

# **Laurel Wealth Advisors, LLC**

## **Form ADV Part 2A – Disclosure Brochure**

**Effective: June 13, 2018**

This Form ADV Part 2A (“Disclosure Brochure”) provides information about the qualifications and business practices of Laurel Wealth Advisors, LLC (“LWA” or the “Advisor”). If you have any questions about the contents of this Disclosure Brochure, please contact us at (704) 927-4379.

LWA is a registered investment advisor with U.S. Securities and Exchange Commission. The information in this Disclosure Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (“SEC”) or by any state securities authority. Registration of an investment advisor does not imply any specific level of skill or training. This Disclosure Brochure provides information about LWA to assist you in determining whether to retain the Advisor.

Additional information about LWA and its Advisory Persons are available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with our firm name or our CRD# 118469.

**Laurel Wealth Advisors, LLC**  
**309 South Laurel Avenue**  
**Charlotte, NC 28207**  
**Phone: (704) 927-4379 \* Fax: (704) 909-5400**

## Item 2 – Material Changes

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Form ADV 2 is divided into two parts: *Part 2A (the "Disclosure Brochure")* and *Part 2B (the "Brochure Supplement")*. The Disclosure Brochure provides information about a variety of topics relating to an Advisor's business practices and conflicts of interest. The Brochure Supplement provides information about the Advisory Persons of LWA.

LWA believes that communication and transparency are the foundation of its relationship with Clients and will continually strive to provide its Clients with complete and accurate information at all times. LWA encourages all current and prospective Clients to read this Disclosure Brochure and discuss any questions you may have with us. And of course, we always welcome your feedback.

### Material Changes

There have been no material changes to this Disclosure Brochure since the last filing and distribution to Clients. However, this Disclosure Brochure has been redrafted to streamline disclosures

### Future Changes

From time to time, we may amend this Disclosure Brochure to reflect changes in our business practices, changes in regulations and routine annual updates as required by the securities regulators. This complete Disclosure Brochure or a Summary of Material Changes shall be provided to each Client annually and if a material change occurs.

At any time, you may view the current Disclosure Brochure on-line at the SEC's Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with our firm name or our CRD# 118469. You may also request a copy of this Disclosure Brochure at any time, by contacting us at (704) 927-4379.

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## **Item 4 – Advisory Services**

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### **A. Firm Information**

Laurel Wealth Advisors, LLC (“LWA” or the “Advisor”) is a registered investment advisor with the U.S. Securities and Exchange Commission, which is organized as a Limited Liability Company (LLC) under the laws of the State of North Carolina. LWA was founded in March 2007 and is owned and operated by William E. Sugg IV (Managing Partner and Chief Compliance Officer), Mark S. Thompson (Managing Partner), David W. McNeish (Managing Partner), and Timothy M. Breedlove (Managing Partner). This Disclosure Brochure provides information regarding the qualifications, business practices, and the advisory services provided by LWA.

The Advisor serves as a fiduciary to Clients, as defined under applicable laws and regulations. As a fiduciary, the Advisor upholds a duty of loyalty, fairness and good faith towards each Client and seeks to mitigate potential conflicts of interest. Our fiduciary commitment is further described in our Code of Ethics. For more information regarding our Code of Ethics, please see Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.

### **B. Advisory Services Offered**

LWA offers investment advisory services to individuals, high net worth individuals, charitable organizations and corporations and other businesses in the State of North Carolina and other states (each referred to as a “Client”).

#### Investment Management Services

LWA provides customized investment management solutions for its Clients. This is achieved through continuous personal Client contact and interaction while providing discretionary and non-discretionary investment management and related advisory services. LWA works closely with each Client to identify their investment goals and objectives as well as risk tolerance and financial situation in order to create a portfolio strategy. LWA will then construct an investment portfolio, consisting of low-cost, diversified mutual funds and/or exchange-traded funds (“ETFs”) to achieve the Client’s investment goals. The Advisor may also utilize individual stocks, bonds or options contracts to meet the needs of its Clients. The Advisor may retain certain types of investments based on a Client’s legacy portfolio construction.

