



**Part 2A of Form ADV**

**801-64239**

**Individual and Institutional Consulting Services  
Retirement Plan Participant Investment Education Services**

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

**Revised December 11, 2015**

**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 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.

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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.

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.

All of the services described in this brochure begin with a consultation with you by a Cary Street Partners’ Financial Advisor (“FA”) to review your investment objectives, financial situation, and risk tolerance. You are asked to complete a Client Profile/Investment Policy questionnaire (“client profile”) to document the results of this assessment. After review of your account 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 client 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.

The amount of client assets managed as of December 31, 2014, on a discretionary basis, is \$305,559,026 and the amount of client assets managed on a non-discretionary basis is \$748,843,706.

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 may suggest changes to your portfolio as necessary. If you choose to, 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®  
Schwab Charitable Fund™  
Asset Management (a product of Raymond James Financial Services)

Individual and Institutional Consulting Services and Retirement Plan Participant Investment Education Services are described in this brochure. Other brochures, available upon request, describe the investment consulting service program and fee structures for the other programs listed.

## **INDIVIDUAL AND INSTITUTIONAL CONSULTING SERVICES**

Through the Individual and Institutional Consulting Services, approved Cary Street Partners' FAs provide a la carte consulting services and/or full consulting services to you.

These programs allow FAs to provide highly tailored services to select clients needing customized consulting services. All services and programs listed above begin with a consultation with you by a Cary Street Partners' FA to review your investment objectives, financial situation, and risk tolerance. You are asked to complete a Client Profile/Investment Policy questionnaire ("client profile") or an Investment Policy Statement to document the results of this assessment. After a review by your FA of your account profile, the FA will help you select a specific investment option or options that match your investment objectives, risk profile and financial condition and will assist in determining which program would fit your needs.

Using our experience and internal due diligence process, we recommend vehicles that are suited for you. Our due diligence includes:

- a. a review of management and ownership stability,
- b. growth of assets under management,
- c. regulatory compliance,
- d. strategy stability,
- e. portfolio manager experience,
- f. performance track record,
- g. volatility,
- h. staffing,
- i. operations,
- j. style drift,
- k. concentration,
- l. level of risk,
- m. ease of doing business,
- n. vision philosophy,
- o. culture,
- p. research and investment process,
- q. fees, charges,
- r. limitations, and

- s. restrictions placed on the investor (*e.g.* lock-up periods, access to capital, withholding of fees, frequency of valuations, etc.).

Cary Street Partners places significant emphasis on our assessment of the quality of individual companies and the management and people associated with the investment manager. Cary Street Partners, therefore, will periodically visit with or speak to the management and employees of the investment manager.

The established programs listed above are managed by third-party investment advisers as sub-advisers to Cary Street Partners. The sub-advisers are Wells Fargo Advisors, LLC (“Wells Fargo”), Raymond James Asset Management (“Raymond James”) and Charles Schwab & Co., Inc. (“Schwab”). Other sub-advisers could be available upon request and review.

In addition to the established programs listed above, Cary Street Partners through its Portfolio Advisory Group and FAs maintain their own asset allocation and separate lists or rosters of investment selections, mutual funds and investment managers.

You are able to enter into more than one contract with Cary Street Partners for the delivery of more than one program or set of programs. The Individual and Institutional Consulting Services is used to aggregate your accounts for consulting and billing purposes. The Individual and Institutional Consulting Services offer one or more of the following services:

**A. Asset Allocation Review:**

Cary Street Partners will provide an Asset Allocation Review designed to identify one or more target investment portfolios for you in terms of risk and return. This review will be based on certain information requested by Cary Street Partners and provided by you.

**B. Investment Manager/Mutual Fund Search Report/Interviews:**

Cary Street Partners will provide an investment manager, Exchange Traded Fund (“ETF”) or Mutual Fund Search Report to you. This report will provide you with a list of a minimum of two (2) investment managers (mutual fund or separately managed account managers) whose investment philosophies and policies are compatible with your account profile or your specific request. Generally, the decision to retain any particular investment manager rests with you but there are exceptions such as in the Private Investment Managers program. Cary Street Partners will not assume responsibility for:

1. your selection of an investment manager,
2. the investment manager’s investment decisions,
3. performance,
4. compliance with applicable laws or regulations, or

5. for other matters within the investment manager's control.

