



**Part 2A Appendix 1 of Form ADV**

**801-64239**

**Private Investment Management  
Asset Advisor  
FundSource®  
CustomChoice <sup>SM</sup>**

**Cary Street Partners Investment Advisory LLC  
1210 East Cary Street, Suite 300  
Richmond, Virginia 23219  
[www.carystreetpartners.com](http://www.carystreetpartners.com)  
804-521-3333**

**Revised March 30, 2016**

**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

This section describes the material changes to our Cary Street Partners Investment Advisory LLC **Private Investment Management, Asset Advisor, FundSource<sup>®</sup>, and CustomChoice<sup>SM</sup>** programs since the last amendment of our Form ADV on March 31, 2015.

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.

### Material Changes

Cary Street Partners Investment Advisory LLC has revised Item 15 to reflect a change in our custody status.

Item 4 has been updated to reflect the most recent year end 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, 2015, on a discretionary basis, is \$403,657,372 and the amount of client assets managed on a non-discretionary basis is \$821,209,204.

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 FA, 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 are able to 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 Cary Street Partners’ 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 the 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 will suggest changes to your portfolio as necessary. If you elect to in your advisory agreement with us, 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 qualified custodian. 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  
Allocation Advisors  
Asset Advisor ("Asset Advisor")  
CustomChoice<sup>SM</sup> ("CustomChoice")  
Diversified Managed Allocations ("DMA")  
FundSource<sup>®</sup> Consulting Service ("FundSource")  
Masters Program ("Masters")  
Private Advisor Network ("Network")  
Private Investment Management ("PIM")  
Wells Fargo Compass Advisory Program ("Compass Advisory")  
Managed Account Access<sup>®</sup>  
Managed Account Marketplace<sup>®</sup>  
Managed Account Select<sup>®</sup>  
Schwab Charitable Fund<sup>™</sup>  
Asset Management (a product of Raymond James Financial Services)

Cary Street Partners has entered into an agreement with Wells Fargo Advisors, LLC (“Wells Fargo”) in which Wells Fargo provides advisory and/or other services with respect to the programs described in this brochure. The advisory accounts described within this brochure are clients of Cary Street Partners and not Wells Fargo. Cary Street Partners is not related to or affiliated with Wells Fargo or Wells Fargo’s affiliated broker dealer, First Clearing, LLC (“First Clearing”). Unless you otherwise specify, First Clearing is the qualified custodian that will maintain custody of your assets. Please refer to Item 12 Brokerage Practice in this brochure for more information in regards to First Clearing’s custody and execution services.

While Cary Street Partners is the sponsor of these advisory programs, Wells Fargo provides certain non-advisory services which enable Cary Street Partners to offer these programs.

### **PRIVATE INVESTMENT MANAGEMENT (“PIM”)**

With PIM, certain specially trained or qualified Cary Street Partners’ FAs (called portfolio managers) provide investment advisory and brokerage services to your account on a discretionary basis. As a minimum criterion for providing advisory services, Cary Street Partners requires their portfolio managers to possess satisfactory past business experience, plus any required industry examinations and registrations. Further information on how Cary Street Partners selects and evaluates their portfolio managers is found in this brochure under Item 8. Your FA will have discretion to manage your assets to an appropriate investment strategy based on your investment objectives and individual needs.

PIM is based on both fundamental and quantitative research and other independent research. Individual PIM portfolio managers are able to develop specific investment strategies using a mix of these analytic methods. They also establish quality and concentration requirements to provide overall discipline. Such strategies ordinarily include long and short-term securities purchases and, depending on your objectives and the portfolio manager’s investment philosophy, supplemental covered option writing. In special circumstances, the strategies also include margin transactions, other option strategies and trading or short sale transactions.

Portfolio managers use third-party research to assist in developing security selection models for PIM. When seeking to anticipate trends and identify undervalued securities with sound fundamentals, portfolio managers are able to use a security selection and portfolio modeling process that incorporates fundamental, technical and statistical analyses of historical data. Due to any number of factors, including timing of deposits, investment selection process or investment needs, certain clients receive different execution prices and investment results.

Many of the services listed above can be combined under our portfolio management service. This service provides discretionary investment advice and investment management to the various accounts that make up your portfolio. In the PIM program, Cary Street Partners and its employees accept limited 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 are available to be purchased by certain investment advisory clients. However, certain clients are precluded from participating in such offerings if the clients are designated as restricted persons.

The PIM program allows investments in: exchange-listed securities; over-the-counter and foreign securities; rights and warrants; corporate, municipal and U.S. Government debt securities; securities options and futures; partnership interests involving real estate oil and gas investments; real estate investment trusts ("REITS"), mortgage backed securities; certificates of deposit; commodities and related option and futures contracts including financial futures; commercial paper; variable annuities; exchange-traded fund shares; closed-end mutual fund shares; and certain select mutual fund shares.

