



**Part 2A of Form ADV**

**801-64239**

**Personal Financial Planning Services**

**Cary Street Partners Investment Advisory LLC  
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**804-521-3333**

**Revised March 28, 2014**

**Cary Street Partners is the trade name used by two separate limited liability companies, Cary Street Partners LLC - Member FINRA/SIPC; and Cary Street Partners Investment Advisory LLC a registered investment advisor.**

**This brochure provides information about the qualifications and business practices of Cary Street Partners Investment Advisory LLC. If you have any questions about the content of this brochure, please contact us at 804-521-3333.**

**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. Additional information about Cary Street Partners Investment Advisory LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**The advisory services described in this brochure are not insured or otherwise protected by the U.S. Government, the Federal Deposit Insurance Corporation, the Federal Reserve Board, or any other government agency and involve risk, including the possible loss of principal.**

## Item 2 Material Changes

In 2011, the Securities and Exchange Commission amended certain SEC rules in regard to Form ADV Part II disclosure documents that are provided to clients upon opening investment consulting accounts and on an annual basis. This brochure is a revised disclosure document prepared according to the new requirements that the SEC has implemented. As required, this brochure is in a new format and includes new information that our previous disclosure document did not require.

Cary Street Partners, as required, will provide on an annual basis within 120 days of our fiscal year end a summary of any material changes to this brochure. As specific material changes are made to this brochure throughout the year, you will be provided with a summary of that change.

This section describes material changes and other changes to our Cary Street Partners Investment Advisory LLC Financial Planning program since the last annual amendment of our Form ADV on April 1, 2013.

### Material Changes

1. Cary Street Partners Investment Advisory LLC has revised Item 4 of the brochure to reflect updated figures for the firm's assets under management.

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## Item 4 Advisory Business

Cary Street Partners Investment Advisory LLC (“Cary Street Partners”) is registered with the Securities and Exchange Commission as a federally registered investment adviser. The use of the term “registered” does not imply a certain level of skill or training. Cary Street Partners was established on September 9, 2003 and is 100% owned by Cary Street Partners Holdings, LLC.

The terms “client,” “you,” and “yours” are used throughout this document to refer to the person(s) or organization(s) who contract with us for the services described within this brochure. “Cary Street Partners,” “we,” “our,” and “us” refer to Cary Street Partners Investment Advisory LLC.

The amount of client assets managed as of December 31, 2013, on a discretionary basis, is \$319,170,129 and the amount of client assets managed on a non-discretionary basis is \$981,878,624.

All of the services and programs listed below begin with a consultation with you by a Cary Street Partners’ Financial Advisor (“FA”) to review your investment objectives, financial situation, and risk tolerance. This information is used by the FA to determine your account profile (“profile”). After a review by the FA of your profile, working with the FA, you will determine which program would fit your needs.

The sub-adviser, if applicable, will forward to the investment manager a copy of your account profile, as well as any restrictions you want to impose on your account.

You may contact an investment manager directly, although it is generally expected that you will direct all questions to Cary Street Partners or your FA concerning your account. Cary Street Partners investment consulting services include:

Identifying investment goals and priorities. Your Financial Advisor (“FA”) will thoroughly examine your investment needs, including financial requirements, time horizon, liquidity concerns and risk tolerance. This will provide a clear written description of your goals, which will guide your FA’s investment recommendations.

Establishing an asset allocation strategy. Your FA will determine based on your account profile an asset allocation strategy and match it with one of the established programs listed below.

Implementing investment selection. Depending on the program selected, the portfolio manager, after establishing your asset allocation strategy will identify an investment portfolio strategy whose style, philosophy and performance best suit your investment needs. Also, depending on the program selected, your FA or your investment manager, is then responsible for selecting and monitoring the individual securities in your account.

Monitoring your portfolio. Your FA will track the progress of your account toward your goals. Because market and economic conditions are ever-changing, your FA may suggest changes to your portfolio as necessary. You will receive a single comprehensive quarterly report detailing your portfolio's activity and overall performance.

Cary Street Partners provides individualized non-discretionary and discretionary consulting services to various categories of institutional and individual clients that wish to participate in financial planning, separately managed accounts ("SMA"), mutual funds, closed end funds, exchange traded funds, annuities, or want to invest in hedge funds, private equity funds, or other alternative investment vehicles.