LWA’s investment strategy[ies] is primarily long-term focused, but the Advisor may buy, sell or re-allocate positions that have been held less than one year to meet the objectives of the Client or due to market conditions. LWA will construct, implement and monitor the portfolio to ensure it meets the goals, objectives, circumstances, and risk tolerance agreed to by the Client. Each Client will have the opportunity to place reasonable restrictions on the types of investments to be held in their respective portfolio, subject to acceptance by the Advisor.

LWA evaluates and selects investments for inclusion in Client portfolios only after applying its internal due diligence process. LWA may recommend, on occasion, redistributing investment allocations to diversify the portfolio. LWA may recommend specific positions to increase sector or asset class weightings. The Advisor may recommend employing cash positions as a possible hedge against market movement. LWA may recommend selling positions for reasons that include, but are not limited to, harvesting capital gains or losses, business or sector risk exposure to a specific security or class of securities, overvaluation or overweighting of the position[s] in the portfolio, change in risk tolerance of Client, generating cash to meet Client needs, or any risk deemed unacceptable for the Client’s risk tolerance.

At no time will LWA accept or maintain custody of a Client’s funds or securities. All Client assets will be managed within the designated account[s] at the Custodian, pursuant to the terms of the agreement. Please see Item 12 – Brokerage Practices and Item 15 - Custody.

#### Financial Planning Services

LWA will typically provide a variety of financial planning services to Clients, pursuant to a written financial planning agreement. Services are offered in several areas of a Client’s financial situation, depending on their goals, objectives and financial situation.

Generally, such financial planning services involve preparing a formal financial plan based on the Client's financial goals and objectives. This planning may encompass one or more areas of need, including but not limited to, investment planning, retirement planning, personal savings, education savings and other areas of a Client's financial situation.

A financial plan developed for, or financial consultation rendered to the Client will usually include general recommendations for a course of activity or specific actions to be taken by the Client. For example, recommendations may be made that the Client start or revise their investment programs, commence or alter retirement savings, establish education savings and/or charitable giving programs.

LWA may also refer Clients to an accountant, attorney or other specialists, as appropriate for their unique situation. For certain financial planning engagements, the Advisor will provide a written summary of the Client's financial situation, observations, and recommendations. For consulting or ad-hoc engagements, the Advisor may not provide a written summary. Plans or consultations are typically completed within six (6) months of contract date, assuming all information and documents requested are provided promptly.

Financial planning and consulting recommendations may pose a conflict between the interests of the Advisor and the interests of the Client. For example, a recommendation to engage the Advisor for investment management services or to increase the level of investment assets with the Advisor would pose a conflict, as it would increase the advisory fees paid to the Advisor. Clients are not obligated to implement any recommendations made by the Advisor or maintain an ongoing relationship with the Advisor. If the Client elects to act on any of the recommendations made by the Advisor, the Client is under no obligation to execute the transaction through the Advisor.

### **C. Client Account Management**

Prior to engaging LWA to provide investment advisory services, each Client is required to enter into one or more agreements with the Advisor that define the terms, conditions, authority and responsibilities of the Advisor and the Client. These services may include:

- Establishing an Investment Strategy – LWA, in connection with the Client, will develop an investment policy statement ("IPS") that seeks to achieve the Client's goals and destinations. The IPS is designed to address the Client's personal goals, investment goals, and both long-term and short-term objectives.
- Asset Allocation – LWA will develop a strategic asset allocation that is targeted to meet the investment objectives, time horizon, financial situation and tolerance of risk for each Client.
- Portfolio Construction – LWA will develop a portfolio for the Client that is intended to meet the stated goals and objectives of the Client.
- Investment Management and Supervision – LWA will provide investment management and ongoing oversight of the Client's investment portfolio.

### **D. Wrap Fee Programs**

LWA does not manage or place Client assets into a wrap fee program. Investment management services are provided directly by LWA.

### **E. Assets Under Management**

As of December 31, 2017, LWA manages the following assets:

|                                      |                      |
|--------------------------------------|----------------------|
| Discretionary Assets                 | \$433,491,369        |
| Non-Discretionary Assets             | \$12,591,536         |
| <b>Total Assets Under Management</b> | <b>\$446,082,905</b> |

Clients may request more current information at any time by contacting the Advisor.

## Item 5 – Fees and Compensation

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The following paragraphs detail the fee structure and compensation methodology for services provided by the Advisor. Each Client engaging the Advisor for services described herein shall be required to enter into a written agreement with the Advisor.

