing derivative instruments in this way could potentially affect returns to investors. Some types of derivatives that may be used most frequently may include, without limitation, put or call options on securities or indices.

Investing in derivatives for hedging purposes or otherwise may result in certain transaction costs which may reduce account performance. No assurances can be given that derivative positions will achieve the desired correlation with the security. Further, no assurances can be given that these investments or instruments will be used, or that, if used, they will achieve the desired results.

CCM may engage in covered call writing. Covered call writing is the sale of in-, at-, or out-of- the money call option against a long security position held in a client portfolio. This type of transaction is intended to generate income. It also serves to create downside protection in the event the security position declines in value. Income is received from the proceeds of the option sale. Such income may be reduced to the extent it is necessary to buy back the option position before its expiration. This strategy may involve a degree of trading velocity, transaction costs and significant losses if the underlying security has volatile price movement. Covered call strategies are generally suited for positions with little price volatility

CCM has a relationship with a third-party vendor that manages individual U.S. equities that uses statistical sampling to track an index with two primary investment objectives: (1) match the return of the U.S. equity benchmarks (minus expenses) and (2) create tax efficiency for the investor. There is a possibility of a material tracking error for these portfolios if the portfolio holdings do not match those of the index. This solution is primarily utilized for clients that hold highly appreciated individual stock portfolios with values greater than \$500,000.

Borrowing Against Assets/Risks. A client who has a need to borrow money could determine to do so by using:

- **Margin**–The account custodian or broker-dealer lends money to the client. The custodian charges the client interest for the right to borrow money, and uses the assets in the client’s brokerage account as collateral; and,
- **Pledged Assets Loan**– In consideration for a lender (i.e., a bank, etc.) to make a loan to the client, the client pledges its investment assets held at the account custodian as collateral;

These above-described collateralized loans are generally utilized because they typically provide more favorable interest rates than standard commercial loans. These types of collateralized loans can assist with a pending home purchase, permit the retirement of more expensive debt, or enable borrowing in lieu of liquidating existing account positions and incurring capital gains taxes. However, such loans are not without potential material risk to the client’s investment assets. The lender (i.e., custodian, bank, etc.) will have recourse against the client’s investment assets in the event of loan default or if the assets fall below a certain level. For this reason, CCM does not recommend such borrowing unless it is for specific short-term purposes (i.e., a bridge loan to purchase a new residence). CCM does not recommend such borrowing for investment purposes (i.e., to invest borrowed funds in the market). Regardless, if the client were to determine to utilize margin or a pledged assets loan, the following economic benefits would inure to CCM:

- by taking the loan rather than liquidating assets in the client’s account, CCM continues to earn a fee on such Account assets; and,
- if the client invests any portion of the loan proceeds in an account to be managed by CCM, CCM will receive an advisory fee on the invested amount; and,
- if CCM’s advisory fee is based upon the higher margined account value, CCM will earn a correspondingly higher advisory fee. This could provide CCM with a disincentive to encourage the client to discontinue the use of margin.

The Client must accept the above risks and potential corresponding consequences associated with the use of margin or a pledged assets loan.

#### Item 9 - DISCIPLINARY INFORMATION

There is no disciplinary information required to be reported for CCM or its management persons that is material to your evaluation of CCM, its business or its management persons.

#### Item 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

CCM and/or its principals have material business arrangements with the following other entities as described below, thereby creating conflicts of interest:

- **Carlson Trust:** National Advisors Trust Company, FSB, a national trust company (“NATCo”), was created to support the fiduciary needs of clients who, through their estate planning efforts, prefer to continue to maintain their relationship with their financial advisory firm. NATCo is a wholly owned subsidiary of National Advisors Holdings, Inc. (“NAH”). Carlson Capital Group, Inc. (which is under common control with CCM) holds a less than 1% equity interest in NAH.

The mission of NATCo is to support the delivery of trust and custody services to the clients of its shareholders. CCM may recommend NATCo to its advisory clients seeking trust services. The grantor in a trust agreement would name CCM as the investment manager with discretion to manage the trust estate, and the agreement would also provide that NATCo discharge the administrative, distribution and custodial responsibilities of the trust through the entity named Carlson Trust, a Trust Representative office (“TRO”) of NATCo.

