

## Carolinas Wealth Consulting, LLC

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This Brochure provides information about the qualifications and business practices of Carolinas Wealth Consulting, LLC. If you have any questions about the contents of this Brochure, please contact us at (704) 643-2455. 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.

Carolinas Wealth Consulting, LLC is a Registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training. This Brochure is intended, in part, to provide information which can be used to make a determination to hire or retain an Adviser.

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

**Material Changes**

No material changes have occurred since our last filing in March 2023.

We will provide a new Brochure as necessary based on changes or new information, at any time, without charge. This Disclosure Brochure may be requested by contacting us at our main number above.

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### Advisory Business

Carolinas Wealth Consulting, LLC ("CWC") was established in September 2018 and approved as a Registered Investment Adviser in May 2019. Prior to this, advisory services were offered through our affiliate Carolinas Investment Consulting, approved in 2001. George H. Edmiston, Jr. is its CEO and 89% owner.

CWC may furnish discretionary and non-discretionary investment advice through individual consultations on a fee-for-service or fixed-fee basis. In order to determine a suitable course of action for a client, CWC shall review such variables as investment objectives, consideration of financial condition, income and tax status, personal and business assets, risk profile and other factors unique to the client.

All information and advice furnished by either the client or CWC, including their agents and employees, shall be treated as confidential and will not be disclosed to third parties except as agreed upon in writing or required by law.

CWC offers the following Wrap Fee Programs which are administered through Fidelity Institutional Wealth Services ("Fidelity"). The following Wrap Fee Programs are sponsored and managed by Fidelity:

- Separate Account Network
- Managed Account Solutions

**Separate Account Network:** Under this Program, we may assist clients in identifying an investment advisory firm to advise and counsel the client relative to the client's investment of assets. The intent of the Program is to offer a competitive roster of investment management firms representing a broad array of investment classes and styles from which a client may select one or Separate Account Network managers to handle the day-to-day management of the client's account(s). Services may include: matching personal and financial data provided by the client with a database of approved investment advisors, and providing reports to allow for periodic evaluation and comparison of account performance with objectives. We may also assist in the preparation, revision or review of an investment policy statement in connection with the client's advisory needs. Under certain circumstances, clients may elect to pay transaction costs and advisory fees in lieu of wrap fees (Non-Wrap Program).

**Managed Account Solutions:** Under this Program, we assist each client in reviewing their investment objectives, including any restrictions designated by the client with respect to investment securities. In addition, we assist in selecting one or more investment advisors from a universe of investment advisors based on quantitative and qualitative research criteria. The intent of the Program is to offer a competitive roster of high-quality investment management firms, representing a broad array of investment classes and styles, from which a client may select one or more managers to handle the day-to-day management of their account(s).

Additionally, CWC offers the following Wrap Fee Programs administered through Fidelity or Schwab and managed by CWC.

**CWC Advisory Program:** Under this program, CWC will act as both the sponsor and the investment manager, and the client is presented with investment recommendations based upon a review of the client's investment goals, financial situation, and risk tolerance. On a periodic basis, monitoring and reporting of portfolio performance is provided. Most types of securities are eligible for purchase in

this account including, but not limited to, common and preferred stocks, exchange-traded funds, closed end funds, fee-based unit investment trusts, corporate, municipal and government bonds, certificates of deposit, options and certain wrap class alternative investments, such as hedge funds. Clients are charged an all-inclusive wrap fee on Program Assets that covers advisory, execution, custodial and reporting services on Eligible Assets. Under certain circumstances, clients may elect to pay transaction costs and advisory fees in lieu of wrap fees (Non-Wrap Program).

**CWC Horizons Advisory Program:** Through the CWC Horizons Advisory Program ("CWC Horizons"), CWC provides portfolio management services through Institutional Intelligent Portfolios™, an automated, online Investment management platform provided by Schwab for use by independent investment advisors. The platform is sponsored by Schwab Performance Technologies, Inc. ("SPT"), an affiliate of Charles Schwab & Co., Inc. Through the SPT platform, CWC offers a Wrap Program ("the Program") through which CWC constructs and manages a wide range of investment strategies, each generally consisting of a portfolio of exchange traded funds (ETFs), mutual funds and cash allocations.