**C. Manager Due Diligence:**

Cary Street Partners will review or monitor investment managers to ensure policy compliance within established guidelines, analysis of portfolio style characteristics, performance, and investment process and philosophy.

**D. Past Performance Review:**

Cary Street Partners will provide a past performance review evaluating the historical performance of your portfolio for a mutually agreed upon period of time comparing various aspects of such performance to mutually agreed upon benchmarks. Account data will be derived from your custodian statements, electronic data feeds, or other sources provided by you for the agreed upon time period. Cary Street Partners will not be responsible for verification of the information supplied by your custodian or you.

**E. Performance Monitoring Reports:**

Cary Street Partners will, if you choose, periodically provide performance monitoring reports evaluating the historical performance of your portfolio over various time periods as well as comparing various aspects of such performance to mutually agreed upon benchmarks. Account data will be derived from your custodian statements, electronic data feeds, or other sources provided by you for each period. Cary Street Partners will not be responsible for verification of the information supplied by your qualified custodian or you. You will be required to specifically agree to allow your custodian to provide account information, including daily electronic trade data, directly to Cary Street Partners or its approved vendors for the production of your statements or other required monitoring reports or reviews.

**F. Additional Services for Employee Benefit Plans:**

Cary Street Partners will provide general consulting for plans including 401(k) and other retirement plans. General consultation will be offered on a plan sponsor level only; participant level consultation is not provided under this service.



**G. Other:**

Other services provided to you by Cary Street Partners will be assessed on an individual basis. These services can include special, one-time or on-going services that are more complex and unique than those listed above.

**RETIREMENT PLAN PARTICIPANT INVESTMENT EDUCATION 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.

The Retirement Plan Participant Investment Education Services ("Participant Investment Education Services") is a service under which an employer can contract with Cary Street Partners to have one of Cary Street Partners' FAs provide one or more of a series of financial education seminars for the benefit of participants in the employer's retirement plan or plans. The seminar subjects offered include:

1. Retirement Planning,
2. Basics of Investing/Asset Allocation,
3. 401(k) Enrollment,
4. Retirement Plans Distributions, and
5. Mutual Fund Investing.

Additional seminar subjects could be available upon request.

Seminars offered through Participant Investment Education Services are generic in nature and do not contain recommendations to invest in any particular security. The seminars focus on education of employees about:

1. asset allocation,
2. the definition of various asset classes,
3. potential risks and rewards,
4. the advantages of tax-deferred or tax-free investing,
5. options available when receiving a retirement plan distribution, and
6. other similarly generic subject matter.

Neither Cary Street Partners nor any of Cary Street Partners' FAs will have any discretion or control with respect to any employee or employer account in connection with the Participant Investment Education Services. Additionally, neither Cary Street Partners nor any of Cary Street Partners' FAs will be responsible for rendering any legal, accounting, or actuarial advice to any employee or employer within the Participant Investment Education Services.

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 can be purchased or 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.

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 or ETF.

## **Item 5 Fees and Compensation**

You are able to choose the manager's affiliate, Cary Street Partners LLC, to provide all execution services relative to the purchase, sale, transfer, exchange and redemption of securities for the account(s). Cary Street Partners LLC has entered into a brokerage clearing agreement with its clearing agent, First Clearing, LLC, in which the clearing agent will execute transactions and perform clearance for the account(s). First Clearing, LLC will be compensated by Cary Street Partners LLC and Cary Street Partners LLC will pay First Clearing, LLC a portion of the advisory fee charged to you for their services related to their advisory service platform.

For accounts held at Charles Schwab & Co., Inc., accounts are charged a negotiable annual fee by Cary Street Partners, as well as commission and transaction charges by Schwab. The fee charged by Cary Street Partners in comparison to other advisory programs offered by the firm are lower to accommodate the additional commission charges by Schwab.

In the case of ERISA accounts, the manager is able to place orders for the execution of transactions with or through such brokers, dealers, or banks as are permitted under the terms of the plan and, complying with Section 28(e) of the Securities Exchange Act of 1934, may pay a commission on transactions which could be in excess of the amount of commission another broker or dealer would have charged. All brokerage commissions and other costs associated with the purchase or sale of securities and other investment instruments, mutual fund or other investment fund fees, or fees of third-party investment managers recommended by the manager, custodian fees, interest, taxes and other account expenses are the responsibility of the client and are not covered by the manager's fee. Except with the prior written consent of the client and provided that the conditions of an applicable exemption under ERISA are satisfied, the manager shall not engage any affiliate of the manager to perform brokerage services.