Cary Street Partners will provide investment consulting services that relate to matters such as allocation of assets among different classes, portfolio diversification, managing portfolio risk, portfolio monitoring evaluation, investment policy statement development, manager search and recommendation, and other general economic and financial topics. Account supervision is guided by the stated objectives of the client (*e.g.*, maximum capital appreciation, growth, etc.), and all managed accounts will be maintained with an independent custodian broker-dealer. These investment consulting services are provided to you through the following services and established programs:

Individual and Institutional Consulting Services  
Personal Financial Planning Services  
Retirement Plan Participant Investment Education Services

Established Programs:

Allocation Advisors  
Asset Advisor ("Asset Advisor")  
CustomChoice <sup>SM</sup> ("CustomChoice")  
Diversified Managed Allocations ("DMA")  
Customized Portfolios  
FundSource® Consulting Service ("FundSource")  
Masters Program ("Masters")  
Private Advisor Network ("Network")  
Private Investment Management ("PIM")  
Wells Fargo Compass Advisory Program ("Compass Advisory")  
Managed Account Access®  
Managed Account Marketplace®  
Managed Account Select®  
Schwab Charitable Fund™

The Personal Financial Planning Services is described in this brochure. Other brochures, available upon request, describe the investment consulting service program and fee structures for:

1. Individual and Institutional Consulting Services, and Retirement Plan Participant Investment education Services;
2. Masters, DMA, Compass Advisory, Private Advisors Network and Allocation Advisors programs;
3. PIM, Asset Advisor, FundSource and CustomChoice programs;
4. Managed Account Marketplace®, Managed Account Access®, Managed Account Select®, and Schwab Charitable Fund™.

Financial planning is an investment advisory service that creates a fiduciary relationship. This means that we must place your interests above our own. This Disclosure Document explains your rights and Cary Street Partners obligations in providing you with your financial plan. Please read it carefully and keep it in your records. Please note that although we act as your investment advisor in providing a financial plan to you, this does not affect any other relationship you may have with us. The nature of your existing Cary Street Partners accounts, your rights and obligations relating to these accounts, and the terms and conditions of any account agreement in effect do not change in any way.

Our financial planning services do not include initial or on-going advice regarding specific securities or other investments. You should understand that our financial planning service ends upon our delivery of the plan to you, as well as the fiduciary relationship that arises from providing you with this service. You are not required to establish an account, purchase products that we offer, or otherwise transact business with our firm or any of our affiliates in order to put into action any aspect of your financial plan. If you would like us to help you develop an investment plan, we are here to help.

Cary Street Partners offers financial planning services to both prospective and existing clients. Cary Street Partners' Financial Planning area prepares financial planning advice through a written report. Details in regards to this report can be found under Item 13 Review of Accounts in this brochure. Prior to preparing financial planning advice, your FA will obtain information about you. Such information will generally include:

- Your current financial situation (including the amount and nature of your assets and liabilities, the amounts and sources of current and anticipated income, the amounts and types of current and projected expenses (including educational expenses) and insurance coverage);
- Your current and long-term financial goals, objectives, and desires (including cash flow needs, retirement goals, and cash needs upon disability or death);
- Your risk tolerance; and
- Your wealth preservation and transfer goals.

Cary Street Partners provides the financial planning services described above as solely on a “non-discretionary” basis, i.e., Cary Street Partners' function is to make recommendations or provide information to you or your agents, and Cary Street Partners does not have the authority to cause you or your agents to act upon recommendations made or information provided by Cary Street Partners to you or your agents. You will at all times retain the sole discretion to elect

whether or not to follow or act upon any recommendation made or information provided by Cary Street Partners or your FA.

Cary Street Partners financial planning services do not include the management of client assets on a discretionary or non-discretionary basis.

## **Item 5 Fees and Compensation**

Cary Street Partners' financial planning fees vary, depending upon the extent, nature, and complexity of the advice requested.

You are charged a flat fee for the financial planning services provided. The fees may be subject to negotiation and may vary depending upon the extent, complexity, and individualized nature of the advice requested. In some cases, fees may be waived. Fees for a Personal Financial Review are listed below.

If you request an update after twelve months have elapsed since the original advice was given you may be charged a fee. In some cases, there are no separate fees charged to you for financial planning advice except for normal commissions generated on any security transactions that are ultimately effected by you in a Cary Street Partners account.

Cary Street Partners and your FA will not provide legal or accounting advice, and the fees payable by you under the Financial Planning Client Agreement cover only the services rendered by Cary Street Partners and do not cover fees of your Specialists.