Fees for the CWC Horizons Advisory Program will cover advisory services, performance measurement, transaction costs, custody services and trading. The fees do not cover the fees and expenses of any underlying funds purchased in the account. Fees are based on the assets in the account and are assessed quarterly. A minimum fee of \$55 annually applies for this program.

CWC will furnish you with an additional Wrap Fee Brochure which will provide additional information on the following Programs: Separate Account Network, Managed Account Solutions, CWC Advisory and CWC Horizons Advisory.

CWC also offers the following non-wrap, Managed Account Programs which are administered through Schwab Advisor Services, a division of Charles Schwab & Co, Inc.:

- Managed Account Select;
- Managed Account Access; and
- Managed Account Marketplace

**Managed Account Select Program:** Under this Program, we assist each client in reviewing the client's investment objectives, including any restrictions designated by the client with respect to investment securities. In addition, we assist in selecting one or more investment advisors from a universe of investment advisors. This universe of investment advisors is evaluated by Charles Schwab Investment Advisory, Inc. and meets their quantitative and qualitative research criteria. The intent of the Program is to offer a competitive roster of high-quality investment management firms representing a broad array of investment classes and styles from which a client may select one or more Select Managers to handle the day-to-day management of the client's account(s).

**Managed Account Access and Managed Account Marketplace Programs:** Under these Programs, we may assist clients in identifying an investment advisory firm to advise and counsel the client relative to the client's investment of assets. The intent of the Program is to offer a competitive roster of investment management firms representing a broad array of investment classes and styles from which a client may select one or more Access or Marketplace Managers to handle the day-to-day management of the client's account(s). Access and Marketplace services may include: matching personal and financial data provided by the client with a database of approved investment advisors, and providing reports to allow for periodic evaluation and comparison of account performance with

objectives. We may also assist in the preparation, revision or review of an investment policy statement in connection with the client's advisory needs.

All Managed Account Access Managed Account Marketplace accounts are managed by the third-party advisors and CWC has no discretionary trading authority with respect to such accounts.

From time to time, CWC will provide investment advisory services with regard to investment-related partnerships or other pooled investment vehicles. Typically, such products shall be Direct Participation Programs or privately placed securities that are typically exempt from registration under the Securities Act of 1933 in reliance on an exemption such as the provisions set forth under Regulation D.

### **ERISA and Individual Retirement Accounts Disclosure**

When we provide 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 interests 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.

As of 12/31/23, CWC held \$1,031,823,518 in discretionary assets under management and \$303,819,590 in non-discretionary assets under management. CWC held a total of \$1,438,235,556 in assets under advisement as of 12/31/23.

### **Fees and Compensation**

CWC may charge a fixed fee for investment advisory, financial planning, family office or consultation services. These fees are negotiable, but generally range from \$2,500 to \$50,000 annually, depending upon the agreed upon level and scope of the services provided. Fixed fees will be billed quarterly in advance based upon a signed Investment Consulting Services Agreement or Carolinas Family Office Agreement (the "Agreement").

CWC offers the following Wrap Fee Programs which are administered through Schwab or Fidelity. Fee schedules for these programs are detailed in a separate wrap fee brochure provided by CWC:

- Separate Account Network
- Managed Account Solutions
- CWC Advisory Program
- CWC Horizons Advisory Program

For these wrap fee programs, advisory fees charged are separate and distinct from the fees and expenses charged for mutual funds that may be recommended to Clients. Clients may incur certain charges imposed by third parties other than CWC. A description of these and other expenses are available in each fund's prospectus.

CWC will not be compensated on the basis of a share of capital gains or on capital appreciation of the funds or any portion of the funds of the Client.