### A. Fees for Advisory Services

#### Investment Management Services

Investment management fees are paid quarterly in advance pursuant to the terms of the investment management agreement. Investment management fees are based on the market value of assets under management at the end of the prior calendar quarter. Investment management fees are based on the following schedule:

| Assets Under Management (\$) | Annual Rate (%) |
|------------------------------|-----------------|
| Up To to \$500,000           | 1.50%           |
| \$500,001 to \$1,000,000     | 1.25%           |
| Over to \$1,000,000          | 1.15%           |

The investment management fee in the first quarter of service is prorated from the inception date of the account[s] to the end of the first quarter. Fees may be negotiable at the sole discretion of the Advisor. The Client's fees will take into consideration the aggregate assets under management with Advisor. All securities held in accounts managed by LWA will be independently valued by the designated Custodian. LWA will not have the authority or responsibility to value portfolio securities.

The Advisor's fee is exclusive of, and in addition to, brokerage fees, transaction fees, and other related costs and expenses, which may be incurred by the Client. However, the Advisor shall not receive any portion of these commissions, fees, and costs.

#### Financial Planning Services

LWA offers financial planning services either on an hourly basis or a fixed engagement fee. Hourly engagements range up to \$275 per hour. Fixed fee engagements are offered based on the expected effort and duration at the Advisor's hourly rate. Fees may be negotiable based on the nature and complexity of the services to be provided and the overall relationship with the Advisor. An estimate for total hours and total costs will be provided to the Client prior to engaging for these services.

### B. Fee Billing

#### Investment Management Services

Investment management fees are calculated by the Advisor or its delegate and deducted from the Client's account[s] at the Custodian. The Advisor shall send an invoice to the Custodian indicating the amount of the fees to be deducted from the Client's account[s] at the beginning of the respective quarter-end date. The amount due is calculated by applying the quarterly rate (annual rate divided by 4) to the total assets under management with LWA at the end of the prior quarter. Clients will be provided with a statement, at least quarterly, from the Custodian reflecting deduction of the investment advisory fee. It is the responsibility of the Client to verify the accuracy of these fees as listed on the Custodian's brokerage statement as the Custodian does not assume this responsibility. Clients provide written authorization permitting LWA to be paid directly from their account[s] held by the Custodian as part of the investment advisory agreement and separate account forms provided by the Custodian.

#### Financial Planning Services

Financial planning fees may be invoiced up to fifty percent (50%) of the expected total fee upon execution of the financial planning agreement. The balance shall be invoiced upon completion of the agreed upon deliverable[s].

### C. Other Fees and Expenses

Clients may incur certain fees or charges imposed by third parties, other than LWA, in connection with investments made on behalf of the Client's account[s]. The Client is responsible for all custody and securities

execution fees charged by the Custodian. The fees charged by LWA are separate and distinct from these custodial and execution fees.

In addition, all fees paid to LWA for investment advisory services are separate and distinct from the expenses charged by mutual funds and ETFs to their shareholders, if applicable. These fees and expenses are described in each fund's prospectus. These fees and expenses will generally be used to pay management fees for the funds, other fund expenses, account administration (e.g., custody, brokerage and account reporting), and a possible distribution fee. A Client could invest in these products directly, without the services of LWA, but would not receive the services provided by LWA which are designed, among other things, to assist the Client in determining which products or services are most appropriate for each Client's financial situation and objectives. Accordingly, the Client should review both the fees charged by the fund[s] and the fees charged by LWA to fully understand the total fees to be paid. Please refer to Item 12 – Brokerage Practices" for additional information.

#### **D. Advance Payment of Fees and Termination**

##### Investment Management Services

LWA is compensated for its services in advance of the quarter in which investment management services are rendered. Either party may terminate the investment management agreement, at any time, by providing advance written notice to the other party. The Client may terminate the investment management agreement within five (5) business days of signing the Advisor's agreement at no cost to the Client. After the five-day period, the Client will incur charges for bona fide advisory services rendered to the point of termination and such fees will be due and payable by the Client. The Advisor will refund any unearned, prepaid investment management fees from the effective date of termination to the end of the quarter. The Client's investment management agreement with the Advisor is non-transferable without the Client's prior consent.