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 could be 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 can be 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.

## **INDIVIDUAL AND INSTITUTIONAL CONSULTING SERVICES - FEES**

For investment consulting services, compensation is derived as a fee, based upon the percentage of assets under management. The compensation method is explained and agreed upon by you before any services are rendered.

The compensation for our full investment consulting services, which includes:

1. developing and implementing an investment policy and objectives,
2. formulating asset allocation analysis and recommendation,
3. selecting and monitoring investment managers,
4. monitoring your investment results, is as follows:

First million dollars	1.50%
Next \$2 million	1.00%
Next \$2 million	.75%
Next \$5 million	.65%
Over \$10 million	Negotiable

The fees for Cary Street Partners' investment consulting services and other terms of the client agreement are negotiable. Fees paid by you and other clients who have selected the same payment option may vary, depending on several factors. Those factors include, among other things, the size and type of the account, the relative complexity of servicing the account, and the level of customization.

These fees are for investment consulting services only and do not include any applicable transaction fees, commissions, or other management fees charged by non-affiliated third parties including investment managers that are recommended to you.

The compensation arrangement and qualified custodian selected by you could cost you more for the total trade execution and consulting services you receive, depending upon the level of trading in your account and the total commissions charged. You should determine which compensation arrangement is in your best interest. You should be aware that Cary Street Partners will seek to obtain the best execution when directed by you.

### **“Fixed Fee” Arrangements**

Under a “Fixed Fee” arrangement, you agree to pay Cary Street Partners one or more agreed-upon amounts on one or more agreed-upon dates. Fees payable for “fixed fee” arrangements cover only the consulting services provided by Cary Street Partners and do not cover any securities transactions effected for your account(s) with or through Cary Street Partners, investment management fees, administrative costs, custodial fees, or any other fees.

### **“Percentage Fee” Arrangements**

In the case of quarterly fees based on the value of your account, each quarterly fee will be payable in advance of the period for which services are to be rendered. Your fee will be determined by referencing the value of your assets as reported by your qualified custodian and will represent a pro rata portion of an annual fee equal to an agreed upon percentage of the value of your account.

The table below represents a typical fee range for each service:

<b>Service Requested</b>	<b>Fee Range</b>
<b><u>Flat Fee Arrangement</u></b>	
Investment Policy Statement	\$1,500 - \$4,000
Asset Allocation Review	\$3,000 - \$10,000
Investment Manager Search	\$3,000 - \$10,000
Manager Due Diligence	\$2,000 - \$5,000 (per year per manager)
Mutual Fund Search	\$1,500 - \$3,000
Past Performance Review	\$5,000 - \$10,000
Performance Monitoring Report	\$2,000 (per manager with minimum \$10,000 per year)
Performance Monitoring Report (Custom)	\$4,000 (per manager with minimum \$20,000 per year)
Retainer On-going Consulting Service	Flat Fee - Negotiable
<b><u>Percentage Fee Arrangements</u></b>	
Retainer On-going Consulting Service	0.10% - 0.80% of AUM
<b><u>Flat or Percentage Fee Arrangements</u></b>	
Employee Enrollment	Negotiable
Other	Negotiable

Cary Street Partners' initial fee will be payable in full by you on the effective date of the client agreement and will be based on the value of your account as of the commencement date.

## **RETIREMENT PLAN PARTICIPANT INVESTMENT EDUCATION SERVICES - FEES**

From time to time, through the services and programs offered by our Wealth Management Group, Cary Street Partners LLC's FAs will assist our retirement plan clients with various aspects of the plans, including the selection of investment companies for review as investment options, education and enrollment of participants with respect to retirement investing in general or specific fund investment options, 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 only are paid on the investment, we and our FA will receive a share 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 the TPA, 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.

The fees charged for the Participant Investment Education Services are negotiable and, accordingly, differ from client to client based upon a number of factors. These factors include, but are not limited to, whether you have or will have an account with Cary Street Partners, the type and size (or expected size) of the account, the number and range of supplemental advisory and other services to be provided to you. In addition, Cary Street Partners, from time to time, agree to provide services under the program at no cost.