You retain the right to:

1. withdraw securities or cash;
2. vote securities, or delegate the authority to vote securities to another person;
3. be provided, in a timely manner, with a written confirmation or other notification of each securities transaction, and all other documents required by law to be provided to security holders; and
4. proceed directly as a security holder against the issuer of any security in the your account and not be obligated to join any person involved in the operation of the PIM program, or any other client of the PIM program, as a condition precedent to initiating such proceeding.

You have the ability to impose reasonable restrictions on the management of your account, including the designation of particular securities or types of securities that should be sold if held in the account. If your instructions are unreasonable or we (or, if applicable, the investment manager) believe that the instructions are inappropriate for you, we will notify you that, unless the instructions are modified, we will terminate the advisory agreement with you.

You will not be able to provide instructions that prohibit or restrict the investment manager of an open-end or closed-end mutual fund or ETF, with respect to the purchase or sale of specific securities or types of securities within the mutual fund.

## **ASSET ADVISOR**

Asset Advisor is a non-discretionary, client directed investment program in which your FA provides investment recommendations based on your investment objectives, financial circumstances and risk tolerances. You have the option of accepting these recommendations or selecting different investments for your account.

Most types of securities are eligible for purchase in an Asset Advisor account including, but not limited to, common and preferred stocks, exchange-traded funds, closed end funds, fee-based unit investment trusts, corporate and government bonds, certificates of deposit, options, structured products, certain mutual funds whose shares can be purchased at net asset value, and certain wrap class alternative investments, such as hedge funds. Collectively, these are referred to as “program assets.”

Hedge funds are not suitable for all investors. Hedge funds are complex investment vehicles that often use leverage and other speculative investment practices, such as short sales, options, derivatives, futures and illiquid investments that increase the risk of investment loss. This brochure is not a solicitation, recommendation or invitation to invest in alternative investments and is intended solely to disclose the availability of alternative investments within Asset Advisor.

Certain assets, such as commission based annuities, limited partnership interests, and mutual funds that cannot be purchased at net asset value are not eligible as program assets, and are referred to collectively as “excluded assets.” You are able to purchase or sell excluded assets in your account, but these transactions will incur commissions or charges.

Currently, Cary Street Partners and its affiliates are not registered to transact commodity or futures business. See Item 10 Additional Information under Other Financial Activities and Affiliations for more details.

While new-issue CDs are an eligible program asset, the yield of a new-issue CD takes into account a sales concession in order to compensate the brokerage firm that sells the CD. For certain investment consulting accounts, the underwriter retains this sales concession. Although Cary Street Partners does not receive the sales concession, it has an impact on the overall yield paid to you. Since we charge an advisory fee on all eligible assets within an investment consulting account, you are effectively charged both the sales concession (retained by the underwriter) and the investment consulting fee on the CD. These charges reduce the overall yield on the CD and, in some cases, result in a negative yield. You should be aware that you could obtain the same CD without being subject to the investment consulting fee if you purchase it in a non-investment consulting brokerage account.

An Asset Advisor account is not able to be used for market timing strategies or any extreme trading activity that Cary Street Partners or First Clearing in its sole discretion, deems detrimental to the interest of average fund shareholders or contrary to the policies or interest of mutual fund companies with whom Cary Street Partners or First Clearing maintains relationships. Cary Street Partners or First Clearing, in its sole discretion, or by direction of the fund company, reserves the right to reject any transactions or to assess a redemption fee for any partial or full liquidation execution in which the account trading appears to be inconsistent with the fund’s prospectus. Furthermore, Cary Street Partners will cooperate, when asked by a fund company, to aid in its attempt to identify and impede the efforts of FAs and investors engaging in market timing or extreme trading activity. If the fund company notifies Cary Street



Partners to reject or cancel a trade for any reason, Cary Street Partners reserves the right to cancel such trade without prior notice to you. Cary Street Partners will not be held accountable for any losses resulting from market timing activities or any action taken under its market timing policies. In addition, the frequency of mutual fund transactions and exchanges is subject to any limits established by the applicable mutual funds and Cary Street Partners.

## **FUNDSOURCE®**

FundSource is a discretionary investment advisory program that offers a broad array of complementary mutual funds from different investment classes and styles. Wells Fargo Advisors has created a number of “Optimal Blends” from the roster of Recommended Funds representing the target allocations that they believe are appropriate for a number of different investment strategies and styles. Based on the investment objectives, financial circumstances and risk tolerance outlined in your Client Profile, your Financial Advisor will recommend either an Optimal Blend or a Customized Blend, created in consultation with you, which you select as the target allocation for your Account. Once you choose an Optimal or Customized Blend, the assets in your Account will be invested by Wells Fargo Advisors on a discretionary basis.

The target allocation among the selected mutual funds in an Optimal Blend is based on the determination of the appropriate target asset allocation for your investment objective and risk tolerance, and on which mutual funds will optimally fulfill that allocation. This target allocation could be modified from time to time based upon Wells Fargo’s view of the appropriate asset allocation strategy and the optimal mix of mutual funds within the portfolio. The target allocation for Customized Blends is applied at the time your Account is established in the FundSource Program. Additions to and withdrawals from your Account will generally be allocated based on the target allocation you established for the Customized Blend.