Carlson Capital Group, Inc., as a shareholder of NAH (the parent company of NATCo), and by extension CCM, may benefit by realizing a profit in the form of dividends or corporate distributions from NAH, in addition to any investment advisory fees paid under the trust agreement. This relationship is a conflict of interest. We believe, however, that our selection of NATCo, through their TRO program, is in the best interests of our clients. Our selection is primarily supported by NATCo’s uniquely designed trust and custody services, including an advanced, multi-custodian investment management platform, trust accounting services, referral marketing programs, trust education programs, practice management programs, economies of scale, and other related services to advance the success of CCM and its clients. Finally, NATCo is a “trust only” organization focused on trust and custody services for CCM and is not involved in lending and depository banking functions.

- **CCM Tax & Trust Administration:** CCM Tax & Trust Administration provides tax return preparation and trust administration services for a fee to individuals and trusts and estates, including clients of CCM. Clients who engage CCM Tax & Trust Administration will pay a separate fee. CCM Tax & Trust and CCM is under common ownership.
- **ViaForte, Inc. (“ViaForte”):** ViaForte applies advanced estate planning strategies and design to utilize opportunities and offer access to financial vehicles provided by insurance companies. The team at ViaForte works with individuals, financial services firms, and business to business advisors which includes advisory clients of CCM. ViaForte’s agents are licensed with various insurance companies. As such, ViaForte may receive commissions in connection with any insurance product purchased through ViaForte. ViaForte and CCM are under common ownership. ViaForte products that include securities are offered through M Holdings Securities, Inc., a Registered Broker/Dealer, Member FINRA/SIPC.

- **American Center for Philanthropy (“ACP”):** ACP is an independent, non-profit organization established in 2001 by the founders of CCM to provide individuals and families an easier and more efficient way to manage their charitable giving, in addition to maximizing tax benefits. ACP is recognized as a tax-exempt public charity as described in Sections 501(c)(3), 509(a)(1), and 170(b)(1)(A)(vi) of the Internal Revenue Code (IRC) of 1986, as amended. CCM plays a role in the administration of ACP by handling new account openings, grant processing, account changes, transfers, and board communications. CCM receives administrative and investment management compensation from ACP for its services.
- **Affiliated ETF:** CCM’s affiliate, CCM Investment Group, LLC, serves as a subadvisor to an affiliated exchange traded fund—the CCM Global Equity ETF (the “Affiliated ETF”). For more information about the Affiliated ETF and the conflicts of interest this relationship creates, please see Item 4 and 5 above.

Conflict of Interest. The five entities above present conflicts of interest. No client is under any obligation to engage any CCM affiliate. Clients are reminded that they may purchase such services or products offered by CCM affiliates through other, non-affiliated providers. CCM's Chief Compliance Officer, Justin D. Stets, remains available to address any questions that a client or prospective client may have regarding the above conflicts of interest.

- **Zero Alpha Group (“ZAG”):** CCM is a member of ZAG, a national network of wealth management firms committed to applying the best financial thinking to serve clients in a fiduciary capacity. Members are committed to providing objective, long-term wealth management solutions to investors, focusing on asset allocation and a structured quantitative approach to investing. ZAG members seek to follow the highest fiduciary standards as represented by the Centre for Fiduciary Excellence (“CEFEX”). ZAG members are geographically diverse, and their executives meet regularly to share investment information, strategic and marketing plans, and research related to investment management. ZAG also may negotiate with mutual fund companies, platform sponsors and custodians in an effort to obtain lower costs on behalf of members’ respective clients.

## **Item 11 - CODE OF ETHICS, PARTICIPATION OF INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

Code of Ethics. CCM has a fiduciary duty to you to act in your best interest and always place your interests first and foremost. At CCM, we take seriously our compliance and regulatory obligations and require all staff to comply with such rules and regulations as well as our own internal policies and procedures to ensure we maintain a responsible and ethical way of doing business. We maintain a Code of Ethics for our financial advisors, supervised persons, and staff. The Code of Ethics contains provisions for standards of business conduct in order to comply with federal securities laws. CCM requires all employees to report their personal securities transactions. We also prohibit employees from trading based on material non-public information. A copy of our Code of Ethics will be provided to you upon request.