Fees are billed and paid in advance of service. The client agrees to pay CWC, for the services detailed under "Advisory Business", an annual fee in accordance with the following standard fee schedules, which are negotiable:

**Separate Account Network\***

<u>Total Household Value</u>	<u>Maximum Annualized Fee</u>
Up to \$1,000,000	1.10%
\$1,000,001 to \$2,500,000	1.00%
Over \$2,500,000	Negotiable

\*Under the Separate Account Network Program, clients will pay a separate Manager's Fee for participation in the program, which may cause the effective program fee (expressed as a percentage) to be greater than the fee rates shown above. The Manager's Firm Brochure contains important information regarding fees, conflicts of interest, risks, and other information that prospective investors should review and consider.

**Managed Account Solutions\***

<u>Total Household Value</u>	<u>Maximum Annualized Fee</u>
Up to \$1,000,000	1.10%
\$1,000,001 to \$2,500,000	1.00%
Over \$2,500,000	Negotiable

\*Under the Managed Account Solutions Program, clients will pay a separate Manager's Fee of not more than .55% for participation in the program, which may cause the effective program fee (expressed as a percentage) to be greater than the fee rates shown above.

**CWC Advisory Program**

**CWC Horizons Advisory Program**

<u>Total Household Value</u>	<u>Maximum Annualized Fee</u>
Up to \$1,000,000	1.10%
\$1,000,001 to \$2,500,000	1.00%
Over \$2,500,000	Negotiable

The account value for these wrap programs is calculated as the market value of all long and short securities positions in the account. Although the fees listed above are "default" fees, they may, in some circumstances, be negotiable. The fee encompasses all transaction related costs associated with the execution of the transaction. The client shall pay an initial fee from the specified account to CWC based upon the value of the account on the date of acceptance of the Agreement and prorated through the end of the calendar quarter. Thereafter, the quarterly fee shall be paid to CWC after the first business day of

each succeeding calendar quarter based upon the value of the account on the last business day of the prior calendar quarter. In the case of a net capital contribution or withdrawal, fees will be prorated and charged or refunded if the net addition or net withdrawal would generate a fee or refund of at least \$40 for that quarter. No fee adjustment will be made during any fee period for appreciation or depreciation in the market value of assets in the account during that period. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. Client will maintain or deposit sufficient funds in the account to cover payment of all fees authorized by the Agreement and the client authorizes CWC and the custodian to debit the account balances or redeem money market fund shares in the amount equal to the fee that is due. If there are not funds to cover the fees, then CWC may liquidate assets to cover fees. The service fee schedule may be changed upon written notification from CWC to the client.

CWC offers the following non-wrap Managed Account Programs which are administered through Schwab Advisor Services, a division of Charles Schwab & Co, Inc.:

- Managed Account Select;
- Managed Account Access; and
- Managed Account Marketplace

The specific manner in which fees are charged by CWC is established in a client's written agreement. CWC will bill its fees on a quarterly basis in advance. Fees will be debited directly from the client's account, are based on the assets under management found on the fee schedule below and in some instances, may be negotiated.

**Managed Account Select**

**Managed Account Access**

**Managed Account Marketplace**

<u>Total Household Value</u>	<u>Annualized Fee</u>
Up to \$1,000,000	1.10%
\$1,000,001 to \$2,500,000	1.00%
Over \$2,500,000	Negotiable

For Schwab programs, clients pay CWC an overall advisory fee, and will pay a separate Manager's Fee for participation in the program, if applicable. As a result, the effective program fee (expressed as a percentage) may be greater than the fee rates shown above. The program fee is negotiated with each individual account holder, based on Schwab's recommended client fee schedules. Fees are subject to exclusions, calculations, and conditions contained in each Program Disclosure Document and Advisory Agreement. The Firm Brochure for each separate Manager contains important information regarding fees, conflicts of interest, risks, and other information that prospective investors should review and consider.

For purposes of calculating CWC's advisory fees, the market value of assets in the account shall consist of the market value of securities and other investments held in the account and will not be reduced by any margin or other indebtedness of the client with respect to such securities or other investments. In calculating its advisory fees, CWC may, in its discretion, aggregate the market value of assets in the account with the market value of assets in other accounts maintained by the client and/or the client's immediate family members who reside in the same residence.