Fluctuations in the market value of assets, as well as other factors, will affect the actual allocation at any given time. In order to maintain the Account in conformance with your target allocation, the Program will automatically rebalance it periodically if actual allocations vary by more than certain established percentages from the target allocation. You are able to select a quarterly, semi-annual or annual rebalance option. You also have the option to request us to rebalance your account as you consider necessary. If your Account is managed pursuant to a Customized Blend, you are able to opt out of automatic rebalancing.

## **CUSTOMCHOICE<sup>SM</sup>**

CustomChoice is a non-discretionary investment consulting program designed to help you allocate your assets among open-end mutual funds in accordance with your individual investment goals, objectives, and expectations. Based on the investment objectives and risk tolerance reported in your account profile, your FA will recommend an appropriate mix of various open-end mutual funds and money market funds.

You have the option of accepting any of your FA's recommendations or selecting an alternative combination of funds. We will implement your investment decisions, but will not have investment discretion over your account, except for the limited discretion to rebalance your target asset allocation, if you authorize us to do so. Over time, as changes occur in the financial markets and/or your investment objectives and circumstances, we could recommend changes in your portfolio. In making these recommendations, we will take the updated information in your account profile into consideration. You are advised that your decisions relating to investments in mutual funds could have tax consequences that should be discussed with your tax advisor. In order to maintain your portfolio in conformance with your target asset allocation, you are able to authorize us to rebalance your account using an automated rebalance trading system. You are able to select a quarterly, semi-annual or annual rebalance option. You also have the option to request us to rebalance your account as you consider necessary. You could also elect not to participate in automated rebalancing.

## **RETIREMENT SERVICES**

We advise companies on their retirement plans with an emphasis on helping them manage plan investment risks. Depending on the engagement, we conduct research on the investment process and work with plan sponsors on investment monitoring and the oversight of plan assets. We are able to serve as a section 3(21) or 3(38) fiduciary to the plan.

From time to time, through the services and programs offered by our investment personnel, our FAs will assist our retirement plan clients with various aspects of the plans, including:

1. the selection of investment companies for review as investment options,
2. education and enrollment of participants with respect to retirement investing in general fund investment options, and
3. assisting the plan's evaluation and monitoring of the performance of fund investments, or any combination of these or similar services.

In those cases where the Plan determines to utilize funds in connection with a Third-Party Administrator (TPA) and where advisory fees are paid on the investment, we and our FA will receive a share only of the fee as compensation for the services provided. The specific fee arrangement will typically be disclosed to the Plan pursuant to the TPA's contract with the Plan. For these arrangements with TPA's, the transactions in the subject investment company shares are not effected through us, but rather directly with the fund through its distributor. All shares of investment companies are subject to fluctuation of principal and yield depending on market and/or interest rate risk. We do not provide and are not responsible for any aspect of plan administration, selection of the administrator or related services.

## Item 5 Fees and Compensation

### PIM FEES:

Below are Cary Street Partner's standard fees for this program, which are negotiable.

PIM accounts held with First Clearing are charged an all-inclusive fee on program assets that covers advisory, execution, custodial, and reporting services. A portion of this wrap fee is to compensate us for services as broker on the account as well as adviser.

PIM accounts held at Schwab are charged an all-inclusive fee on program assets that covers advisory, execution, custodial, and reporting services and you pay all Schwab's commissions, transactions fees and other charges for transactions in the account. Commissions, fees and other charges on accounts held at Schwab will be assessed against your account on or about the transaction date.

Investment advisory and reporting services on accounts held at Schwab are charged by Cary Street Partners separately at inception and on a quarterly basis.

The following standard fees for the program assets are negotiable.

Total Account Value	Annualized Fee
First \$250,000	3.00%
Next \$750,000	2.50%
Next \$1,000,000	2.00%
Over \$2,000,000	Negotiable

### ASSET ADVISOR FEES

Asset Advisor accounts are charged an all-inclusive fee on program assets that covers advisory, execution, custodial, and reporting services. You pay all Cary Street Partners usual and customary commissions, transactions fees and other charges for transactions in excluded assets. Commissions and fees on excluded assets and other charges will be assessed against your account on or about the transaction date or such other date assessed by First Clearing LLC.

The following standard fees for the program assets are negotiable.

Total Account Value	Annualized Fee
First \$250,000	3.00%
Next \$750,000	2.50%

Next \$1,000,000	2.00%
Over \$2,000,000	Negotiable

For advisory variable annuities, consider any charges and fees, including mortality and expense charges, administrative charges, and investment management fees and applicable 12b-1 fees for the portfolio options. These charges and fees will reduce the value of your account and return on your investment. If you have selected a rider, or optional feature, there usually an additional cost. In addition to the annuity contract fees and expenses, you will be charged an advisory fee based on the terms set forth in your advisory Client Agreement. This advisory fee will not be taken from the variable annuity contract. Over time, your total expenses to own an advisory variable annuity are greater than the total expenses to own a similar annuity not subject to the investment management fees. Certain advisory variable annuities that are available in the Asset Advisor Program contain subaccounts, established based on your financial situation and investment objectives.