Professional Fiduciary Designations and Certifications. CCM employees who have obtained the Certified Financial Planner (CFP®) designation are bound by the CFP Board’s Standards of Professional Conduct, which outline ethical and practice standards for CFP professionals.

CEFEX Certification. CCM was among the first investment advisers globally to successfully complete the independent certification process of CEFEX. Through CEFEX's independent assessment, the

certification provides assurance to investors, both institutional and individual, that CCM has demonstrated adherence to the industry's best fiduciary practices. Additionally, individuals at CCM have been awarded the AIF® designation from the Center for Fiduciary Studies, signifying specific training in fiduciary responsibility. The AIF® designation certifies that the recipient has specialized knowledge of fiduciary standards of care and their application to the investment management process. To receive the AIF® designation, the individual must meet prerequisite criteria based on a combination of education, industry experience, and/or ongoing professional development, complete a training program, successfully pass a comprehensive, closed-book final examination under the supervision of a proctor and agree to abide by the Code of Ethics. In order to maintain the AIF® designation, the individual must annually renew their affirmation of the Code of Ethics and complete six hours of continuing education. The Designation is administered by the Center for Fiduciary Studies, the standards-setting body of fi360.

Privacy Policy. CCM strives to handle your non-public, personal financial information in such a way to protect that information from falling into hands that have no business reason to know such information. Our Privacy Policy is provided to you when you commence services with us. It is reviewed for updates on an annual basis and is made available to you through your Client Portal and on our website at <http://carlsoncap.com/fiduciary>.

Participation or Interest in Client Transactions. With the exception of the Affiliated ETF, CCM does not recommend investments to clients in which CCM or any of its principals has a financial interest. Clients and prospective clients should review Item 4 above under the heading “Affiliated ETF” for information about CCM’s relationship with the Affiliated ETF, the conflict of interest this relationship creates, and how CCM seeks to mitigate this conflict of interest.

Personal Trading. CCM may buy or sell mutual funds or ETFs that we recommend to clients. CCM and its staff will not put their interests before your interests. It is the express policy of CCM that no CCM employee may purchase or sell a security listed on a stock exchange prior to the same transaction(s) being implemented for a client account to prevent potential abuse.

CCM has established restrictions in order to mitigate any conflict of interest and ensure our fiduciary responsibilities to you are satisfied as follows:

- A director, officer, or employee of CCM shall not buy or sell exchange-traded securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his/her employment unless the information is also available to the investing public on reasonable inquiry. No associated person of CCM shall prefer his/her own interest to that of the advisory client.
- CCM maintains a list of all securities holdings for the firm and its employees. The Chief Compliance Officer reviews these holdings on a quarterly basis.
- CCM requires all individuals to act in accordance with all applicable federal and state securities laws governing registered investment advisers.
- Any individual not in observance of the above may be subject to termination.

## **Item 12 - BROKERAGE PRACTICES**

Recommended Custodians. CCM typically recommends Charles Schwab & Co., Inc. (“Schwab”), a registered broker-dealer and member SIPC, to serve as an independent, qualified custodian of clients’

assets. CCM also may recommend The Vanguard Group, Jefferson National, Teachers Insurance and Annuity Association/College Retirement Equities Fund (“TIAA-CREF”) and TDAmeritrade (“TDA”).

Although CCM typically recommends Schwab, clients may maintain their accounts at another bank, trust company or broker-dealer. However, CCM’s services may be limited due to service or trading platform restrictions imposed by these other custodians.

### **How We Select Custodians**

CCM seeks to recommend custodians who will hold your assets and execute transactions on terms that we believe are most advantageous overall when compared to other available providers and their services. CCM considers a wide range of factors, including, among others:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- 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, bill payment, etc.)
- Breadth of available investment products (e.g., stocks, bonds, mutual funds, ETFs)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) 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, as discussed below

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

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, CCM can receive from Schwab and TIAA-CREF (or other broker-dealer/custodian investment platform, unaffiliated investment manager, and/or mutual fund sponsor) without cost (and/or at a discount) support services and/or products that benefit us but may not directly benefit your account. These products and services assist us in managing and administering our clients’ accounts. They include investment research, both Schwab’s own and that of third parties provided by Schwab. We may use this research to service all or a substantial number of our clients’ accounts, including accounts not maintained at Schwab or TIAA-CREF. In addition to 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
- 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 Us**

Schwab also offers other services intended to help us 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 themselves. In other cases, they will arrange for third-party vendors to provide the services to us. 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 us with other benefits, such as occasional business entertainment of our personnel and reimbursement of expenses (including travel, lodging and meals).