In the case of a net capital contribution or withdrawal, fees will be prorated and charged or refunded at the end of that calendar quarter. No fee adjustment will be made during any fee period for appreciation or depreciation in the market value of assets in the account during that period. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

All transaction fees will be borne by the client and paid directly to Schwab. Client will maintain or deposit sufficient funds in the account to cover payment of all fees authorized by the Agreement, and the client authorizes Schwab to debit the account balances or redeem money market fund shares in the amount equal to the fee that is due. Schwab will remit a portion of the fee to CWC. If there are not sufficient funds to cover the fees, then the firm may liquidate assets to cover fees.

#### General Fee Information

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

#### 12b-1 Fees

Generally, CWC purchases no-load mutual funds which do not generate sales charges. Load and no-load mutual funds typically pay distribution charges, sometimes referred to as 12b-1 fees. 12b-1 fees come from fund assets, therefore, indirectly from client assets. The mutual funds the Firm recommends typically offer a variety of share classes, including some that do not charge 12b-1 fees and are, therefore, less expensive.

There are instances in which CWC would recommend a mutual fund that carries a 12b-1 fee, even when a lower-cost share class is available for the same fund. For example, a lower-cost class share may not be available to CWC due to investment minimums. In other cases, mutual funds charging 12b-1 fees are transferred into CWC. In which case the Firm may recommend the client holds the existing share class, instead of selling the fund and buying a lower-cost share, which could result in a tax liability. In addition, some mutual funds charge 12b-1 fees, but no transaction fees, while other share classes in the same fund family do not charge 12b-1 fees, but do charge transaction fees. Mutual funds charging 12b-1 fees will be recommended when the overall cost is seen as a benefit to the client if the anticipated transaction fees exceed the anticipated 12b-1 fees. When recommending a particular mutual fund share class, the different available share classes are compared and reviewed along with the anticipated investment timeframe, potential tax consequences, future anticipated transactions, and other costs to determine the best selection for the client at that time.

Although CWC believes its fees are reasonable in light of the services provided, transaction fees charged to client accounts may be higher than those otherwise available if the services were provided separately for a discrete fee. All fees described herein may be subject to negotiation depending on a range of factors including, but not limited to, account size and overall range of services requested. Clients should consider the value of the additional consulting services when making such comparisons. The combination of custodial, consulting, and brokerage services may not be available separately or may require multiple

accounts, documentation, and fees. A portion of the fees charged by CWC for the advisory services described herein may be paid to CWC Financial Advisors. Financial Advisors may have a financial incentive to recommend advisory services over broker/dealer services. Costs and transaction fees arising out of transactions effected by entities other than CWC, Fidelity, or Schwab or attributable to dealer mark-ups, mark-downs or “spreads” (in transactions where another entity acts as principal for its own account) will be separately borne by clients.

#### Account Termination

Client may initiate termination of the Agreement at any time by sending written notice to CWC. CWC may terminate the Agreement at any time for any reason; in which event CWC will refund the pro-rata fee received for the calendar quarter to the extent that such fee exceeds the execution charges that would have been owed based upon CWC’s regular commission and execution rates. A full refund will be provided without penalty if the client terminates the Agreement within five business days of signing with CWC.

CWC advisory agreements provide that any party may terminate at any time. Upon termination, all securities and cash positions will remain intact absent any liquidation orders. If specific liquidation orders are received, CWC and its agent will, in an orderly and efficient manner, proceed with liquidation of the client’s account. There will not be a charge by us for such redemption; however, the client should be aware that certain mutual funds impose redemption fees as stated in each company’s fund prospectus in certain circumstances. Clients must keep in mind that the decision to liquidate security issues or mutual funds may result in tax consequences that should be discussed with the client’s tax advisor. Factors that may affect the orderly and efficient manner would be size and types of issues, liquidity of the markets, and market makers’ abilities. Should the necessary securities’ markets be unavailable and trading suspended, efforts to trade will be done as soon as possible following their reopening. Due to the administrative processing time needed to terminate client’s investment advisory service and communicate the instructions to client’s Investment Advisor, termination orders received from clients are not market orders; it may take several business days under normal market conditions to process the client’s request. During this time, the client’s account is subject to market risk. CWC and its agent are not responsible for market fluctuations of the client’s account from time of written notice until complete liquidation. All efforts will be made to process the termination in an efficient and timely manner.