### **FUNDSOURCE™ FEES**

The following negotiable standard Fee Schedule is as follows:

<b>Account Asset Value</b>	<b>Annual Fee</b>
First \$250,000	1.75%
Next \$750,000	1.50%
Next \$1,000,000	1.15%
Over \$2,000,000	Negotiable

### **CUSTOMCHOICE FEES**

The negotiable standard Fee Schedule is as follows:

<b>Account Asset Value</b>	<b>Annual Fee</b>
First \$250,000	1.75%
Next \$750,000	1.50%
Next \$1,000,000	1.15%
Over \$2,000,000	Negotiable

### **ALL PROGRAM FEES**

For all of the programs described above, unless agreed upon otherwise, you authorize First Clearing LLC to deduct quarterly, in advance, from your account(s) the fee at the rate indicated in the fee schedule for that program. For the purposes of calculating the program fees, “value of the account” means the sum of the long market value of all Program eligible assets.

1. Margin debit balances do not reduce the market value of eligible assets and will increase the asset-based fee you are charged in your account. The increased asset-based provides an incentive for your FA to recommend the use of margin strategies. The use of margin is not suitable for all investors, since it increases leverage in your account and therefore risk.
2. For mutual funds, First Clearing LLC uses the fund's most current net asset value, as computed by the fund company. In so doing, they utilize information provided by quotation services believed to be reliable. If any such prices are unavailable or believed to be unreliable, they determine prices in good faith so as to reflect their understanding of fair market value.
3. The fee does not include certain dealer markups or markdowns, odd lot differentials, transfer taxes, exchange fees (among which SEC fees are included), and any other fees required by law.
4. Cash balances in the account are often invested in money market mutual funds including, as permitted by law, those with which we have agreements to provide administrative, distribution, and other services and for which we receive compensation for the services rendered. For more information about these funds, refer to their prospectuses.

As more fully described in each program description, the fees charged to you are different, depending on the asset classes invested by the account. Excluded from this value are securities that you purchase and wish to hold in your brokerage account, but which are not included in the services provided under the program selected by you. In this case-by-case basis, you will separately pay for the execution costs associated with making such separate transactions. The program fee will be applied to eligible cash equivalents (i.e., money market funds) held in your account. The Program fee will not be applied to cash.

The initial fee is calculated as of the date that the account is accepted into the CustomChoice program and covers the remainder of the calendar quarter. Subsequent fees will be determined for calendar quarter periods and shall be calculated on the basis of the market value of the eligible securities and eligible cash held for your particular account on the last business day of the prior calendar quarter. Should eligible cash and/or securities be added between billing periods, a proportionate fee will be charged on the value added as of the date of the addition.

No fee adjustment will be made during any fee period for appreciation or depreciation in the value of the assets in your account during that period. The account will be charged or refunded a prorated quarterly fee on any net additions or net withdrawals in the account during a month. Fees will be charged or refunded if the net addition or net withdrawal would generate a fee or refund of at least \$40 for that quarter. Fees will be accessed in the month following the net addition or net withdrawal. 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).

## **ACCOUNT TERMINATION**

Your account agreements can be terminated by either party at any time upon notice. If you terminate your agreement, a pro rata refund will be made, less reasonable start-up costs. In the event of cancellation of client agreement, fees previously paid according to the fee schedule will be refunded on a pro-rata basis, as of the date notice of cancellation is received by the non-cancelling party, less reasonable start-up costs.

If you choose to terminate your agreement with any of our programs, we can liquidate your account if you instruct us to do so. If so instructed, we will liquidate your account in an orderly and efficient manner. We do not charge for such redemption; however, you should be aware that certain mutual funds impose redemption fees as stated in their fund prospectus. You should also keep in mind that the decision to liquidate security issues or mutual funds could result in tax consequences that should be discussed with your tax advisor.

We will not be responsible for market fluctuations in your account from the time of notice until complete liquidation. All efforts will be made to process the termination in an efficient and timely manner. Factors that affect the orderly and efficient liquidation of an account include size and types of issues, liquidity of markets, and market makers' abilities. Should the necessary securities' markets be unavailable and trading suspended, efforts to trade will be done as soon as possible following their reopening. Due to the administrative processing time needed to terminate an advisory account, termination orders cannot be considered market orders. In some cases it takes several business days under normal market conditions to process your request.

## **COMMISSIONS AND MARK-UPS**

You should be aware that, depending on the circumstances, commissions or program fees charged are higher or lower than those otherwise available if an investment manager or you were to select a separate brokerage service and negotiate commissions in the absence of the extra consulting service provided. Our investment consulting standard fee schedules and commissions described herein are subject to negotiation depending upon a range of factors including, but not limited to, account sizes and overall range of services provided.