Personal Financial Review services provided for you by Cary Street Partners will encompass some or all of the following topics:

- Estate planning: review of wills, trusts & other entities to determine tax liability in event of premature death, flow of assets at death, source of liquidity for payment of estate taxes, administrative functioning of testamentary trusts, beneficiary-related issues, other wealth transfer-related items such as gifting strategies, GRATs, IDGTs, QPRTs – at a cost of \$3,000 and up
- Business succession planning for family owned businesses, partnerships and other structures - at a cost of \$2,000 and up
- Stock option planning for executives of public and private companies - at a cost of \$1,000 and up
- Pension payout options for corporate executives - at a cost of \$500 and up
- Investment analysis and asset allocation modeling to include solutions for concentrated equity positions, alternative investments and private equity - at a cost of \$1,000 and up

- Risk management assessment for business, home and personal insurance - at a cost of \$100 and up
- Retirement planning, including issues related to qualified plans, issues for business owners - at a cost of \$500 and up
- Cash flow management to include the distribution from deferred compensation, qualified plans (to meet distribution requirements), social security income, pension income, major purchases/sales, and provide a tracking mechanism for meeting financial obligations - at a cost of \$500 and up
- Philanthropic planning - at a cost of \$500 and up
- Comprehensive plan to include three or more of the above - at a cost of \$5,000 and up
- All Financial Planning Services are provided by a Senior Planner, on a contractual basis for either an hourly rate (\$150 per hour, subject to change) or a fee negotiated at the time of the engagement. Meetings for purposes of gathering information and plan presentation are conducted in person by the Senior Planner. Some of the services may also include:
  - Analysis of financial condition: balance sheet and cash flow analysis to determine adequate liquidity, capital sufficiency, appropriate use and cost of debt, correct titling of assets.
  - Tax Planning: co-ordination of investments with income tax issues, such as holding tax-inefficient assets in tax-deferred accounts, stock option planning, analysis of tax issues related to sale of capital assets, charitable planning, and tax sheltering for wealth transfer planning.
  - Insurance planning: analysis of appropriate level of life insurance, ownership of policy, type of insurance, issues pertaining to annuities.
  - Other aspects of planning may include working with families to develop a coherent family mission statement, philanthropic planning, inter-generational understanding & participation, succession-related issues for families that own businesses.

The fees described under the Personal Financial Review do not cover fees and expenses (such as investment management fees and brokerage expenses) incurred in connection with the implementation of a financial plan. You may elect to implement a financial plan in whole or in part through Cary Street Partners, but Cary Street Partners is not under any obligation to do so. In the event you elect to implement a financial plan through Cary Street Partners, you will be provided with an appropriate disclosure document describing the nature and extent of the services provided by Cary Street Partners, and the fees charged by Cary Street Partners for those services and other related matter. The fees charged by Cary Street Partners in connection with the implementation of a financial plan are in addition to the fees incurred by you in connection with the formulation of that plan.

The client agreement between Cary Street Partners and you will terminate when all services to be performed by Cary Street Partners have been performed and all fees payable by you to Cary Street Partners have been paid, but also may be terminated earlier by either party by giving



written notice to the other. Upon an early termination by you, or by Cary Street Partners for cause (as defined in the client agreement), you shall remain responsible for compensating Cary Street Partners for services rendered up to the time of termination. If Cary Street Partners terminates the client agreement without cause, you shall not be obligated to compensate Cary Street Partners for services. Subject to the provisions of the preceding sentence, termination of the client agreement shall not affect the liabilities or obligations of the parties arising from or in connection with services performed prior to such termination.

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

Our advisory services generally do not impose performance fees. Fees are based on the value of the assets in your account, and Cary Street Partners shall not be compensated on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of client (i.e., performance fee). However, Cary Street Partners Investment Advisory LLC serves as an investment manager to hedge funds and may receive a performance-based fee as described in the hedge funds' private placement memorandum. Cary Street Partners employees who recommend the purchase of these hedge funds may receive a portion of these fees.

## **Item 7 Types of Clients**

These programs described in this brochure are provided to individuals, pension or profit sharing plans, trusts, estates or non-profit organizations, corporations or other business entities and governmental entities, educational institutions, as well as banks or thrift institutions.

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

The financial planning process involves several different steps and the process is generally customized for each client's unique situation. The first step generally includes interviewing you regarding your goals and financial objectives, collecting detailed information about your financial situation, discussing certain assumptions with you and developing financial statement and supporting schedules. To assist in this process the firm may use sophisticated financial planning software. The second step is to carefully review your portfolio, your insurance situation, your current and anticipated cash flow needs, and the current status of your taxes and estate planning needs. The last step is to develop possible alternative strategies or recommendations along with a detailed financial plan for your review.

Financial planning advice may involve recommendations regarding:

- general asset classes (e.g., equities-both domestic and foreign),
- debt (both long-term and short-term),
- government securities and municipal securities,

- or general types of investment vehicles (e.g., mutual funds, variable annuities, variable life insurance, partnerships, tax-advantaged retirement savings and educational savings vehicles) in which you may invest.