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

CWC does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

#### **Types of Clients**

CWC provides portfolio management services to individuals, pension and profit-sharing plans, charitable institutions, foundations, endowments, estates, trusts, and corporations and business entities.

The minimum initial account value for the Managed Account Select, Managed Account Access and Managed Account Marketplace Programs is generally \$100,000; certain managers may require a higher minimum as disclosed in the individual manager’s Firm Brochure. Under certain circumstances, the minimum may be waived, including related accounts that may be combined to meet the minimum if the services involved may otherwise be provided.

#### **Methods of Analysis, Investment Strategies and Risk of Loss**

Our investment strategy begins with an understanding of a client’s financial goals. Advisors use demographic and financial information provided by the client to assess the client’s risk profile and

investment objectives in determining an appropriate plan for the client's assets. Investment strategies ordinarily include long- or short-term trading of stock portfolios, including ETFs, mutual funds, fixed income securities and options.

Investment recommendations are based on an analysis of the client's individual needs, and are drawn from research and analysis. Security analysis methods may include fundamental analysis, technical analysis, charting and cyclical analysis. Information for this analysis may be drawn from financial newspapers and magazines; inspections of corporate activities; research materials prepared by others; annual reports, corporate filings and prospectuses; company press releases; and corporate ratings services.

CWC may also seek the opinion of third-party money managers for security analysis. This information will be considered in conjunction with other analysis methodology. In addition, CWC utilizes other sources of information such as Schwab Advisor Services website, which consists of Due Diligence Reports on Money Managers and Research Alerts to notify us of changes occurring on Money Managers.

It is important to note that investing in securities involves a risk that clients should be prepared to bear. For any risks associated with Investment Company products, please refer to the prospectuses for additional details about these risks. Our investment approach constantly keeps the risk of loss in mind. These risks include, but are not limited to:

- Interest-rate Risk: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- Market Risk: The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- Inflation Risk: When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- Reinvestment Risk: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This primarily relates to fixed income securities.
- Business Risk: These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- Liquidity Risk: Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- Financial Risk: Excessive borrowing to finance a business' operations increases the risk of profitability. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

### **Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of CWC or the integrity of CWC's management. CWC has no information applicable to this Item.

### **Other Financial Industry Activities and Affiliations**

CWC offers Family Office Services for a fee, which include Comprehensive Financial Planning, Estate/Tax Planning Review and Strategies (in coordination with tax and legal advisors), Cash Flow Budgeting and Analysis, Document Aggregation, Multi-Generation Services and Education, Charitable Giving Strategies, Family Gifting & Education Funding Strategies, Life Insurance Review and Planning and Outside Trust Services Review.

Individuals associated with CWC as an Investment Adviser Representative ("IAR") may also be registered with Carolinas Investment Consulting LLC ("CIC") as a Registered Representative ("RR"). CIC is a general securities broker-dealer with the U.S. Securities and Exchange Commission and various state regulatory agencies. CIC is also a member of FINRA and SIPC.

Certain IARs are licensed as insurance agents/brokers through CIC, which is also separately licensed as an Insurance Agency. When applicable, these individuals may recommend insurance or broker-dealer transactions for advisory clients. In their capacities as Registered Representatives or as insurance agents, clients will be charged separately from their advisory services.

On average individual Investment Advisor Representatives and the principals of CWC spend less than 10% of their time on these aforementioned non-advisory activities. No CWC client is obligated to purchase any recommended insurance products.