Fees for the Participant Investment Education Services can be charged by the day (\$2,000 - \$4,000), by the seminar (\$500 - \$2,000), by the employee (\$10 - \$75), or by a fee based upon a percentage of plan assets. Travel, incidental expenses, and material costs will be charged to the employer separately.

Cary Street Partners' investment consulting services regarding the Participant Investment Education Services program is limited to financial education seminars. Any investments made through Cary Street Partners LLC (broker-dealer affiliate of Cary Street Partners) by an employer or employee participating in the program would not be made under the Participant Investment Education Services program, but rather through Cary Street Partners LLC's clearing firm as qualified custodian and separate compensation in connection with those investments will be imposed. Please see Item 10 Other Financial Activities and Affiliations for a description of our broker-dealer affiliate, Cary Street Partners LLC and Item 12 Brokerage Practice in regards to Cary Street Partners LLC's relationship with the clearing firm.

These fees are for investment consulting services only and do not include any applicable transaction fees, commissions, or other management fees charged by non-affiliated third parties including investment managers that are recommended to you.

You should be aware of your responsibility to verify the accuracy of the fee calculation submitted to the qualified custodian by Cary Street Partners, because the qualified custodian may not determine whether the fee has been properly calculated. Also, investment consulting services fees charged by Cary Street Partners are separate and distinct from fees and expenses charged by mutual funds, which may be recommended to you. A description of these fees and expenses are available in each fund's prospectus.

Investment consulting services begin with the effective date of the agreement. For that calendar quarter, fees will be adjusted pro rata based upon the number of calendar days in the calendar quarter that the agreement was effective.

Cary Street Partner's fees are generally paid quarterly, in advance, based on the value of the account(s) as of the close of the previous quarter, or unless otherwise negotiated with you as provided in the agreement. For new client accounts, Cary Street Partners' fee will be pro-rated for the remaining calendar quarter. Cary Street Partners service can be terminated by either party upon written notification in accordance with the applicable contractual notice of termination. Upon termination, the fees charged for advisory services may be pro-rated, and a refund for any unearned fees will be issued. You can cancel the agreement without penalty within the first five (5) days after the signing of the agreement.

### **ADDITIONAL COMPENSATION**

A portion of the fees or commissions charged is paid to our FAs in connection with the introduction of accounts as well as for providing client-related services. This compensation is more or less than a FA would receive if you paid separately for, where applicable, investment advice, brokerage, and other services. Therefore, FAs have a financial incentive to recommend this service over other services.

From time to time, we will compensate our other employees for referrals of potential clients to the investment consulting services. Actual presentation and solicitation of these services are made by our FAs, not the referring employee. The referral compensation takes the form of a payment to the employee of a percentage of the fees described in each program brochure and results in no additional fees on your part.

You are able to deduct fees from your assets or be billed for fees incurred.

Depending on the particular program, Cary Street Partners has no preference where you custody assets or the qualified custodian that is selected for trading. However, when you desire to create a portfolio of mutual funds and/or specific securities, Cary Street Partners will provide you with the names of investment managers and qualified custodians from which you

may choose if asked. Cary Street Partners will make recommendations based on your needs and the services provided by the qualified custodian, such as;

- a. ability to execute,
- b. margin rates,
- c. on-line access to accounts,
- d. transaction charges,
- e. consolidated reporting,
- f. duplicate monthly statements,
- g. access to mutual funds, including lower sales charges than for direct purchases and lower minimum purchase amounts.

Cary Street Partners does not expect that you will pay commissions to qualified custodians that the investment manager recommends that are higher than those obtainable from other qualified custodian for comparable client services. However, there can be no assurance that you will pay the lowest commissions available. See Item 12 Brokerage Practice for more information in regards to the firm's relationship with qualified custodians and related costs.

You should be aware that commissions or program fees charged can be higher or lower than those otherwise available if an investment manager or you were to select a separate qualified custodian 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 size and overall range of services provided.

Each investment manager retained by you will act solely as agent for you and not for Cary Street Partners. Cary Street Partners will not accept any compensation from the investment manager on behalf of the client.