Investment techniques and strategies recommended in a financial plan generally will involve long-term or short-term holdings of securities or other investment products, and insurance and trust strategies, depending on your financial goals, objectives, and desires.

We assume no responsibility for the accuracy or completeness of the information supplied by the client that is used in the production of the financial plan. The accuracy and completeness of this information also may affect the results and any recommendations contained in the financial plan. The financial plan prepared by us is based not only on your current financial situation and goals but also our understanding of current tax and other applicable laws and regulations. The information and recommendations contained in the financial plan are current as of the date of the plan.

All financial computations and projections that are included in the financial plan are based on hypothetical assumptions. These assumptions should not be interpreted as a reflection of current rates of return or as a guarantee of future rates of return or results. The results and effectiveness of the financial plan may be affected by any difference between these hypothetical assumptions and actual results in the future. You should carefully monitor for these differences as you implement your financial plan.

You should also understand that Cary Street Partners Investment Advisory LLC's Financial Planning Services are not intended to constitute your sole source of tax or legal advice. You should consult with your tax professional and attorney before you initiate any action suggested by us in your financial plan. We will be available to discuss your financial plan with your tax or legal advisors. Reference to laws on the disposition of property at death or through the use of lifetime trusts are general in nature and do not attempt to examine all available estate planning techniques.

## **Item 9 Disciplinary Information**

Cary Street Partners Investment Advisory LLC or its management personnel are not involved and have not been involved in any legal or disciplinary events that are considered material.

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

Cary Street Partners Investment Advisory LLC is registered with the Securities and Exchange Commission as a federally registered investment adviser. The management personnel of Cary Street Partners are registered as investment adviser representatives within their state jurisdiction.

Cary Street Partners Investment Advisory LLC is not registered as a broker-dealer. The management personnel are registered representatives with Cary Street Partners LLC, the broker-dealer affiliate of Cary Street Partners.

Currently, there is not a pending application for registration as a futures commission merchant, commodity pool operator, commodity trading advisor or an associated person for Cary Street Partners, the broker-dealer affiliate or any management person.

Cary Street Partners Investment Advisory LLC and Cary Street Partners LLC are 100% owned by Cary Street Partners Holdings LLC. Cary Street Partners LLC is a registered broker-dealer and member of the Financial Industry Regulatory Authority (“FINRA”). Cary Street Partners LLC provides investment banking, wealth management and brokerage services to its clients. Client accounts of Cary Street Partners LLC are custodied at First Clearing. Please see the Individual and Institutional Consulting Services brochure, Item 12 Brokerage Practice for more information about Cary Street Partners’ relationship with Cary Street Partners LLC and First Clearing.

Our affiliate, Cary Street Partners LLC, a registered broker-dealer and member of FINRA and SIPC, will serve from time to time as a private placement agent for issuers of equity and debt securities. In that capacity, certain advisory clients who are accredited investors and qualified advisory clients for which the private placement is suitable may be shown transactions represented by Cary Street Partners LLC and may, if they elect to do so and are acceptable to the issuer and its counsel, purchase securities in some of those offerings.

In addition, Cary Street Partners Holdings LLC completed a private placement of securities and some of our qualified advisory clients invested in that offering. The firm may offer similar investments to our investment advisory clients in the future.

Cary Street Partners Holdings LLC is also the majority owner of the subsidiary Cary Street Partners Fund GP, LLC, the majority general partner of Jefferson Global Growth Fund, L.P. (the “onshore fund”). The fund is a Delaware limited partnership and hedge fund management provided by Cary Street Partners Investment Advisory LLC. Our firm also serves as the investment manager to the Jefferson Global Growth Fund, Ltd, a Cayman Islands exempted company that pursues a similar investment strategy as the onshore fund.

Cary Street Partners Holdings LLC is 100% owner of RiverStone Business Advisory Services, Inc. (“RBAS”), a subsidiary. Through this entity, certain Financial Advisors provide business consulting, bookkeeping services and tax services. Only a limited number of FAs participate in this entity, however other FAs may receive a referral fee for referring clients for consulting and tax services.

Cary Street Partners will provide a broader scope of service other than just investment advisory services. Engagements often include comprehensive analysis of cash flow and retirement models, company stock option detail and benefit analysis, estate planning functions, and risk assessment. Additional business activity is not limited to these services but would fall within the

general parameters of clients' financial needs that are relevant on a client by client basis and fall within Cary Street Partners' areas of expertise.

Cary Street Partners may, from time to time, enter into arrangements with other investment advisers whereby Cary Street Partners agrees to provide certain services to clients of the investment adviser in exchange for a portion of the investment advisory fee paid to the investment advisers by the clients.