CWC recommends that clients establish brokerage accounts with Schwab Advisor Services division of Charles Schwab & Co., Inc. ("Schwab"), a registered broker-dealer, member SIPC, or Fidelity Institutional Wealth Services ("Fidelity") (collectively "the Custodians.") to maintain custody of clients' assets and to effect trades for their accounts. Although CWC may recommend that clients establish accounts at the Custodians, it is the client's decision. CWC is independently owned and operated and not affiliated with Schwab or Fidelity.

### **Code of Ethics**

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

Advisors of CWC may buy or sell securities that are recommended to clients. CWC's employees and persons associated with CWC are required to follow the Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of CWC and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for CWC's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of CWC will not interfere with (i) making decisions in the best interest of advisory clients and (ii)

implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would not materially interfere with the best interest of CWC's clients. In addition, the Code requires pre-approval of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client. Employee trading is continually monitored under the Code of Ethics to reasonably prevent conflicts of interest between CWC and its clients.

CWC's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting us at (704) 643-2455 or (800) 255-2904.

### **Brokerage Practices**

CWC is not registered as a broker-dealer. For CWC client accounts maintained in its custody, CWC may recommend/require that clients establish brokerage accounts with Schwab and/or Fidelity (collectively, the "Custodians") to maintain custody of clients' accounts and to effect trades for those accounts. CWC is independently owned and operated and not affiliated with Custodians. The final decision to custody assets with a Custodian is at the discretion of the Advisor's clients, including those accounts under ERISA or IRA rules and regulations, in which case the client is acting as either the plan sponsor or IRA accountholder. Generally, the Custodians do not charge separately for custody services but are compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through the Custodians. The Custodians make products and services available to CWC that benefit CWC but may not directly benefit its clients' accounts. Many of these products and services are used to service all or a substantial number of CWC accounts. Some of these products and services provided by the Custodians include software and other technology that (i) provides access to client account data (such as trade confirmations and account statements); (ii) facilitates trade execution and allocates aggregated trade orders for multiple client accounts; (iii) provides research, pricing and other market data; (iv) facilitates payment of CWC fees from its clients' accounts; and (v) assists with back-office functions, recordkeeping and client reporting.

Schwab provides CWC with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to advisors. Schwab's services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

Schwab also makes available to CWC other products and services that benefit CWC but may not benefit its clients' accounts. These benefits may include national, regional or CWC specific educational events organized and/or sponsored by Schwab Advisor Services. Other potential benefits may include occasional business entertainment of personnel of CWC by Schwab Advisor Services personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist CWC in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of CWC's fees

from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of CWC's accounts, including accounts not maintained at Schwab Advisor Services. Schwab Advisor Services also makes available to CWC other services intended to help CWC manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, Schwab may make available, arrange and/or pay vendors for these types of services rendered to CWC by independent third parties. Schwab Advisor Services may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to CWC. While, as a fiduciary, CWC endeavors to act in its clients' best interests, CWC's recommendation/requirement that clients maintain their assets in accounts at Schwab may be based in part on the benefit to CWC of the availability of some of the foregoing products and services and other arrangements and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

### Review of Accounts

The Chief Compliance Officer will review accounts for which CWC provides supervisory services, discretionary investment advisory services or holds itself out as providing financial planning or some similarly termed service ("Investment Consulting Program") at least annually to determine the suitability of investments in relation to a client's objectives. The review process contains each of the following elements:

- a. Investment Policy Statement, where applicable, is reviewed as to any changes necessitated;
- b. Asset Allocation is reviewed and rebalanced as appropriate,
- c. Performance vs. appropriate selected indices are reviewed as are any variances on a current year-to-date and annual since inception basis; and
- d. All client comments and concerns are discussed and appropriately handled.

At least annually, the firm will contact the client and request current information to determine whether there have been any changes in the information provided in the questionnaire. Client agrees to inform the firm in writing of any material changes to the information included in the questionnaire or any other change in the client's financial circumstances that might affect the manner in which client's assets should be invested. Client may contact the firm during normal business hours to consult with the firm concerning the management of the client's account(s).