In addition to investment consulting services fees paid by you, you will bear a proportionate share of the fund's expense as a shareholder of the money market fund, including the investment management fees that are paid to the fund's investment adviser. Cary Street Partners and/or your FA recommends, or program investment managers may select, mutual funds and closed end funds for you, and you will bear their proportionate share of these funds' fees and expenses. Cary Street Partners or the investment managers may receive fees from these mutual funds or closed-end funds. Cary Street Partners may earn fees from its possession and temporary investment of cash balances in your accounts before they are "swept" into a money market fund or depository product.

You are advised and understand that overall fees charged on account values may include "sweep" money market fund, to the extent permitted by law. You should also be aware that your choice of investment of cash balances is limited by the program or by law, as applicable.

If the investment consulting service Cary Street Partners provides to you is terminated, but you still maintain a brokerage account with Cary Street Partners LLC, the money market fund used in a “sweep” arrangement can be changed and/or your shares could be exchanged for shares of another series of the same fund. You will bear your proportionate share of the money market fund’s fees and expenses.

You are assessed a redemption fee by mutual fund companies for short-term trading activity as stated in each fund company’s prospectus. The specific holding periods and the imposed fees vary by the mutual fund company and their related distributor. Cary Street Partners, in conjunction with the fund companies, reserves the right to reject inappropriate trades and/or terminate your agreement, as appropriate.

**Subject to restrictions imposed by applicable laws, you authorize our clearing agent to grant a general lien and security interest in your mutual fund securities, or any series or class (“mutual fund shares”) that have not been settled by Cary Street Partners with its clearing agent, together with any and all payments, dividends, distributions and proceeds of the foregoing, to secure any amounts owed by Cary Street Partners to clearing agent in payment for any such mutual fund shares purchased by Cary Street Partners for you.**

Clients are able to have accounts with our affiliate, Cary Street Partners LLC, a registered broker-dealer and member of FINRA / SIPC. Financial Advisors, depending on the client’s financial situation and investment objectives, may recommend that the client purchase securities or other investment product, including investments with asset-based sales charges or service fees on a commission basis through our affiliate. This presents a potential conflict of interest by providing an incentive to recommend investments based on the compensation received, rather than on a client’s needs. These potential conflicts are disclosed in various ways, including conversations with the clients, educational pieces provided to the client at the time of sale, in the prospectus and by disclosures on the confirmations. Clients should be aware they have options on how they can invest and may want to consider other brokers or dealers that are not affiliated with Cary Street Partners Holdings LLC.

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

Our advisory services in the Individual and Institutional Consulting Services 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).



## Item 7 Types of Clients

These investment consulting services 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.

Cary Street Partners imposes the following minimum asset sizes:

Product	Minimum Account Size
Individual Consulting	Negotiable
Institutional Consulting	Negotiable
Personal Financial Planning Services	None
Retirement Plan Investment Education Services	None

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

In regards to the established programs managed by sub-advisers and where the investment managers are selected by you, the investment managers employ similar methods of analysis that are described to you by the program brochure and the sub-adviser's brochure related to the established program you have chosen.

The investment managers employ a variety of investment strategies, depending on your investment objectives. Investing in securities involves risk of loss that you should be prepared to bear. Such strategies ordinarily include long or short-term purchase of securities and, depending on your objectives and investment managers' style, supplemental covered option writing. However, in special circumstances the strategies may also include margin transactions, other option strategies and trading or short sale transactions.

Investment techniques and strategies recommended generally will involve long-term and short-term holdings of securities or other investment products, depending on your financial goals, investment objectives and desires. The sources of information used to provide recommendations include research materials, databases, newspapers and magazines, and regulatory and legal publications.

Cary Street Partners utilizes information from a variety of sources to provide data on mutual funds and other financial data and investment research.

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, and
- i. Long-Term Income.

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

Investments have some degree of risk, and clients may experience loss. Based on the consulting process we attempt to identify the risk you are willing to bear based on your financial situation and investment objectives.

Certain funds in which you are able to invest are illiquid and have restrictions on transferability and resale. Such investments are typically subject to lock up periods preventing investors from engaging in withdrawals. In addition, such investments are typically offered on a private placement basis, which requires investors to have substantial amounts of assets. These funds often invest in high risk securities and other assets which may lose value. For these reasons, clients wishing to invest in illiquid investment options must have appropriate levels of investable assets to invest and should not put their money into these type funds unless they have considerable investment experience and meet appropriate suitability requirements.