##### Financial Planning Services

LWA requires an advance deposit as described above. Either party may terminate the financial planning agreement, at any time, by providing advance written notice to the other party. The Client may also terminate the financial planning agreement within five (5) business days of signing the Advisor's agreement at no cost to the Client. After the five-day period, the Client will incur charges for bona fide advisory services rendered to the point of termination and such fees will be due and payable by the Client. Upon termination, the Client shall be billed for actual hours logged on the planning project times the contractual hourly rate or in the case of a fixed fee engage, the percentage of the engagement scope completed by the Advisor. The Client's financial planning agreement with the Advisor is non-transferable without the Client's prior consent.

#### **E. Compensation for Sales of Securities**

LWA does not buy or sell securities to earn commissions and does not receive any compensation for securities transactions in any Client account, other than the investment advisory fees noted above. However, certain Advisory Persons may earn additional compensation as described below.

##### Broker-Dealer Affiliation

Certain Advisory Persons of LWA are also registered representatives of APW Capital, Inc. ("APW"), a securities broker-dealer, and a member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC"). In one's separate capacity as registered representative of APW, an Advisory Person may implement securities transactions under APW and not through LWA. In such instances, the Advisory Person will receive commission-based compensation in connection with the purchase and sale of securities, including 12b-1 fees for the sale of investment company products. Compensation earned by Advisory Persons as registered representatives are separate and in addition to LWA's advisory fees. This practice presents a conflict of interest because the Advisory Person who is a registered representative may have an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on the Client's needs. This conflict is mitigated in two ways. First, Clients are under no obligation, contractually or otherwise, to purchase securities products through one of our Advisory Persons. Second, LWA will not charge an ongoing investment advisory fee on any assets implemented by Advisory Persons in their capacity as registered representatives. Please see Item 10.

#### Insurance Agency Affiliations

Certain Advisory Persons may also be licensed as independent insurance professionals. Implementations of insurance recommendations are separate and apart from one's role with LWA. Insurance commissions earned by these persons are separate and in addition to our advisory fees. This practice presents a conflict of interest because these Advisory Persons may have an incentive to recommend insurance products to the Client for the purpose of generating commissions rather than solely based on the Client's needs. However, the Client is under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with the Advisor. Please see Item 10.

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

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LWA does not charge performance-based fees for its investment advisory services. The fees charged by LWA are as described in Item 5 – Fees and Compensation above and are not based upon the capital appreciation of the funds or securities held by any Client.

LWA does not manage any proprietary investment funds or limited partnerships (for example, a mutual fund or a hedge fund) and has no financial incentive to recommend any particular investment options to its Clients.

### **Item 7 – Types of Clients**

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LWA offers investment advisory services to individuals, high net worth individuals, charitable organizations and corporations and other businesses. The amount of each type of Client is available on LWA's Form ADV Part 1A. These amounts may change over time and are updated at least annually by the Advisor. LWA generally does not impose a minimum relationship size.

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

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#### **A. Methods of Analysis**

LWA primarily employs a fundamental analysis method in developing investment strategies for its Clients. Research and analysis from LWA is derived from numerous sources, including financial media companies, third-party research materials, Internet sources, and review of company activities, including annual reports, prospectuses, press releases and research prepared by others.

Fundamental analysis utilizes economic and business indicators as investment selection criteria. This criteria consists generally of ratios and trends that may indicate the overall strength and financial viability of the entity being analyzed. Assets are deemed suitable if they meet certain criteria to indicate that they are a strong investment with a value discounted by the market. While this type of analysis helps the Advisor in evaluating a potential investment, it does not guarantee that the investment will increase in value. Assets meeting the investment criteria utilized in the fundamental analysis may lose value and may have negative investment performance. The Advisor monitors these economic indicators to determine if adjustments to strategic allocations are appropriate. More details on the Advisor's review process are included below in "Item 13 – Review of Accounts".

As noted above, LWA generally employs a long-term investment strategy for its Clients, as consistent with their financial goals. LWA will typically hold all or a portion of a security for more than a year but may hold for shorter periods for the purpose of rebalancing a portfolio or meeting the cash needs of Clients. At times, LWA may also buy and sell positions that are more short-term in nature, depending on the goals of the Client and/or the fundamentals of the security, sector or asset class.