**Order Aggregation.** Due to the individual management of client accounts, we do not aggregate the purchase or sale of securities for various client accounts.

### **Schwab Custodial Services**

For CCM's clients' accounts maintained in its custody, Schwab generally does not charge separately for custody but is compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through Schwab or that settle into Schwab accounts. Schwab's commission rates applicable to our client accounts were negotiated based on the condition that CCM clients in the aggregate maintain account balances of at least \$10 million at Schwab. This commitment benefits you because the overall commission rates you pay are lower than they would be otherwise.

However, it may also create a conflict because it incentivizes CCM to continue recommending Schwab to obtain the discount. In addition to commissions, Schwab charges you a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we direct a different broker-dealer to execute and then to settle into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we typically direct Schwab to execute most trades for your account. We believe that Schwab's execution is favorable based on the factors we consider as set forth above.

Schwab Advisor Services<sup>TM</sup> serves independent investment advisory firms like CCM by providing CCM and our clients with access to Schwab's institutional brokerage 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 us manage and grow our business. Schwab's support services generally are available on an unsolicited basis (we don't have to request them) and at no charge to us as

long as our clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. If our clients collectively have less than \$10 million in assets at Schwab, Schwab may charge us quarterly service fees of \$1,200. Following is a more detailed description of Schwab's support services:

### **Schwab Custodial Services That Benefit You**

Schwab Advisor 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. These services generally benefit you and your account. CCM's Chief Compliance Officer, Justin D. Stets, remains available to address any questions that a client or prospective client may have regarding the above conflicts of interest.

### **Our Interest in Schwab's Services**

The availability of services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services so long as our clients collectively keep a total of at least \$10 million of their assets in accounts at Schwab. Beyond that, these services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. The \$10 million minimum may give us an incentive to recommend that you maintain your account with Schwab, based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services and not Schwab's services that benefit only us.

Trade Order Error. From time to time, CCM may make an error in submitting a trade order on your behalf. When this occurs, CCM may place a correcting trade with the broker-dealer which has custody of your account. If an investment gain results from the correcting trade, the gain will remain in your account unless the same error involved other client account(s) that should have received the gain, it is not permissible for you to retain the gain, or we confer with you and you decide to forego the gain (e.g., due to tax reasons). If the gain does not remain in your account and Schwab is the custodian, Schwab will donate the amount of any gain of at least \$100 to charity. If a loss occurs greater than \$100, CCM will pay for the loss. Schwab will maintain the loss or gain (if such gain is not retained in your account) if it is under \$100 to minimize and offset its administrative time and expense. Generally, if related trade errors result in both gains and losses in your account, they typically will be netted.

## **Item 13 - REVIEW OF ACCOUNTS**

Periodic Reviews. The frequency of regular progress meetings is determined jointly by our clients and their primary financial advisor. You may request more frequent reviews and may set thresholds for triggering events that would cause a review to take place. You are advised that you must notify your financial advisor promptly of any changes to your financial goals, objectives or financial situation as such changes may require your advisor to review the portfolio allocation and your overall financial plan, and make recommendations for changes.

Account Rebalancing. CCM utilizes a rebalancing software program that allows us to review the strategy and composite of each client's portfolio on a regular basis. CCM's investment team has set up tolerance bands that trigger alerts when portfolio balances deviate from established asset allocation thresholds. Additionally, CCM advisors and investment team members may identify and weigh tax



implications, upcoming client cash flow needs, and /or anticipated additions to the portfolio when evaluating and executing upon rebalancing opportunities.

