



*about Us*

## Cherry Bekaert Wealth Management LLC

### Part 2A of Form ADV The Brochure July 2013

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This brochure provides information about the qualifications and business practices of Cherry Bekaert Wealth Management LLC ("Cherry Bekaert Wealth Management," "Us," "We," the "Firm," or the "Company"). If you have any questions about the contents of this brochure, please contact us at 804-673-4224. Additional information about us is also available on the SEC's website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Cherry Bekaert Wealth Management is registered as an investment adviser with the United States Securities and Exchange Commission (the "SEC") under the Investment Advisers Act of 1940 (the "Advisers Act"). Registration as an investment adviser with the SEC does not imply a certain level of skill or training. In addition, the information in this Brochure has not been approved or verified by the SEC or by any state securities authority.

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## *Material Changes*

Cherry Bekaert Wealth Management's most recent update to Part 2 of Form ADV was made in October 2012. Since our last update, the Firm changed its name from CB&H Wealth Management Services, LLC to Cherry Bekaert Wealth Management LLC effective July 1, 2013. Our parent firm changed its name from Cherry, Bekaert & Holland, LLP to Cherry Bekaert LLP effective January 2013.

## Advisory Business

Cherry Bekaert Wealth Management commenced business in August of 1998 and registered as an investment adviser with the U.S. Securities and Exchange Commission in June of 2005. The Firm is wholly owned by the accounting firm, Cherry Bekaert LLP. As of April 30, 2013 the Firm managed approximately \$243 million on a discretionary basis and \$6.8 million on a non-discretionary basis.

### Private Client Services

#### Portfolio Management

Cherry Bekaert Wealth Management works with clients to develop a strategic asset allocation plan consistent with the client's investment objective, time horizon, desired rate of return, and risk tolerance.

A Cherry Bekaert Wealth Management Financial Advisor will typically recommend a model portfolio of open-end mutual funds consistent with the client's investment policy. The Financial Advisor may also recommend certain investment grade fixed income securities should they be appropriate for the client. For certain retirement accounts, the Financial Advisor can only make recommendations based on the predetermined funds allowed by the plan sponsor. The client's unique circumstances and needs will be considered and the client may place certain investment restrictions over the account.

Cherry Bekaert Wealth Management also provides consolidated reporting services for certain clients. Consolidated financial account reporting provides a single document that combines information regarding certain of the client's financial holdings, such as 401(K) holdings, regardless of where those assets are held or managed. Private Client Services.

#### The Process

*Financial Analysis.* Our Financial Advisors will work with the client to establish financial goals. We will analyze and evaluate the client's current financial status by reviewing the client's current investment strategy and investment objectives. We will assess the client's risk tolerance based upon their age, income, education, need for cash flow, and their emotional tolerance for volatility.

*Asset Allocation Strategy.* After reviewing the client's current situation, we will develop an investment planning strategy that meets the client's stated goals and objectives.

*Investment Policy Statement.* The client's objectives are then set forth in a written Investment Policy Statement which describes an asset allocation strategy that conforms to a client's risk tolerance level and objectives.

*Implementation.* The Financial Advisor will work with the client to develop a plan to transition from the client's existing portfolio to the portfolio recommended by Cherry Bekaert Wealth Management. The Financial Advisor will assist the client in establishing an account at the agreed upon qualified custodian and will begin the transition process.

*Monitoring and Advice.* Once funded, we will monitor the portfolio on a regular basis. The client's portfolio will be rebalanced as needed to adhere to the Investment Policy Statement. The Financial Advisor will be available to meet with clients as necessary regarding their portfolio.

## Financial Planning Services

Cherry Bekaert Wealth Management also provides financial planning services. We will work with clients to design a customized strategy developed around the client's stated financial goals and objectives.

Areas of Financial Planning services include:

Retirement Planning  
Estate Planning  
Insurance Needs Analysis  
Business Succession Planning

Personal Risk Management and  
Insurance Needs Analysis  
Investment Planning

Our Financial Advisors may team with members of Cherry Bekaert LLP ("Cherry Bekaert") who specialize in services such as estate and trust planning. We also offer specific consultation and administrative services regarding investment and financial concerns. Additionally, we provide advice on non-securities matters. Generally, this is in connection with the rendering of estate planning, insurance, and annuity advice.