#### **B. Risk of Loss**

Investing in securities involves certain investment risks. Securities may fluctuate in value or lose value. Clients should be prepared to bear the potential risk of loss. LWA will assist Clients in determining an appropriate strategy based on their tolerance for risk and other factors noted above. However, there is no guarantee that a Client will meet their investment goals.

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While the methods of analysis help the Advisor in evaluating a potential investment, it does not guarantee that the investment will increase in value. Assets meeting the investment criteria utilized in these methods of analysis may lose value and may have negative investment performance. The Advisor monitors these economic indicators to determine if adjustments to strategic allocations are appropriate. More details on the Advisor's review process are included below in "Item 13 – Review of Accounts".

Each Client engagement will entail a review of the Client's investment goals, financial situation, time horizon, tolerance for risk and other factors to develop an appropriate strategy for managing a Client's account. Client participation in this process, including full and accurate disclosure of requested information, is essential for the analysis of a Client's account. The Advisor shall rely on the financial and other information provided by the Client or their designees without the duty or obligation to validate the accuracy and completeness of the provided information. It is the responsibility of the Client to inform the Advisor of any changes in financial condition, goals or other factors that may affect this analysis.

The risks associated with a particular strategy are provided to each Client in advance of investing Client accounts. The Advisor will work with each Client to determine their tolerance for risk as part of the portfolio construction process. Following are some of the risks associated with certain components of the Advisor's strategy:

#### Market Risks

The value of a Client's holdings may fluctuate in response to events specific to companies or markets, as well as economic, political, or social events in the U.S. and abroad. This risk is linked to the performance of the overall financial markets.

#### ETF Risks

The performance of an ETF is subject to market risk, including the possible loss of principal. The price of the ETFs will fluctuate with the price of the underlying securities that make up the funds. In addition, ETFs have a trading risk based on the loss of cost efficiency if the ETFs are traded actively and a liquidity risk if the ETFs have a large bid-ask spread and low trading volume. The price of an ETF fluctuates based upon the market movements and may dissociate from the index being tracked by the ETF or the price of the underlying investments. An ETF purchased or sold at one point in the day may have a different price than the same ETF purchased or sold a short time later.

#### Mutual Fund Risks

The performance of a mutual fund is subject to market risk, including the possible loss of principal. The price of the mutual funds will fluctuate with the value of the underlying securities that make up the funds. The price of a mutual fund is typically set daily therefore a mutual fund purchased at one point in the day will typically have the same price as a mutual fund purchased later that same day.

**Past performance is not a guarantee of future returns. Investing in securities and other investments involve a risk of loss that each Client should understand and be willing to bear. Clients are reminded to discuss these risks with the Advisor.**

### **Item 9 – Disciplinary Information**

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**There are no legal, regulatory or disciplinary events involving LWA or any of its Management Persons.** LWA values the trust you place in us. As we advise all Clients, we encourage you to perform the requisite due diligence on any advisor or service provider with whom you partner. Our backgrounds are on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching by our firm name or our CRD# 118469.

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

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### Broker-Dealer Affiliation

As noted in Item 5, certain Advisory Persons are also registered representatives of APW. In their separate capacity as registered representatives, the Advisory Persons will typically receive commissions for the implementation of recommendations for commissionable transactions. Clients are not obligated to implement any recommendation provided by the Advisor or its Advisory Persons. Neither the Advisor nor its Advisory Persons will earn ongoing investment advisory fees in connection with any services implemented in the Advisory Persons' separate capacity as registered representatives.

### Insurance Agency Affiliations

As noted in Item 5, certain Advisory Persons are also licensed insurance professionals. Implementations of insurance recommendations are separate and apart from one's role with LWA. As an insurance professional, an Advisory Person may receive customary commissions and other related revenues from the various insurance companies whose products are sold. Advisory Persons are not required to offer the products of any particular insurance company. Commissions generated by insurance sales do not offset regular advisory fees. This may cause a conflict of interest in recommending certain products of the insurance companies. Clients are under no obligation to implement any recommendations made by Advisory Persons or the Advisor.