Cary Street Partners Investment Advisory LLC associates may accept payment for reasonable travel and lodging expenses from money managers when performing due diligence reviews related to those money managers' investment management activities. These payments are to compensate Cary Street Partners Investment Advisory LLC for travel related expenses incurred on these business trips. Any payments received in these situations are monitored and reviewed and are considered immaterial in relation to the firm's income.

Certain investment managers have agreed to participate with us in cooperative advertising for the applicable program by compensating us in the form of cash payments from the investment manager. This compensation will be used to help pay for program advertising and FA education. Therefore, we have a potential conflict of interest to recommend investment managers that might participate in such joint arrangements. We intend, however, to make all recommendations independent of such fee considerations and based solely on our obligations to consider your objectives and needs. These investment managers are under no obligation to enter into a cooperative advertising arrangement with respect to these programs.

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

Cary Street Partners' policy is that your interests take precedence over our interests, and the interest of our affiliates, employees and representatives. Accordingly, our personnel will disclose any material relationships that they may have with respect to any investment recommended to you. In addition, Cary Street Partners will make recommendations based upon your suitability and objectives without regard to the firm's benefit.

Our personnel will not purchase or sell securities for their own account if the transaction will disadvantage you in any way. Cary Street Partners maintains transaction records for all employee securities transactions. Cary Street Partners also prohibits insider trading and complies with applicable provisions of state and federal law.

Our code of ethics specifically outlines the process by which employees of Cary Street Partners and affiliate firms may purchase investments recommended to you. A copy of our code of ethics is available upon request. The important determinant by which we ensure your interests come before our own is our trading policy that deters employees and affiliated members from purchasing managers/mutual funds for a period of 24 hours after investment committee approval and/or a period of 24 hours after significant asset allocation adjustments are determined.

Cary Street Partners has certain restrictions, internal procedures and client disclosures regarding conflicts of interest that we have with respect to our participation or interest in your transactions. Cary Street Partners communicates our policies and procedures related to participation in your transactions to its associates through our compliance policies and procedure manuals and program-specific policy guidelines.

Personal trading by Cary Street Partners employees must be conducted in compliance with all applicable laws and procedures adopted by Cary Street Partners. It is Cary Street Partners' internal policy that certain management personnel may not recommend the purchase of a security that they have purchased for their own account or the account of a closely related party within an established number of days, unless such shares are sold prior to issuance of a buy recommendation. Research Analysts are prohibited from purchasing securities that an analyst has recommended for 24 hours following the official release of the recommendation. Cary Street Partners' policies include:

1. an express prohibition against front running client accounts,
2. observing black-out periods,
3. maintaining restricted lists to prevent investment personnel from unfairly benefiting from unreleased research reports and recommendations, and
4. "Chinese-Wall" procedures designed to control the flow of inside or other confidential information.

Such policies and procedures are designed to prevent, among other things, any improper conduct wherever any potential conflict of interest may exist with respect to any client.

Cary Street Partners and its investment personnel may recommend securities or investment managers in which they directly or indirectly have a financial interest or control relationship and buy and sell securities that they recommend to you for purchase and sale. They may also give advice and take action in the performance of their duties to you that differ from advice given, or the timing and nature of action taken with respect to other clients' accounts.

Our portfolio managers may purchase for their own accounts securities that are purchased for you. Cary Street Partners has certain restrictions, internal procedures and client disclosures regarding conflicts of interest that we may have with respect to our participation or interest in your transactions. Cary Street Partners communicates its policies and procedures related to participation in your transactions to its associates through its compliance policies and procedure manuals and program-specific policy guidelines.

## **Item 12 Brokerage Practice**

### **How We Select Brokers/Custodians**

We seek to recommend a custodian/broker who will hold your assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds (“ETFs”), etc.)
- Availability of investment research and tools that assist us in making investment decisions.
- Quality of service
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength and stability
- Prior service to us and our other clients

When, and if, Cary Street Partners has discretion to determine the broker-dealer to be used in a securities transaction, the general policy is to select or recommend, as applicable, broker-dealers on the basis of the best combination of market price, responsiveness, financial responsibility and execution capability, under the requirements of all applicable law. Where more than one broker-dealer is believed to be capable of providing the best combination of price, responsiveness, financial responsibility and execution capability with respect to a particular transaction, a broker-dealer that furnishes research, including:

- research reports on companies, industries, and securities;
- economic and financial data;
- financial publications;
- and/or computer data, may from time to time be selected.