Alternative Investments include but are not limited to funds of funds (multi-manager) and direct investment (single manager). Subclasses of alternative investments may include; hedge funds, private equity, real estate, and commodities. These funds are basically private investment pools for wealthy, financially sophisticated investors. Traditionally, they have been organized as partnerships, with the general partner (or managing member) managing the fund's portfolio, making investment decisions, and typically, investing personally in the fund.

These investment managers generally seek to target a specific range of performance and attempt to produce targeted returns irrespective of the underlying trends of the stock market. In an attempt to achieve this performance, alternative investment managers typically use sophisticated investment strategies and techniques. You should keep in mind that alternative investments such as hedge funds are speculative, involve a high degree of risk, may have substantial fees and charges, and are suitable only for the investment of the high-risk capital portion of your portfolio.

Hedge funds very often use speculative investment and trading strategies which involve a high degree of risk. Some hedge funds or fund of funds of hedge funds have low volatility compared to the stock markets or in some cases the bond markets. This leads some investors to mistake these types of alternative investments for “risk free” or “safe” investments. Investing in these hedge funds or fund of funds of hedge funds involves inherent risks and performance can be highly volatile.

To achieve positive investment performance, hedge fund managers use sophisticated strategies and techniques such as short selling, arbitrage, hedging and leverage. Furthermore, some investment managers invest heavily in concentrated positions of a single issuer or market, distressed and bankrupt companies, derivatives such as options and futures contracts, volatile international markets, and privately issued securities. Due to the strategies (and inherent risks) hedge funds employ, you can lose your entire investment. If you cannot afford to lose your entire investment, hedge funds and fund of funds of hedge funds are not suitable for you.

Hedge funds, whether registered or unregistered, are illiquid investments and are subject to restrictions on transferability, resale and liquidity. Almost all hedge funds and funds of hedge funds restrict liquidity to monthly, quarterly, semi-annual or annual intervals. Funds of funds also typically require a “redemption notice,” sometimes up to 90 days or more in advance of the desired redemption date. There are no specific rules on hedge fund pricing. Many registered hedge fund units are non-redeemable at the investor’s option as the secondary market is very inefficient and offers little liquidity. It is possible you will not be able to get the money you invested in the hedge fund back when you want to liquidate the investment.

The hedge fund manager has total trading authority over the fund. The use of a single adviser applying generally similar trading programs could mean lack of diversification, and, consequently, higher risks. Furthermore, most single hedge funds are founded by an individual or partners. It is solely the investment manager’s skill that is responsible for returns for these funds. If the founder or key person is incapacitated or departs, the hedge fund returns can be impacted.

Neither you nor Cary Street Partners will have any control or power in the management of the fund, although you will receive periodic reports from the fund manager. The fund does not always provide all the information as requested by you because certain information is considered proprietary or otherwise confidential. This lack of information can make it more difficult for you to evaluate the risk of the fund.

Generally hedge fund investors are subject to income taxes on the interest, dividends and/or capital gains distributed to them from the fund. However, in retirement accounts such as IRAs, taxes are deferred until distributions are taken into account.

Some hedge funds may produce Unrelated Business Taxable Income (“UBTI”), which are subject a tax-exempt investor, such as a retirement plan, IRA, foundation or endowment, to taxation

and potentially the loss of tax-exempt status. In instances where tax-sensitive funds are available for tax-exempt investors, you are encouraged to consider the potential advantages of utilizing such a fund for a hedge fund allocation. You should consult your tax adviser to consider the potential impact of UBTI.

Hedge funds and fund of funds of hedge funds are usually highly tax inefficient vehicles and you should analyze the tax consequences before making an investment. There are a number of adverse tax consequences that should be taken into account when considering an investment in hedge funds and fund of funds of hedge funds.

Most hedge funds and fund of funds of hedge funds are organized as Limited Partnerships or Limited Liability Companies. Because of their structure a “pass-through taxation” strategy is achieved. All domestic hedge funds and fund of funds of hedge funds send Form K-1 tax statements to the investors that are typically issued later than 1099s and are sometimes not available for normal tax filing deadlines.

As a result of the complexities associated with investing in alternative investments you should carefully review the offering documents, subscription agreements and other important disclosure documents. Cary Street Partners is not a tax or legal adviser so you should also consult with your tax adviser or attorney prior to investing in these alternative investments.

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.