## Third Party Investment Managers

In certain circumstances, Cherry Bekaert Wealth Management may recommend an independent third party investment manager should a client wish to invest in individual securities for which we do not provide advice.

## Plan Services

### Plan Consulting

Cherry Bekaert Wealth Management also provides certain investment advisory and consulting services to employer-sponsored retirement plans. Consulting services may include: create and monitor an Investment Policy Statement; provide direction to the plan trustees with regard to mutual fund mix selection; conduct an investment annual review; support ongoing participant education; and provide overall annual review of plan including benchmarking fee and value for reasonableness.

The assets of the plans that we provide consulting services totals approximately \$64 million as of March 31, 2013, and are not included in our calculation of assets under management as disclosed above.

### Investment Management

Cherry Bekaert Wealth Management may also serve in the capacity of investment manager to certain retirement plans. In such circumstances, the Firm will accept discretion to select available investments for the plan. Such plans are included in our calculation of assets under management as disclosed above.

## *Fees and Compensation*

### **Fees for Portfolio and Plan Investment Management Services**

The annual fee for investment management services is based upon a percentage of assets under management and is generally charged as follows:

Aggregate Account Value	Flat Fee
\$0 to \$499,999	2.00%
\$500,000 to \$999,999	1.50%
\$1,000,000 to \$4,999,999	1.40%
5,000,000 +	1.00%

The specific annual fees are outlined in the Investment Advisory Agreement signed by the client and Cherry Bekaert Wealth Management. The amount of fees may be negotiated on a case-by-case basis with the client based on the client facts, circumstances, and needs, and may result in different fees being charged for similar services and may be less than the stated fee schedule. We reserve the right to adjust the fee schedule for accounts depending on the size and type of account.

Clients are generally billed in advance at the beginning of each calendar quarter based upon the value of the account(s) at the end of the previous quarter. New clients may be charged a pro-rated fee based upon the number of days that the account was managed or advised during the quarter.

### **Fees for Third Party Investment Managers**

We will typically charge an annual fee ranging from 0.10% to 1.0% of the account value as negotiated with the client. The fee will vary depending on the account size, the option selected, and the complexity of your situation. In addition to the fees charged by us, the third party investment advisor will also charge a management fee typically ranging from 0.10% to 1.0% of the assets in the account. These "layered" fees are cumulative and the Client will pay both. Information on the fees charged by the third party investment advisor can be found in its ADV Part 2A. Clients are billed in advance at the beginning of each calendar quarter based upon the value of the client's account at the end of the previous quarter. For new accounts, the quarterly fee will be pro-rated based on the date the initial deposit or when the account is fully funded.

### **Fee Schedule for Financial Planning Services**

The Financial Planning Services fee is determined based on the nature of the services being provided and the complexity of each client's circumstances and will be outlined in an Engagement Letter: The fee will typically be charged upon completion of the financial planning service, however, fees may be charged quarterly depending on the nature of services being provided.

- A fixed fee with the total depending on the specific service requested and the nature and complexity of each client's circumstances.
- An hourly fee ranging from \$100 - \$500 per hour, depending on the nature and complexity of each client's circumstances and the individual performing the work.

## Fee Schedule for Plan Consulting Services

The annual fee for Plan Services is based on a percentage of assets under advisement up to 1.00% percent. The amount of fees may be negotiated depending on the services requested and the size of the plan. Accounts are generally billed in arrears at the end of the quarter for which services were rendered based upon the value of the account as of the last business day of such fee period. For new accounts, the initial fee will be pro-rated from the effective date of the Plan Consulting Agreement.

## Termination of Advisory Relationship

Our service may be terminated by the client or us upon thirty (30) days written notice in accordance with the Investment Advisory Agreement. Upon termination, the fees charged for advisory services will be pro-rated and a refund for any unearned fees will be issued. The client is responsible to pay for services rendered until the termination of the agreement.