These selections and the amount of brokerage given a particular broker-dealer are not made pursuant to any agreement or commitment with any of the selected broker-dealers that would bind Cary Street Partners to compensate the selected broker-dealer for research provided. However, an internal allocation procedure may be used to identify those broker-dealers who have provided Cary Street Partners with research and the amount provided, and Cary Street Partners may endeavor to direct sufficient commissions to them to ensure continued receipt of research which it believes is useful.

Other judgmental factors utilized in determining the broker-dealer to effect your transactions may include:

- knowledge of negotiated commission rates currently available and other current transaction costs;
- the nature of the security being traded;
- the size of the transaction;
- confidentiality;
- the execution, clearance and settlement capabilities of the broker-dealer selected and others which are considered;
- and knowledge of the financial stability of the broker-dealer selected and others that are selected.

In regards to the established programs, Cary Street Partners recommend that our clients use First Clearing or Schwab as the qualified custodian. We are independently owned and operated and are not affiliated with First Clearing or Schwab. First Clearing or Schwab will hold your assets in a brokerage account and buy and sell securities when instructed. While we recommend that you use First Clearing or Schwab as custodian/broker, you will decide whether to do so and will open your account with First Clearing or Schwab. You open your account by signing the new account paperwork and we may assist you in doing so. Even though your account is maintained at First Clearing or Schwab, we can still use other brokers to execute trades for your account.

### **Your Brokerage and Custody Costs**

For our clients' accounts that Schwab or First Clearing maintains, Schwab or First Clearing generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your account. For some accounts, Schwab or First Clearing may charge you a percentage of the dollar amount of assets in the account in lieu of commissions.

### **Products and Services Available to Us**

Schwab Advisor Services™ is Schwab's business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage-trading, custody, reporting, and related services many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts; while others help us manage and grow our business. Schwab's support services generally are available on an unsolicited basis and at no charge to us as long as our clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. The following is a more detailed description of Schwab's support services:

**Services That Benefit You.** 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 you and your account.

**Services That May Not Directly Benefit You.** Schwab and First Clearing also make available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's or First Clearing's own research and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab or First Clearing. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting

**Services That Generally Benefit Only Us.** Schwab and First Clearing also offer other services intended to help us manage and further develop our business enterprise. These services include:

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

Schwab or First Clearing may provide some of these services itself, in other cases, it will arrange for third-party vendors to provide the services to us. Schwab or First Clearing 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 or First Clearing may also provide us with other benefits, such as occasional business entertainment of our personnel.

### **Our Interest in Those Services**

The availability of these services from Schwab or First Clearing benefits us because we do not have to produce or purchase them. We are provided Schwab's services so long as our clients collectively keep a total of at least \$10 million of their assets in accounts at Schwab. The \$10 million minimum may give us an incentive to recommend that you maintain your account with Schwab, based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that the availability of Schwab or First Clearing as custodian and broker is in the best interests of our



clients. Our selection is primarily supported by the scope, quality, and price of Schwab's or First Clearing's services and not their services that benefit only us.

You authorize that we may effect and execute brokerage transactions. On occasion, you may designate, or the law may require, the use of other broker-dealers. Costs and transaction fees arising from transactions effected by entities other than Cary Street Partners LLC or attributable to dealer mark-ups, markdowns or "spreads" (in transactions where Cary Street Partners LLC or another entity acts as principal for its own account) will be separately borne by clients.

Under certain programs, Cary Street Partners LLC is generally appointed as sole and exclusive broker by the client with respect to the referenced account for the execution of transactions. In connection with these transactions, they may act as agent or, where permitted by law, principal (including instances wherein we are acting as underwriter or selling group members). We are not responsible for the day-to-day investment management of client accounts; we will effect only transactions as instructed by the investment advisers, or, in the case of Asset Advisor and CustomChoice, the client. We will perform no discretionary acts with respect to clients' accounts unless authorized in writing by the client. We are under no obligation to effect any transaction for a client account that we believe to be improper under applicable law, rule or regulation.

Advisory client orders are treated with the same priority and procedural flow as non-advisory brokerage customer trades, except to accommodate the trading restrictions placed on these accounts with respect to principal and agency cross-transactions. When feasible, it is our practice to aggregate, for execution as a single transaction, orders for the purchase or sale of a particular security for the accounts of several clients, in order to seek a more advantageous net price. In addition, investment advisers may similarly aggregate for execution as a single transaction, trades directed to us. The benefit, if any, obtained as a result of such aggregation generally is allocated pro-rata among the accounts of clients that participated in the aggregated transaction in accordance with procedures adopted by investment managers. Client transactions are monitored regularly by branch supervisors, and Wealth Management personnel monitor Program exceptions. In addition, Cary Street Partners uses system controls and identification to restrict fee-based accounts from being charged commissions. We also review accounts to determine if clients have been charged commissions in error and correct client accounts where appropriate. Clients who have a brokerage account relationship with Cary Street Partners LLC unrelated to an advisory service will be charged commissions, fees and execution costs, if any, in effect for the specific brokerage account.