### Miller McNeish & Breedlove, P.A.

The Advisor is affiliated, through common control, with Miller McNeish & Breedlove, P.A. ("MMB"), a CPA firm. Clients may be offered to engage MMB for accounting and tax preparation services. This may pose a conflict, as owners may benefit from additional revenues generated and referrers may receive compensation for the referral. Clients of LWA are not obligated to engage MMB for tax planning, accounting and related services.

## **Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

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### **A. Code of Ethics**

LWA has implemented a Code of Ethics (the "Code") that defines our fiduciary commitment to each Client. This Code applies to all persons associated with LWA (our "Supervised Persons"). The Code was developed to provide general ethical guidelines and specific instructions regarding our duties to you, our Client. LWA and its Supervised Persons owe a duty of loyalty, fairness and good faith towards each Client. It is the obligation of LWA's Supervised Persons to adhere not only to the specific provisions of the Code, but also to the general principles that guide the Code. The Code covers a range of topics that address employee ethics and conflicts of interest. To request a copy of our Code, please contact us at (704) 927-4379.

### **B. Personal Trading with Material Interest**

LWA allows our Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. LWA does not act as principal in any transactions. In addition, the Advisor does not act as the general partner of a fund or advise an investment company. LWA does not have a material interest in any securities traded in Client accounts.

### **C. Personal Trading in Same Securities as Clients**

LWA allows our Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. Owning the same securities, we recommend (purchase or sell) to you presents a conflict of interest that, as fiduciaries, we must disclose to you and mitigate through policies and procedures. As noted above, we have adopted the Code to address insider trading (material non-public information controls); gifts and entertainment; outside business activities and personal securities reporting. When trading for personal accounts, Supervised Persons may have a conflict of interest if trading in the same securities. The fiduciary duty to act in the best interest of its Clients can potentially be violated if personal trades are made with more advantageous terms than Client trades, or by trading based on material non-public information. This risk is mitigated by LWA requiring reporting of personal securities trades by its Supervised Persons for review by the Chief Compliance Officer ("CCO"). We have also adopted written policies and procedures to detect the misuse of material, non-public information.

#### **D. Personal Trading at Same Time as Client**

While LWA allows our Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients, such trades are typically aggregated with Client orders or traded afterwards. **At no time will LWA, or any Supervised Person of LWA, transact in any security to the detriment of any Client.**

### **Item 12 – Brokerage Practices**

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#### **A. Recommendation of Custodian[s]**

LWA does not have discretionary authority to select the broker-dealer/custodian for custody and execution services. The Client will engage the broker-dealer/custodian (herein the "Custodian") to safeguard Client assets and authorize LWA to direct trades to this Custodian as agreed in the investment advisory agreement. Further, LWA does not have the discretionary authority to negotiate commissions on behalf of our Clients on a trade-by-trade basis.

Where LWA does not exercise discretion over the selection of the Custodian, it may recommend the Custodian[s] to Clients for custody and execution services. Clients are not obligated to use the recommended Custodian and will not incur any extra fee or cost associated with using a broker not recommended by LWA. However, the Advisor may be limited in the services it can provide if the recommended Custodian is not engaged. LWA may recommend the Custodian based on criteria such as, but not limited to, reasonableness of commissions charged to the Client, services made available to the Client, and/or location of the Custodian's offices. LWA will generally recommend that Clients establish their account[s] at Fidelity Clearing and Custody Solutions (Fidelity), Charles Schwab & Co., Inc. ("Schwab") or TD Ameritrade, Inc. (TD Ameritrade), all registered broker/dealers, members SIPC (collectively the "Custodians"), The Custodians will serve as the Client's "qualified custodian". LWA maintains an institutional relationship with the Custodian's, whereby the Advisor receives economic benefits (Please see Item 14 – Client Referrals and Other Compensation below).

Following are additional details regarding the brokerage practices of the Advisor:

**1. Soft Dollars** - Soft dollars are revenue programs offered by broker-dealers/custodians whereby an advisor enters into an agreement to place security trades with the broker/dealers/custodians in exchange for research and other services. **LWA does not participate in soft dollar programs sponsored or offered by any broker-dealer/custodian. However, the Advisor receives certain economic benefits from the Custodian. Please see "Item 14 – Client Referrals and Other Compensation."**

**2. Brokerage Referrals** - LWA does not receive any compensation from any third party in connection with the recommendation for establishing an account.