Clients will receive performance reports at least annually, or more frequently as agreed. These reports could include some or all of the following information:

- a. Consistency with policy statement;
- b. Current asset allocation;
- c. Beginning and ending valuation;
- d. Net flows;
- e. Returns on trailing 12 months as well as on a calendar basis since inception as compared to the appropriate indices and their corresponding variances;
- f. Up and down capture ratio as percent of index return;
- g. Market values and cash flows on quarterly basis since inception; and

- h. Measurement of volatility which may include Alpha, Beta, R<sup>2</sup> calculations.

The client understands that it is his/her responsibility to review this material and report any discrepancies to CWC as soon as possible.

#### **Client Referrals and Other Compensation**

CWC, in some instances, may compensate third-party promoters for Client referrals. In order for a promoter to be compensated by CWC for referring a Client to CWC, the promoter must be engaged by CWC under a Promoter or Referral Agreement ("Agreement") in compliance with Section 206(4)-1 of the Investment Advisers Act of 1940. In general, a promoter is compensated by a percentage of the advisory fee collected for a limited period of time specified in the Agreement. The Client pays no additional fee for the referral over and above CWC's quoted advisory fee; to the contrary, the fee the Adviser earns is reduced by the amount of the compensation to the promoter. A Client who is referred will receive the promoter's separate Disclosure Statement describing the nature of the arrangement in detail.

#### **Custody**

Clients should receive statements at least quarterly from the qualified custodian that holds and maintains your investment assets. These reports include: (1) trade confirmations reflecting all transactions in securities (except money market mutual fund transactions) unless specifically waived by the client; (2) monthly and/or quarterly statements of the client's account itemizing all transactions in cash and securities, and all deposits and withdrawals of principal and income during the preceding calendar month; (3) statements of securities in custody, listing securities held in the account, submitted at least quarterly; and (4) an annual summary of transactions and dividend and interest statements.

CWC urges clients to carefully review such statements and compare the official custodial records to the account statements that we may provide you. CWC's statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. CWC may furnish periodic statements of account activity in lieu of transaction-by-transaction confirmations as described above, to the extent and in the manner permitted by Rule 10b-10 under the Securities Exchange Act of 1934, as amended.

#### **Investment Discretion**

CWC offers both discretionary and non-discretionary investment advice. When the client chooses to grant investment discretion to the Adviser, the Adviser will have authority to supervise and direct the investments of and for the client's account(s) without prior consultation with the client. Pursuant to this discretionary authority, the Adviser will determine which securities are bought and sold for the account and the total amount of such purchases and sales. The Adviser will make investment decisions for client accounts in accordance with the investment objectives, risk tolerance, investment time horizon, and any investment policies, guidelines, or reasonable restrictions as the client may impose in writing, and to which the Adviser agrees. Pursuant to the client's instruction, client money/cash may be invested in a money market mutual fund managed by their custodian who may charge a fee. Clients should contact their custodian for more information about this investment of their cash.

#### **Voting Client Securities**

As a matter of firm policy and practice, CWC does not vote proxies on any client's behalf. Clients can authorize investment managers to vote proxy requests on their behalf in their client agreements. Please refer to the respective investment manager's Form ADV for a full disclosure of its proxy voting policies

and procedures. Clients should contact their financial consultant if they have any questions and/or to obtain this information. Clients will receive their proxies or other solicitations directly from their custodian or transfer agent.

### **Financial Information**

Registered Investment Advisers are required to provide clients with certain financial information or disclosures about CWC's financial condition. CWC has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of any bankruptcy proceeding.

### **Privacy Policy**

CWC collects nonpublic personal information about clients from the following sources: Information we receive on applications or other forms and information about client transactions with our affiliates, others, or us. CWC does not disclose any non-public information about our current or former clients to anyone, except as permitted by law or in order to provide the current services. Employees have limited access to clients' personal information based on their responsibilities to provide products or services. Be assured that we maintain physical, electronic and procedural safeguards in compliance with federal standards to protect client information.