Cary Street Partners does not engage in soft dollar arrangements except to the extent your qualified custodian may provide services described below.

Schwab or First Clearing may make available, arrange and/or pay third-party vendors for the types of services rendered to Cary Street Partners. These firms may discount or waive fees they would otherwise charge for some of these services or pay all or a part of the fees to a third-party providing these services to Cary Street Partners. Schwab or First Clearing may provide other benefits such as educational events or occasional business entertainment of Cary Street Partners personnel. In evaluating whether to recommend or require that you custody your assets at

Schwab or First Clearing or any other firm, Cary Street Partners may take into consideration the availability of some of the foregoing products or services and other arrangements as part of the total mix of factors it considers and solely the nature, cost or quality of custody and brokerage services provided, which may create a potential conflict of interest.

Cary Street Partners may recommend that you establish brokerage accounts with First Clearing, Schwab or other qualified custodian to maintain custody of your assets and to effect trades for your account(s). Although, depending on the product or service, Cary Street Partners may recommend that you establish account(s) at First Clearing, Schwab, or other qualified custodian, it is your decision to custody assets with First Clearing, Schwab, or other qualified custodian. Cary Street Partners is independently owned and operated and not affiliated with First Clearing, Schwab or any other qualified custodian.

Schwab provides Cary Street Partners with institutional trading and custody services, which are typically not available to retail clients. These services are generally available to independent investment advisers at no charge to them so long as they maintain a minimum amount of client assets at Schwab. These services may be contingent upon Cary Street Partners committing to Schwab a specific amount of business (assets in custody or trading commissions). Schwab's and First Clearing's brokerage services include the execution of securities transactions, custody, research and access to mutual funds or other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For Cary Street Partners client accounts maintained in Schwab's custody, Schwab generally does not charge separately for its custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle in Schwab accounts.

In cases where you direct that broker-dealers other than Cary Street Partners or its affiliates are to be used to execute securities transactions, it is your sole responsibility to negotiate the applicable commission rates with the broker-dealers. You should also understand that such directed broker arrangements may cause you to forgo any savings on execution costs that your investment manager otherwise might be able to negotiate with such other broker-dealer or broker-dealers, such as obtaining volume or other discounts on batched orders, and that, in the aggregate, you may pay materially different commissions from such investment manager's other clients, depending upon your arrangement with Cary Street Partners. Directed brokerage arrangements may cause you to forgo any savings on execution costs that might have been provided by the wrap fee program. For your accounts subject to ERISA, you should understand that your broker arrangement must be done for the exclusive benefit of participants and beneficiaries of the plan and that it must not constitute or cause the account to be engaged in a prohibited transaction as defined by ERISA. You may wish to compare the possible costs or disadvantages of such brokerage arrangements.

As appropriate, orders effected by Cary Street Partners for you may be aggregated for the purpose of obtaining best execution. In such an event, the transactions, as well as the expenses incurred in the transaction, will be allocated according to one or more methods designed to ensure that such allocation is reasonable and equitable and does not consistently advantage or

disadvantage any account. It may not be possible to receive the same price or time of execution for all of the securities purchased or sold in an aggregated order. Therefore, such aggregated order may be executed in one or more transactions at varying prices and your order generally will receive the average price for the day with respect to such transactions. Partially filled orders will be allocated on a pro-rata, random, or otherwise equitable basis, with your order generally receiving the average price for a given day with respect to such transaction.

## **Item 13 Review of Accounts**

The services rendered by Cary Street Partners' Financial Planning area generally are single situation reviews and do not automatically provide for periodic review or update. For additional fees, your FA is available for follow-up consultations.

Financial Planning Services ("FPS") reviews encompass all client assets, assuming the client shares information concerning these assets with FPS and the FA. The reviews also encompass any investments the client does not own but may be considering such as limited partnerships. In addition to reviews that may be conducted by the FA, the reviews described above are performed by Cary Street Partners' agent and assignees who are assisted by various data processing reports, and by the FA's branch office manager as they relate to their broker/dealer supervisory responsibilities.

Financial planning advice is provided by the Financial Planning area and is delivered in the form of a written report.