Cary Street Partners' broker-dealer affiliate, Cary Street Partners LLC, has a clearing arrangement with First Clearing LLC ("First Clearing"). First Clearing is an affiliate of the bank holding company Wells Fargo & Company. This relationship is described in our Individual and Institutional Consulting Services brochure under Item 12 Brokerage Practice. Cary Street Partners requires our clearing firm's execution services to be used for the purchase and sale of securities involved in the described programs. On occasion, you are able to designate, or the law requires, the use of other broker-dealers. Costs associated with such use will be separately charged to you.

## **MONEY MARKET SWEEP VEHICLES**

The following options are available for your cash balances as the sweep vehicle in program accounts:

1. FDIC-Insured Bank Deposit Sweep Option - a FDIC insured depository product ("Depository Product") provided by banking affiliates of Wells Fargo & Company, the bank holding company of which First Clearing is an affiliate,
2. JP Morgan 100% Treasury Securities Money Market Fund - the J.P. Morgan fund used in ERISA and Advisory IRAs, or
3. Federated US Treasury Cash Reserves-Service Shares - money market mutual fund managed and/or administered by Federated, and its affiliates.
4. WF Advantage 100% Treasury Money Market – money market mutual fund managed and/or administered by Wells Fargo, and its affiliates.

You are advised and understand that overall fees charged on account values will include these money market sweep balances. You should also be aware that your choice of investment of cash balances is limited by each program or by law, as applicable. Additional information about these funds is found in their prospectuses. Wells Fargo and its affiliates benefit financially from investments in the Depository Product. Cary Street Partners also will earn revenue from Wells Fargo and its affiliates from your investment in the Depository Product. Wells Fargo and its affiliates earn net income from the difference between the interest it pays on the Depository Product and the income it earns on loans, investments and other assets using the monies in the Depository Product. The Depository Product could be more profitable than money market mutual funds. ERISA or IRA Program accounts are able to also invest cash balances in these money market sweep vehicles as permitted by law, however Cary Street Partners does not earn revenue on the balances.

Cary Street Partners will earn revenue from Wells Fargo and its affiliates from your investment in the Federated money market funds.

As a shareholder of a money market fund, in addition to fees paid by you to Cary Street Partners under the program, you will bear a proportionate share of the money market fund's expenses, including the investment management fees that are paid to the money market fund's investment manager.

Upon enrollment or at the point of termination of the program services, the money market fund used in a "sweep" arrangement could change based on the availability of the fund in the applicable program and/or your shares could be exchanged for shares of another series of the same fund, as permitted by law.

We utilize money market funds and bank deposit sweeps as investment vehicles for the cash balances in all of your program accounts. You are advised and understand that overall fees charged on account values include these money market fund balances where the program requires it. We have agreements to provide administrative, distribution, and other services for these money

market funds and we, where permitted by law, receive compensation for the services rendered. For more information about these funds, refer to their prospectuses.

The sub-adviser could also recommend closed end funds for your portfolio for which there are similar fund expenses as described above, in addition to the fees paid to Cary Street Partners or the investment manager.

The securities that are traded for you are traded in more than one marketplace. Consistent with the overriding principle of best execution and subject to applicable regulatory requirements, we rely on First Clearing's discretion in selecting the market in which to enter your orders. They route customer orders for over-the counter and listed equity securities to exchange venues, as appropriate, with best execution being the highest priority. They receive compensation in the form of a per-share cash payment for directing order flow to these market makers. They consider a number of factors when determining where to send customer's orders, including execution speed and price, price improvement opportunities, the availability of efficient and reliable order handling systems, the level of service provided, and the cost of executing orders. First Clearing strives to execute all held orders at prices equal to or better than the displayed national bid/offer price, up to the displayed size, at the time of execution.

## **OTHER ACCOUNT FEES**

The all-inclusive fee on program assets described earlier does not include certain dealer markups and markdowns, odd lot differentials, transfer taxes, exchange fees, execution fees (foreign and/or domestic) when applicable, and any other fees required by law. Cash balances in an account are often invested in money market mutual funds including, as permitted by law, those with which we have agreements to provide advisory, administrative, distribution, and other services and for which we receive compensation for the services rendered. In a low interest rate environment, the yield that you earn on cash and cash alternatives, including cash sweep funds, CDs and money market funds can be less than enough to offset advisory fees. In some instances, the effective yield of the investment is in fact negative.

Non-transaction related fees, such as IRA fees, are not included in the wrap fee and are charged to your account separately. As more fully described in the fee schedules above, the fees you are charged differ, depending on the asset type invested in your account.

Your FA could suggest that you use other products and services that Cary Street Partners offers, but are not available through the program you selected ("excluded assets"). Excluded assets are not charged a program fee and are not considered a part of the program or program services. We generally recommend that you hold these excluded assets in a separate brokerage account. If an excluded fund purchased for or transferred into your account later becomes eligible for the program, program fees will apply to that fund and it becomes subject to the rebalance trading system. You will incur any usual and customary brokerage charges and fees imposed on transactions in excluded assets which include:



- i. any dealer markups and odd lot differentials and transfer taxes;
- ii. charges imposed by broker-dealers and custodians other than WFA and its affiliates and fees for other products and services that we and our affiliates offer;
- iii. offering discounts, commissions and related fees in connection with underwritten public offerings of securities;
- iv. margin interest and operational fees and charges;
- v. IRA fees; and
- vi. any redemption fees, exchange fees and or similar fees (among which SEC fees are included) imposed in connection with mutual fund transactions whereby Cary Street Partners or your FA receive additional compensation on these excluded assets.