Regular Reports. Schwab provides monthly statements that are sent to you directly. Other custodians provide at least quarterly statements. Additionally, you will receive confirmations of all transactions occurring direct from the account custodian. On a quarterly basis, CCM will provide you with a consolidated report of your managed account. It is your responsibility as the client to compare CCM's report with statements received direct from the account custodians. Should there be any discrepancy the account custodian's report will prevail.

#### **Item 14 - CLIENT REFERRALS AND OTHER COMPENSATION**

Affiliated ETF. Please see Items 4, 5 and 10 for information about CCM's relationship with the Affiliated ETF.

Other Compensation. We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisers whose clients maintain their accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see *Item 12 – Brokerage Practices*). The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

CCM approved product vendors and custodians may provide monetary and non-monetary assistance with client events and may provide educational tools and resources. CCM does not select products as a result of any monetary or non-monetary assistance. The selection of product is first and foremost. CCM's due diligence of a product does not take into consideration any assistance it can receive.

Solicitation Services. CCM can receive referrals of potential advisory clients from various sources. These referral sources can receive a percentage of the asset management fee based upon their involvement in the relationship. The compensation paid to these referral sources is for the solicitation services and for client referrals only. The solicitation services include making any introductions and providing information and material about the advisory services and programs of CCM. None of the fees for these referrals are passed along to a client in any way. Clients will be provided with written notice of, and asked to authorize in writing, the payment of any solicitor's fee paid on their referral in compliance with the requirements of the Investment Advisers Act of 1940, as amended (the "Advisers Act"). Conflict of Interest. Solicitations are a conflict of interest wherein CCM may be obligated to send referrals back to the third party. CCM may refer other professionals to its clients but only when CCM believes that the services provided by the professional best suit the client's needs.

#### **Item 15 - CUSTODY**

Under the Advisers Act, CCM is not deemed to have custody of your assets if you authorize CCM to instruct your custodian to deduct our advisory fees directly from your account. Your account custodian maintains actual physical custody of your cash and securities. You will receive account statements directly from your custodian at least quarterly that detail the securities transactions in the account and the amount of all fees deducted. Account statements will be sent to your address of record. You should carefully review those statements promptly when you receive them.

In some cases, CCM does maintain custody of a client's accounts, primarily when CCM or its principals act as a personal trustee or when a client asks CCM to access their outside accounts for overall portfolio

management. In those cases, we have an annual audit to ensure proper procedures are followed and the client's accounts are maintained appropriately.

In addition, certain clients have established asset transfer authorizations that permit the qualified custodian to rely upon instructions from CCM to transfer client funds or securities to third parties. These arrangements are also disclosed at ADV Part 1, Item 9, but in accordance with the guidance provided in the SEC's February 21, 2017 Investment Adviser Association No-Action Letter, the affected accounts are not subject to an annual surprise CPA examination.

#### **Item 16 - INVESTMENT DISCRETION**

Clients typically grant CCM authority to manage the client's account on a discretionary basis. Discretionary authority means that CCM has the authority to buy, sell, exchange, or convert securities in your managed accounts (or, from time to time, select certain sub-advisers to manage a portion of your account). You may terminate discretionary authorization at any time upon receipt of written notice to CCM.

Additionally, you are advised that:

- You may set parameters with respect to when an account should be rebalanced and set trading restrictions or limitations;
- Your written consent is required to establish any brokerage account;
- CCM would require the use of the broker-dealer with which your financial advisor is registered for sales in commissionable mutual funds or variable annuities, if you elect to implement those purchases through your financial advisor;
- With the exception of deduction of CCM's advisory fees from the account, if you have authorized automatic deductions, CCM will not have the ability to withdraw your funds or securities from the account.

#### **Item 17- VOTING CLIENT SECURITIES**

CCM does not exercise proxy-voting authority over your securities. Unless you suppress proxies, proxy statements will be sent directly to you by the account custodian or transfer agent. You may contact CCM about questions you may have or opinions on how to vote the proxies. However, how you vote the proxies is solely your decision and at your own expense.

#### **Item 18 - FINANCIAL INFORMATION**

CCM is financially stable. There is no financial condition that is likely to impair our ability to meet our contractual commitment to you or any other client.

CCM has not been the subject of a bankruptcy petition.

CCM's Chief Compliance Officer, Justin D. Stets, remains available to address any questions regarding this Part 2 Brochure.