- In requesting a personal financial review, the report generally includes any or all of the following:
  - a summary of your financial goals;
  - an analysis of your personal net worth (including a balance sheet and an analysis of your current asset mix);
  - an income tax and cash flow analysis; education planning to determine the savings required to fund education goals;
  - retirement security analysis;
  - life insurance needs analysis (survivor capital and income needs);
  - long-term care insurance analysis;
  - estate planning (including estate value estimates, federal estate tax estimates, and an explanation of strategies); and
  - summary and action plan (action plans do not include specific investment recommendations).
- Where you have requested an estate planning review, the report generally will include:
  - a balance sheet by ownership of assets,
  - estimates of the estate's value for you (and your spouse),
  - and estimated estate tax calculations.

When appropriate, the report also includes, for consideration, an explanation of complex estate planning strategies.

The sources of information used to provide recommendations include research materials, newspapers and magazines, and regulatory and legal publications.

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

Cary Street Partners or its affiliates may from time to time enter into solicitation agreements providing cash compensation to solicitors who secure clients for its investment advisory programs. Cary Street Partners also may from time to time enter into solicitation agreements under which it receives cash compensation for referring clients to other investment managers, including one or more of its affiliates. These agreements are fully disclosed to the client.

Cary Street Partners, or its affiliates, may from time to time enter into joint marketing activities with investment managers and/or sponsors of mutual funds in the investment advisory programs it offers. These managers and/or sponsors may pay a portion, or all, of the cost of the activities, which payment may at times take the form of reimbursement to Cary Street Partners or Cary Street Partners LLC.

Cary Street Partners may from time to time enter into arrangements with other investment advisers whereby Cary Street Partners agrees to provide certain services to clients of the investment adviser in exchange for a portion of the investment advisory fee paid to the investment advisers by the client.

Clients who have investment advisory accounts with Cary Street Partners may also have other accounts with the firm or its affiliates in which management fees are not charged. The payment of commissions in these non-managed accounts is negotiated on an entirely separate basis from the payment of fees and commissions, if any, in the investment advisory accounts.

## **Item 15 Custody**

Cary Street Partners does not maintain custody of your assets that we manage or which we advise, although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account for example, to pay your advisory fees on your instructions. Your assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank.

Your broker-dealer, bank or qualified custodian will send you directly, at least quarterly, account statements reflecting the activity in your account. You should always carefully review these statements. You should also always compare the account statements you receive from your

broker-dealer, bank or qualified custodian to any statements you may receive from Cary Street Partners Investment Advisory LLC.

## **Item 16 Investment Discretion**

The client may grant discretionary authority to Cary Street Partners under the Private Investment Management Program and, in certain instances, include the Schwab One accounts. Upon signing the Cary Street Partners Discretionary Account Agreement, we will have full discretionary power to supervise and direct the investments in these accounts, as long as the accounts have the same client registration, based on your Investment Policy Statement and any other written investment guidelines or restrictions you have provided to us. The discretionary agreement also authorizes the transfer of funds and/or securities between your accounts with like registration.

In the Private Investment Management Program, certain investment consulting programs, Cary Street Partners and its employees may accept discretionary authority over the accounts of investment advisory clients, including authority to determine the identity and amount of securities to be purchased or sold. The breadth and limitations on such discretionary authority are determined by law and by agreement with the client. For example, securities sold in a public offering generally may be purchased for certain investment advisory clients. However, certain clients may be precluded from participating in such offering if the client is designated as a restricted person. Furthermore, from time to time, Cary Street Partners may agree to comply with the investment guidelines and/or limitations set forth in negotiated client agreements, including asset allocations and restrictions. Guidelines and/or limitations necessarily vary from client to client based upon client objectives and other factors.

## **Item 17 Voting Client Securities**

Cary Street Partners may exercise proxy-voting authority for certain accounts as authorized in the client service agreement. Cary Street Partners may retain a third party vendor to provide independent proxy voting based on objective research in order to avoid any potential conflicts of interest between the client and those of the Firm. The service votes proxies on behalf of clients. The proxy voting strategy seeks to maximize shareholder value and attempts to vote the proxies in their best interests. Cary Street Partners reserves the right to recommend a different voting strategy on behalf of the client that is consistent with the client's needs and constraints.

In certain investment consulting programs, such as the Masters and Network Programs, the client may have authorized the third-party investment manager to vote proxies on his or her behalf. In those instances, Cary Street Partners will forward the proxy materials to the client's investment manager. To the extent we have contracted to do so, Cary Street Partners will provide this information to clients on behalf of third-party investment managers who vote on behalf of clients. Clients should contact their FA if they have any questions and/or to obtain this information.

## **Item 18 Financial Information**

Cary Street Partners Investment Advisory LLC's financial condition is sufficient to meet its financial commitments to clients and the firm has not been the subject of any bankruptcy proceeding.