## General Fee Information

**Direct Debiting of Client Accounts** - Advisory fees may be directly debited from the client's account or an invoice will be sent directly to the client. We will only directly debit our advisory fee if the following conditions are met: (1) the client provides written authorization permitting our fees to be paid directly from the client's account; (2) the client should verify the accuracy of the fee calculation submitted by Cherry Bekaert Wealth Management and should promptly notify us and the custodian of any discrepancy; and (3) the custodian agrees to send a statement directly to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of advisory fees paid directly to us.

**Mutual Fund Fees and Other Transaction Costs** - In addition to Cherry Bekaert Wealth Management's investment management fees, clients bear trading costs and custodial fees. Also, the fees charged by us are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees and expenses are described in each mutual fund prospectus. These fees will generally include a management fee, other fund expenses, and in some cases, a distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge.

**Additional Fees** – Financial Advisors occasionally recommend brokerage products to our clients. Brokerage products charge a commission at the time of sale. Depending on the date of the sale, an advisory fee may have previously been collected by Cherry Bekaert Wealth Management on the assets used to purchase the product. We do not rebate the previously paid advisory fee. In addition, receiving commissions for the sale of securities or investment products creates a conflict of interest due to the fact that the Financial Advisor may have an incentive to recommend products based on compensation received rather than on the client's needs. Cherry Bekaert Wealth Management addresses this conflict of interest by requiring the Financial Advisor to act in the best interest of the client at all times, regardless of the services provided or recommended. We have also placed restrictions on the amount of brokerage products that Financial Advisors may recommend to advisory clients. Clients should be aware that they have the option to purchase brokerage products from other brokers or agents not affiliated with Cherry Bekaert Wealth Management.

**Additional Compensation** – See Other Financial Industry Activities and Affiliations for information on the receipt of commissions.

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

Performance based fees are fees based on a share of capital gains on or capital appreciation of the assets of a client. Cherry Bekaert Wealth Management does not charge performance-based fees. Therefore, the Firm does not manage or advise client accounts that would result in conflicts created with the side-by-side management of client accounts.

## *Types of Clients*

Cherry Bekaert Wealth Management provides advice to individuals, including high net worth individuals; pension, profit sharing and 401(k) plans; trusts; estates; charitable organizations; corporations, and other business entities.

We typically impose a minimum account size requirement of \$500,000 for investment management services. The minimum is negotiable at our discretion and we may impose minimum annual advisory fees.

The client is responsible for notifying the Financial Advisor when there is any change in financial circumstances, investment time horizon, investment objectives or other information that affects the Investment Policy Statement.

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

In providing investment advice to our clients, we incorporate the principles of Modern Portfolio Theory which is based on four premises: clients are inherently risk –averse; markets are basically efficient; the investment focus should shift from an individual securities analysis toward consideration of the portfolio as a whole and; for any level of risk client is willing to accept, there is a corresponding target rate of return. Our model allocation strategies are structured for the long term.

We have established equity and fixed income allocation strategies made up of mutual funds vetted and approved by our Investment Committee. A strategy may be modified should a client not want exposure to a specific style (e.g., emerging markets), if a client has exposure to a specific style directly (e.g., REITs), or for certain reasons agreed upon between the client and Financial Advisor. In addition, Financial Advisors may recommend certain investment grade fixed income securities depending on the client's needs. It is possible that a client may hold securities not recommended by us. These securities are typically held pursuant to a portfolio implementation plan.

The Investment Committee meet regularly, but no less than quarterly to review among other things, general market and financial information; the allocation strategies employed by the Firm, including benchmark comparisons; and the approved mutual fund list. Changes are incorporated as market conditions warrant. To conduct initial and ongoing due diligence, the Investment Committee uses various tools and information such as security rating services, commercially available software, market and financial information, issuer-prepared information, mutual fund performance, and prospectuses.

## Risk of Loss

Investing in securities involves risks of loss that clients should be prepared to bear. Performance could be hurt by a number of different factors including but not limited to:

All investments present the risk of loss of principal. We cannot give any guarantee that a client will achieve the stated investment objectives. The value of a client's investment could decline and be worth less than the principle initially invested. In addition, mutual funds are not insured or guaranteed by an agency of the U.S. government.

Investing in mutual funds and third party investment advisors generate multiple levels of fees and expenses. By investing in mutual funds a client will pay management fees to us and the mutual fund. Thus, the client may be subject to higher management fees.