## **COSTS OF INVESTING IN MUTUAL FUNDS**

In addition to program fees, as a shareholder of a money market, mutual fund or closed-end fund, you will bear a proportionate share of the fund's expenses, including investment management fees that are paid to the fund's investment adviser, who in some cases is an affiliate of the sub-adviser (Wells Fargo). Cary Street Partners receives fees from these mutual funds or closed-end funds. For more information about these funds, refer to their prospectus.

You should be aware that you are able to invest in money market funds or mutual funds directly without incurring the fee charged for participation in a program. In addition, certain institutional investors are able to directly purchase a class of shares of certain money market funds or funds that do not charge shareholder services, sub-accounting or other related fees. If you do, however, you will not receive the various program services provided under the program and some mutual funds impose a sales load on direct investments. You will receive a prospectus for each money market and mutual fund purchased, as required by securities regulation.

Cary Street Partners or Wells Fargo service providers collect such fees directly or indirectly from some or all of the mutual funds in which you invest, and Wells Fargo pays any such fees to Cary Street Partners' FAs. The amount of the fees Wells Fargo or your FA receive will vary, depending on the percentage paid according to a fund's Rule 12b-1 plan.

Certain funds make multiple no-load, institutional, advisory or load-waived share classes available for purchase through investment consulting programs. These share classes are available only through investment consulting programs and have different and lower shareholder servicing, sub-accounting, investment management and 12b-1 fees and charges from other share classes offered by those funds. As a result, some clients have purchased these lower-cost institutional share classes, while others have purchased a non-institutional share class.

A portion of the fees or commissions charged for the program services described herein are paid to our FAs in connection with the introduction of accounts as well as for providing client-related

services within the programs. This compensation can be more or less than a FA would receive if you paid separately for, where applicable, investment advice, brokerage, and other services. Therefore, a FA has a financial incentive to recommend these programs over other programs and services.

## **Item 6 Performance-Based Fees**

Our advisory services do not impose performance fees. Fees are based on the value of the assets in your account, and Cary Street Partners is not compensated on the basis of a share of capital gains or capital appreciation of the funds or any portion of the funds of client (i.e., performance fee).

## **Item 7 Types of Clients**

The 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.

### **Private Investment Management**

The minimum account size for PIM is \$50,000.

### **Asset Advisor**

The minimum account size for Asset Advisor is \$50,000.

### **FUNDSOURCE®**

The minimum account size for FundSource® is \$25,000.

### **CustomChoice**

The minimum account size for CustomChoice is \$25,000.

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

As described above, specially trained Cary Street Partners' FAs ("portfolio managers") provide investment advisory and brokerage services to client account(s) on a discretionary basis.

PIM Portfolio Managers utilize both fundamental and quantitative research as well as other independent research. Our PIM advisory services generally rely on fundamental securities analysis with perhaps some use of technical analysis as well. Portfolio Managers develop investment philosophy using the mix of these analysis methods. Quality and concentration requirements are established to provide an overall discipline and safety element to the Program. Such strategies ordinarily include long and short-term purchases of securities and, depending on your objectives and the Portfolio Manager's investment philosophy for your account, supplemental covered option writing. However, in special circumstances the strategies also include margin transactions, other option strategies and trading or short sale transactions.

Cary Street Partners utilizes information from a variety of sources to perform manager and fund due diligence and on-going monitoring.

The investment strategies utilized depends on your investment objectives and financial goals as provided to us. Most portfolios are constructed along basic investment objective categories such as,

- a. Conservative Growth,
- b. Conservative Growth and Income,
- c. Conservative Income,
- d. Moderate Growth,
- e. Moderate Growth and Income,
- f. Moderate Income,
- g. Long-Term Growth,
- h. Long-Term Growth and Income,
- i. and Long-Term Income.

Strategies accordingly encompass either long-term purchases, short-term purchases, or in some cases, trading and speculation and margin transactions.

The Cary Street Partners Portfolio Advisory Group facilitates the process by which managers and funds are recommended and made available to Financial Advisors (FA) to be used in certain client customized portfolios.

The Portfolio Advisory Group works with outside consultants and our clearing agents to assess the products which are made available to clients. Such consultants include First Clearing, LLC, Wells Fargo Advisors, LLC and Rogerscasey. While many of the products offered are "ranked" by one of these consultants, Cary Street Partners, on occasion, conducts or causes to be conducted its own "due diligence" to determine the merits of a product. All such "rankings" and opinions are made available to Financial Advisors for their use in determining the products to offer a client.