**3. Directed Brokerage** - All Clients are serviced on a "directed brokerage basis", where LWA will place trades within the established account[s] at the custodian designated by the Client. Further, all Client accounts are traded within their respective account[s]. The Advisor will not engage in any principal transactions (i.e., trade of any security from or to the Advisor's own account) or cross transactions with other Client accounts (i.e., purchase of a security into one Client account from another Client's account[s]). LWA will not be obligated to select competitive bids on securities transactions and does not have an obligation to seek the lowest available transaction costs. These costs are determined by the designated Custodian. The Advisor may not be able to aggregate orders to reduce transaction costs in a Client directed brokerage account.

#### **B. Aggregating and Allocating Trades**

The primary objective in placing orders for the purchase and sale of securities for Client accounts is to obtain the most favorable net results taking into account such factors as 1) price, 2) size of order, 3) difficulty of execution, 4) confidentiality and 5) skill required of the Custodian. LWA will execute its transactions through the Custodian as authorized by the Client. LWA may aggregate orders in a block trade or trades when securities are purchased or sold through the Custodian for multiple (discretionary) accounts in the same trading day. If a block trade

cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated in a manner that is consistent with the initial pre-allocation or other written statement. This must be done in a way that does not consistently advantage or disadvantage any particular Client accounts.

## **Item 13 – Review of Accounts**

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### **A. Frequency of Reviews**

Securities in Client accounts are monitored on a regular and continuous basis by Advisory Persons of LWA. Formal reviews are generally conducted at least annually or more or less frequently depending on the needs of the Client.

### **B. Causes for Reviews**

In addition to the investment monitoring noted in Item 13.A., each Client account shall be reviewed at least annually. Reviews may be conducted more or less frequently at the Client's request. Accounts may be reviewed as a result of major changes in economic conditions, known changes in the Client's financial situation, and/or large deposits or withdrawals in the Client's account. The Client is encouraged to notify LWA if changes occur in the Client's personal financial situation that might adversely affect the Client's investment plan. Additional reviews may be triggered by material market, economic or political events.

### **C. Review Reports**

The Client will receive brokerage statements no less than quarterly from the trustee or Custodian. These brokerage statements are sent directly from the Custodian to the Client. The Client may also establish electronic access to the Custodian's website so that the Client may view these reports and their account activity. Client brokerage statements will include all positions, transactions and fees relating to the Client's account[s]. The Advisor may also provide Clients with periodic reports regarding their holdings, allocations, and performance.

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

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### **A. Compensation Received by LWA**

#### Participation in Institutional Advisor Platform – Fidelity

The Advisor has established an institutional relationship with Fidelity to assist the Advisor in managing Client account[s]. Access to the Fidelity Institutional platform is provided at no charge to the Advisor. The Advisor receives access to software and related support without cost because the Advisor renders investment management services to Clients that maintain assets at Fidelity. The software and related systems support may benefit the Advisor, but not its Clients directly. In fulfilling its duties to its Clients, the Advisor endeavors at all times to put the interests of its Clients first. Clients should be aware, however, that the receipt of economic benefits from the Custodian creates a potential conflict of interest since these benefits may influence the Advisor's recommendation of the Custodian over one that does not furnish similar software, systems support, or services.

Additionally, the Advisor may receive the following benefits from Fidelity: receipt of duplicate Client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its institutional participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to Client accounts; and access to an electronic communication network for Client order entry and account information.

#### Participation in Institutional Advisor Platform – TD Ameritrade

As disclosed under Item 12, above, the Advisor participates in TD Ameritrade's institutional customer program and the Advisor may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between the Advisor's participation in the program and the investment advice it gives to its Clients, although the Advisor receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools;

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**Laurel Wealth Advisors, LLC**

309 South Laurel Avenue, Charlotte, NC 28207  
Phone: (704) 927-4379 \* Fax: (704) 909-5400

consulting services; access to a trading desk serving the Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to the Advisor by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by the Advisor's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit the Advisor but may not benefit its Client accounts. These products or services may assist the Advisor in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help the Advisor manage and further develop its business enterprise. The benefits received by the Advisor or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, the Advisor endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by the Advisor or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Advisor's choice of TD Ameritrade for custody and brokerage services.