**Market Risk.** The return on and value of an investment in each account will fluctuate in response to stock market movements. Mutual funds invest in common stocks and other securities which are in turn subject to market risks, such as a rapid increase or decrease in a security's value or liquidity, and fluctuations in price due to earnings, economic conditions and other factors beyond our control. A company's share price may decline if a company does not perform as expected, if it is not well managed, if there is a decreased demand for its products or services, or during periods of economic uncertainty or stock market turbulence, among other conditions. At times, the stock markets can be volatile and stock prices can change dramatically.

**Investment Style and Management Risk.** Our method of security selection may not be successful and each account may underperform relative to other advisors that employ similar investment strategies.

## *Disciplinary Information*

Cherry Bekaert Wealth Management is required to disclose any legal or disciplinary events that would be material to your evaluation of us. We have no legal or disciplinary events to disclose.

## *Other Financial Industry Activities and Affiliations*

**Cherry Bekaert LLP ("Cherry Bekaert")** - We are a wholly owned subsidiary of Cherry Bekaert, a firm engaged in the practice of public accounting. We do not believe the relationship between us and Cherry Bekaert presents any material conflicts of interest. Clients of the accounting firm who are in need of portfolio management plan services may be referred to us for assistance. We do not compensate the accounting firm for any client referrals.

**Purshe Kaplan Sterling Investments ("PKS")** - PKS is a FINRA registered broker-dealer. We have employees who are registered representatives of PKS and are eligible to receive commissions for selling security products to investors. In order to manage potential conflicts of interest, we have established policies which place restrictions on the types and limits of brokerage products that may be sold to Clients. Employees cannot earn a commission from an advisory client unless the amount of the commission has been fully disclosed to the client in writing. Clients may pay advisory fees on assets that are used to purchase brokerage product in the quarter in which the recommendation to purchase



the brokerage product was made. Cherry Bekaert Wealth Management and PKS are not affiliated companies.

**Insurance Agency** - In addition to being a registered investment adviser, we are also a licensed insurance agency in certain states that we conduct business. We have employees who are licensed as insurance agents and are eligible to receive commissions for selling insurance products to clients. Employees cannot earn a commission from an advisory client unless the amount of the commission has been fully disclosed to the client in writing. In addition, the client is under no obligation to purchase insurance products through us.

## *Code of Ethics, Participation or Interest in Client Transactions and Personal Trading*

Cherry Bekaert Wealth Management has adopted a Code of Ethics (the "Code") expressing the Firm's commitment to ethical conduct. The Code is designed to, among other things, ensure that employees comply with applicable federal securities laws and that decisions about the best interests of our clients will not be compromised or appear to be compromised by the personal interests of any employee. The Code requires that employees provide annual securities holdings reports and quarterly transactions reports to the Chief Compliance Officer and that any transactions in initial public offerings or private placements be pre-approved. Cherry Bekaert Wealth Management employees are permitted to invest in the same securities recommended for clients. Because we primarily recommend open-end mutual funds, which trade once per day, the risk of front-running client accounts is not probable. Employee trades should be executed in a manner consistent with the Firm's fiduciary obligation to our clients. Trades should avoid actual improprieties, as well as the appearance of impropriety.

Cherry Bekaert Wealth Management will provide a copy of its Code of Ethics to any client or prospective client upon request and may be requested by calling the number on the cover of this brochure.

## *Brokerage Practices*

When managing client accounts we generally recommend that clients arrange for their assets to be held with Charles Schwab & Co., Inc. ("Schwab"). Schwab generally does not charge clients separately for custody services but is compensated by charging transaction fees on trades that it executes or that settle into the Schwab account. Please review the Terms in the Schwab's account application.

Schwab makes available to both Cherry Bekaert Wealth Management and our clients, various support services. Some of those services provided to Cherry Bekaert Wealth Management help us manage or administer our clients' accounts while others help us manage and grow our business. Schwab's support services are generally available on an unsolicited basis (we don't have to request them) and at no charge to us. The availability of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

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

**Services that May Not Directly Benefit Clients.** Schwab also makes available to us other products and services that benefit us but may not directly benefit clients or their accounts. These products and services assist us in managing and administering clients' accounts. They include investment research,

both Schwab's own and that of third parties. We may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- provide access to client account data (such as duplicate trade confirmations and account statements);
- provide pricing and other market data;
- facilitate payment of our fees from our clients' accounts; and
- 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;
- technology, compliance, legal, and business consulting; and
- publications and conferences on practice management and business succession.