Through its consultants and their ranking and due diligence, Cary Street Partners seeks to offer FAs a wide variety of investment asset and sub-asset classes, styles, and vehicle types, including managers/funds in both traditional long-only marketable securities and alternative assets (directional and absolute return hedge funds and fund of funds). Such asset classes and styles include growth, value and core equities; large, mid, small, micro and all cap stocks; government, corporate, municipal, mortgage-backed, convertible, floating rate and other short-term fixed income instruments; U.S., developed, emerging and global market mandates; commodities and precious metals; MLPs and REITs; preferreds; region, country and sector specific strategies; and asset allocator and sector rotation funds.

Our consultants recommend and monitor unaffiliated third party investment managers and focus on those that have demonstrated a high degree of proficiency in a particular strategy or asset class. In evaluating a manager, both quantitative and qualitative factors are used. Quantitative factors include (1) historical performance and consistency of returns, (2) risk-return profile, (3) use of leverage, and (4) market/peer group correlation. Qualitative factors are also very important and include (1) the experience and integrity of the portfolio managers, analysts and traders, (2) the quality of the manager's infrastructure, (3) the soundness and capacity of the investment strategy, and (4) the manager's risk management controls.

Managers are identified through the professional network of contacts of individual Portfolio Advisory Group members, FAs, and other firm personnel; commercially available databases; referrals from existing or prospective managers; and unsolicited meetings with managers. A manager, product or strategy not previously considered is reviewed by one of our consultants and a determination is made on its merits. For those managers, products and strategies not followed by one of our consultants, the firm conducts its own review. The manager, product or strategy is then presented to the Commitment Committee, who determines the suitability of the product for Cary Street Partners' clients.

For those managers and/or products covered by our consultants, ongoing monitoring is conducted by the consulting firm in a disciplined, scheduled process, depending on the type of strategy, vehicle, whether returns are within expectations, and whether there are newsworthy events about the manager. For those managers and/or products recommended through the Commitment Committee and for which Cary Street Partners, itself, has conducted the due diligence, similar monitoring is conducted by the Investment Banking team.

Schwab determines the investment managers and investment strategies for Managed Account Marketplace®, Managed Account Select® and Managed Account Access®. You can find Schwab's review process and evaluation procedures in their disclosure brochure that your FA will give you at the time of opening an account.

Wells Fargo LLC determines the investment managers and/or investment strategies for FundSource, Allocation Advisors, DMA, Wells Fargo Compass, Masters, Private Advisor Network and Customized Portfolios. You can find Wells Fargo's review process and evaluation procedures in their disclosure brochure that your FA will give you at the time of opening an account.

Raymond James Financial Services, Inc. determines the investment managers and/or investment strategies for RJCS and the Outside Manager Program. You can find Raymond James' review process and evaluation procedures in their disclosure brochure that your FA will give you at the time of opening an account on the Raymond James platform.

## **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 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 are shown transactions represented by Cary Street Partners LLC. If they elect to do so and are acceptable to the issuer and its counsel, these clients purchase securities in some of those offerings.

In addition, Cary Street Partners Holdings LLC has completed private placements of securities and some of our qualified advisory clients invested in those offerings. The firm could offer similar investments to our investment advisory clients in the future.

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 receive a referral fee for referring clients for consulting and tax services. You should inquire if your FA will be compensated if such a referral is made.

Cary Street Partners provides 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, from time to time, enters 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 accept payment for reasonable travel and lodging expenses from money managers when performing due diligence reviews or educational meetings 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.

## **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 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 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 Commitment Committee approval and/or a period of 24 hours after significant recommended asset allocation adjustments are determined.

Our portfolio managers 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 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.

Personal trading by Cary Street Partners employees must be conducted in compliance with all applicable laws and procedures adopted by Cary Street Partners. We place restrictions upon certain of our personnel in connection with the purchase or sale of securities recommended to you. It is Cary Street Partners' internal policy that certain management personnel 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. Portfolio Advisory Analysts are prohibited from purchasing securities that an analyst has recommended for 24 hours following the official release of the recommendation. All trades in accounts of personnel in these departments and of FAs and their immediate relatives are subject to supervisory review. 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 exists with respect to any client.

Cary Street Partners and its investment personnel 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 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.

## **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.

Other judgmental factors utilized in determining the broker-dealer to affect your transactions 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.

Depending on the product or service, Cary Street Partners recommends that you establish account(s) at First Clearing, Schwab, Raymond James or another qualified custodian. Ultimately, though, it is your decision to custody assets with First Clearing, Schwab, Raymond James or another qualified custodian. Cary Street Partners is independently owned and operated and not affiliated with First Clearing, Schwab, Raymond James or any other qualified custodian.

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

For our clients' accounts that Schwab, Raymond James or First Clearing maintains, the qualified custodian 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, Raymond James or First Clearing 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 Do Not Directly Benefit You.** Schwab, Raymond James and First Clearing also make available to us other products and services that benefit us but do not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, Raymond James', Schwab's or First

Clearing's own research and that of third parties. We 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 and First Clearing also make 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, Raymond James or First Clearing provide some of these services themselves. In other cases, they arrange for third-party vendors to provide the services to us. Schwab, Raymond James or First Clearing also discount or waive fees for some of these services or pay all or a part of a third party's fees. Schwab, Raymond James or First Clearing 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, Raymond James 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 gives us an incentive to recommend that you maintain your account with Schwab, based on our interest in receiving Schwab's (or First Clearing'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 effect and execute brokerage transactions. On occasion, you are able to designate, or the law requires, the use of other broker-dealers. Costs and transaction fees arising from such use 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 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 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. Cary Street Partners uses system controls and identification to 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 provides services as described above. In evaluating whether to recommend or require that you custody your assets at Schwab or First Clearing or any other firm, Cary Street Partners takes 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 creates a potential conflict of interest.