#### Participation in Institutional Advisor Platform – Schwab

LWA has established an institutional relationship with Schwab through its "Schwab Advisor Services" unit, a division of Schwab dedicated to serving independent advisory firms like LWA. As a registered investment advisor participating on the Schwab Advisor Services platform, LWA receives access to software and related support without cost because the Advisor renders investment management services to Clients that maintain assets at Schwab. Services provided by Schwab Advisor Services benefit the Advisor and many, but not all services provided by Schwab will benefit Clients. In fulfilling its duties to its Clients, the Advisor endeavors at all times to put the interests of its Clients first. Clients should be aware, however, that the receipt of economic benefits from a custodian creates a potential conflict of interest since these benefits may influence the Advisor's recommendation of this custodian over one that does not furnish similar software, systems support, or services.

*Services that Benefit the Client* – Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of Client's funds and securities. Through Schwab, the Advisor may be able to access certain investments and asset classes that the Client would not be able to obtain directly or through other sources. Further, the Advisor may be able to invest in certain mutual funds and other investments without having to adhere to investment minimums that might be required if the Client were to directly access the investments.

*Services that May Indirectly Benefit the Client* – Schwab provides participating advisors with access to technology, research, discounts and other services. In addition, the Advisor receives duplicate statements for Client accounts, the ability to deduct advisory fees, trading tools, and back office support services as part of its relationship with Schwab. These services are intended to assist the Advisor in effectively managing accounts for its Clients but may not directly benefit all Clients.

*Services that May Only Benefit the Advisor* – Schwab also offers other services and support to LWA that may not benefit the Client, including: educational conferences and events, consulting services and discounts for various service providers. Access to these services creates a financial incentive for the Advisor to recommend Schwab, which results in a potential conflict of interest. LWA believes, however, that the selection of Schwab as Custodian is in the best interests of its Clients.

#### **B. Client Referrals from Solicitors**

LWA may engage and compensate individuals (a "solicitor") for Client referrals. Clients will not pay a higher fee to LWA as a result of such payments to a solicitor. The Advisor shall enter into an agreement with the solicitor, which requires that full disclosure of the compensation and other conflicts is provided to the prospective client prior to or at the time of entering into the advisory agreement.

## **Item 15 – Custody**

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LWA does not accept or maintain custody of any Client accounts, except for the authorized deduction of the Advisor's fees. All Clients must place their assets with a "qualified custodian". Clients are required to engage the Custodian to retain their funds and securities and direct LWA to utilize that Custodian for the Client's security transactions. Clients should review statements provided by the Custodian and compare to any reports provided by LWA to ensure accuracy, as the Custodian does not perform this review. For more information about custodians and brokerage practices, see Item 12 - Brokerage Practices.

If the Client gives the Advisor authority to move money from one account to another account, the Advisor may have custody of those assets. In order to avoid additional regulatory requirements, the Custodian and the Advisor have adopted safeguards to ensure that the money movements are completed in accordance with the Client's instructions.

## **Item 16 – Investment Discretion**

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LWA generally has discretion over the selection and amount of securities to be bought or sold in Client accounts without obtaining prior consent or approval from the Client. However, these purchases or sales may be subject to specified investment objectives, guidelines, or limitations previously set forth by the Client and agreed to by LWA. Discretionary authority will only be authorized upon full disclosure to the Client. The granting of such authority will be evidenced by the Client's execution of an investment advisory agreement containing all applicable limitations to such authority. All discretionary trades made by LWA will be in accordance with each Client's investment objectives and goals.

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

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LWA does not accept proxy-voting responsibility for any Client. Clients will receive proxy statements directly from the Custodian. The Advisor will assist in answering questions relating to proxies, however, the Client retains the sole responsibility for proxy decisions and voting.

## **Item 18 – Financial Information**

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Neither LWA, nor its management, has any adverse financial situations that would reasonably impair the ability of LWA to meet all obligations to its Clients. Neither LWA, nor any of its Advisory Persons, has been subject to a bankruptcy or financial compromise. LWA is not required to deliver a balance sheet along with this Disclosure Brochure as the Advisor does not collect advance fees of \$1,200 or more for services to be performed six months or more in the future.