Schwab may provide some of these services itself. In other cases, it 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. All of the benefits highlighted do not depend on the amount of transactions directed by the Company to Schwab.

While Cherry Bekaert Wealth Management has the ability to use other brokers to place trades, all trades will be placed through Schwab since it also serves as the custodian. Anytime the Company places trades with other brokers, Schwab charges clients trade-away fees and the Company believes these fees outweigh any benefits when placing trades with other brokers.

Certain client accounts are not custodied at Schwab. For these accounts, trades are generally placed directly with the client's custodian. Examples of such accounts are plan consulting and advisory services for employer sponsored retirement plan accounts.

**Directed Brokerage.** Clients may direct us to use particular brokers for executing transactions. Clients who direct us to use particular brokers may pay higher transaction fees and or commissions than those that do not. For any trades in Fixed Income or other non-mutual fund products, if a client directs us to use a particular brokerage it could result in an unfavorable trade execution when compared to the trades that are run through Schwab. We reserve the right to decline acceptance of any client account that directs the use of a broker dealer other than Schwab, if we believe that the broker-dealer would adversely affect our fiduciary duty to the client and or the ability to effectively service the client portfolio.

**Aggregate Trading.** Since we primarily invest in mutual funds we do not typically aggregate trades when buying or selling the same mutual fund across client accounts. Instead individual orders are communicated directly to the broker dealer, e.g. Schwab, and all clients receive the same closing price. We may, in certain circumstances, allocate trades across a client's multiple accounts should it be in the best interest of the client.

## *Review of Accounts*

Client accounts are continually monitored. The Financial Advisor's review process includes but is not limited to the following:

- Assessing client goals and objectives;
- Reviewing client's financial situation;
- Evaluating the employed strategy;

- Monitoring the performance and asset class exposures; and
- Addressing the need to rebalance the portfolio.

Performance reports are provided upon request and custodial statements are provided by the custodian no less than quarterly.

## *Client Referrals and Other Compensation*

We compensate third parties for client referrals (the “Solicitor”). The Solicitor’s primary role is to introduce us to prospective clients (“Solicited Client”). For each Solicited Client referred to us, the Solicitor receives a percentage of all investment management fees we collect. At the time of the solicitation the Solicitor is required to provide a written solicitor disclosure statement. The statement will disclose many items including the amount of compensation the Solicitor will receive.

## *Custody*

All Client assets are held in custody by unaffiliated broker dealers, however a registered investment adviser that can debit accounts to collect fees is considered to have custody. Rule 206(4)-2 imposes a number of requirements on an SEC-registered investment adviser that is deemed to have custody of its clients’ funds and securities.

To comply with Rule 206(4)-2 and to provide meaningful protection to our clients’ accounts, the account custodians send statements directly to the account owners on at least a quarterly basis. Clients should carefully review these statements, and should compare these statements to any account information provided by us. Any fees we deduct from the account will appear on the client’s custodial statement.

## *Investment Discretion*

Discretionary authority generally allows us to execute and make the following determinations about securities transactions without obtaining the clients consent: (1) which securities are bought and sold for the account; and (2) the total amount of securities to be bought and sold. Our authority in making investment related decisions may be limited by account guidelines, investment objectives and trading restrictions, as agreed between the client and Cherry Bekaert Wealth Management. The client will sign an Investment Advisory Agreement which gives us the power to direct trades in their account(s).

## *Voting Client Securities*

As a matter of firm policy and practice, we do not exercise proxy-voting authority. The obligation to vote proxies shall at all-times rest with the client. The client may contact us with questions about voting proxies. Clients will receive applicable proxies directly from the custodian.

## *Financial Information*

Cherry Bekaert Wealth Management is required to provide you with certain financial information or disclosures about our financial condition. We are not aware of any financial condition that impairs our ability to meet contractual commitments to our clients and have not been the subject of any bankruptcy proceedings.