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 cause you to forgo any savings on execution costs that your

investment manager otherwise is 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 could pay materially different commissions from such investment manager's other clients, depending upon your arrangement with Cary Street Partners. Directed brokerage arrangements 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 should compare the possible costs or disadvantages of such brokerage arrangements.

As appropriate, orders effected by Cary Street Partners for you are 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 is rarely 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 is 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**

Cary Street Partners associates will review your account on a periodic basis (typically quarterly, but sometimes more or less frequently, if the client desires) to evaluate performance, concentration, style drift, cash flows, adherence to investment guidelines or restrictions, investment selection, and asset quality and other metrics of the investment vehicle.

Cary Street Partners, if requested, will show you how the investment compares to its peers and/or relevant benchmark and provide other assessments.

Upon the opening of each account, your investment objectives and strategy are reviewed for approval and consistency. Thereafter, accounts are reviewed on a transaction, monthly, quarterly or annual basis, as applicable, to monitor the account's performance, the individual mutual funds for appropriateness, and certain restrictions that apply.

We provide you, through the services of our sub-advisers, with periodic portfolio monitoring services which include a statistical presentation of the performance of your account(s) (if requested), based on such information as is reflected on our records and outgoing comparisons of such performance with selected industry indices. Normally, the periodic portfolio monitoring report is calculated based on the activity of the account since its inception in our program. As an additional service, we are able to include supplemental historical information as provided by

you, your previous qualified custodian or investment adviser related to your account when it was held outside of our program. At your direction, where feasible, we will incorporate this information in a consolidated periodic portfolio monitoring report. We have not reviewed or audited any of this supplemental historical information and do not in any way certify, guarantee, or provide any assurance as to the reliability of the information. In addition, we do not guarantee the accuracy of the calculations performed on such information nor offer any assurance that the portfolio monitoring report was calculated in accordance with accounting or industry standards. The additional time necessary to obtain, input, and report on the historical information can cause a delay in producing the portfolio monitoring reports for accounts new to our program.

In addition, your custodian will transmit to you (and where appropriate the investment manager) the following:

- a. trade confirmations reflecting all transactions in securities; provided, however, that we furnish periodic statements of account activity in lieu of transaction-by-transaction confirmations to the extent and in the manner permitted by Rule 10b-10 under the Exchange Act; and
- b. a statement of account activity at least quarterly.

Program services provided by our personnel and facilities include a review and monitoring of your account(s).

You agree to inform us in writing of any material change in your financial circumstances that might affect the manner in which your assets should be invested. Those changes deemed material or appropriate will be forwarded to any applicable investment manager under the particular program as soon as practicable after we become aware of the change. In addition, those responsible for making investment decisions for you will be reasonably available to you for consultation.

The services provided, if elected, include quarterly progress reviews for the client's account. The reports include a review and evaluation of the client's portfolio with respect to the client's investment goals and objectives. Such reports contain our investment recommendations for the client's account.

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

Cary Street Partners or its affiliates 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 from time to time enters 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, will 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 pay a portion, or all, of the cost of the activities, which payment at times takes the form of reimbursement to Cary Street Partners or Cary Street Partners LLC.

Cary Street Partners will 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 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**

The broker-dealer, as selected by you, will act as the qualified custodian of assets held in your Cary Street Partners Investment Advisory LLC account. The relationship between the qualified custodian, Cary Street Partners and you is more fully described in Item 12 (Brokerage Practice).

In certain circumstances the firm may be deemed to have custody of your assets. These circumstances are as follows:

- With your authorization, the firm deducts fees from your account.
- The firm will accept your standing instructions for the delivery of funds or securities from your account.
- The firm may, on occasion, accept a stock or other certificate for deposit into your advisory account.

The qualified custodian chosen by you will provide account statements, at least quarterly, directly to you. You should carefully review all statements and compare any performance reports sent by Cary Street Partners for accuracy. Performance reports provided by Cary Street Partners directly should not be used for tax purposes.

## **Item 16 Investment Discretion**

The client is able to grant discretionary authority to Cary Street Partners under the Private Investment Management Program. Upon signing the Cary Street Partners Advisory 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, Cary Street Partners and its employees accept discretionary authority, when granted, 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 are able to be purchased for certain investment advisory clients. However, certain clients are precluded from participating in such offering if the client is designated as a restricted person. Furthermore, from time to time, Cary Street Partners agrees 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 has the right to exercise proxy-voting authority for certain accounts as authorized in the client service agreement. Cary Street Partners will 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 has 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.