



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

**801-64239**

**Masters Program  
Diversified Managed Allocations  
Wells Fargo Compass Advisory Program  
Private Advisor Network  
Allocation Advisors  
Customized Portfolios**

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**Revised March 31, 2017**

**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, 2016.

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**

This brochure has been updated to reflect the most recent year end Assets Under Management in Item 4.

First Clearing, LLC has officially changed its name to Wells Fargo Clearing Services. This brochure has been updated throughout to reflect this change.

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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, 2016, on a discretionary basis, is \$471,847,919 and the amount of client assets managed on a non-discretionary basis is \$848,120,049.

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

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

You 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, your 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 elect 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<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, Wells Fargo Clearing Services, LLC ("WFCS"). Unless you otherwise specify, WFCS 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 WFCS' custody and execution services.

In certain investment consulting programs, Cary Street Partners and its employees accept discretionary authority over the accounts of investment advisory clients, including authority to determine the identity and amount of securities to be purchased or sold. The breadth and limitations on such discretionary authority are determined by law and by agreement with the client. For example, securities sold in a public offering generally can 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.

## **MASTERS**

Under the Masters Program, we assist you in reviewing your investment objectives, including any restrictions you designate with respect to investment securities. In addition, we help you select one or more investment managers from a universe of investment managers. The universe of investment managers is evaluated by Wells Fargo Advisors and then by Cary Street Partners and meets quantitative and qualitative research criteria. The intent of the Program is to offer a competitive roster of high-quality investment managers, representing a broad array of investment classes and styles, from which you may select one or more investment managers to handle the day-to-day management of your account(s). The factors influencing the inclusion of a manager by Wells Fargo on the roster include the investment manager's past record, management style, number and continuity of investment professionals, changes in investment process or personnel, and client servicing capabilities, etc. The candidates for the roster are further reviewed based on a number of criteria, which include a completed questionnaire, database information on the firm, statistical analysis of the firm's track record, and an interview with a member of the investment manager's firm. Clients are also provided monitoring and reporting of portfolio performance for your Masters account on a periodic basis.

All Masters Accounts are managed by the selected investment manager. Neither Cary Street Partners nor Wells Fargo Advisors have discretionary trading authority with respect to such accounts, except with respect to Wells Fargo Advisors' authority to remove an investment manager from the roster of investment managers. Information collected regarding Masters investment managers is believed to be reliable and accurate, but we do not independently review or verify the information. While performance results are generally reported to Wells Fargo through consultants or advisors on a standard gross of fee basis, we do not audit or verify that these results are calculated on a uniform or consistent basis. A recommendation of a

Masters investment manager could be effected immediately for its other managed accounts prior to or simultaneous with providing the same advice for your account which, because of this delay could result in your account receiving higher or lower execution prices.

You are advised and should understand that 1.) a manager's past performance is no guarantee of future results; 2.) certain market and/or interest rate risk adversely affect any managers' objectives and strategies, and could cause a loss in your account; and 3.) risk parameter or comparative index selections provided for accounts are guidelines only and there are no guarantees that they will be met or exceeded.

## **DIVERSIFIED MANAGED ALLOCATIONS**

Under the Diversified Managed Allocations ("DMA") Program, we assist you in reviewing your investment objectives, including your reasonable restrictions with respect to investment securities. We also assist you in selecting various investment vehicles from a roster of investment managers, mutual funds and ETFs, based on your financial situation, investment objectives and risk tolerances. Finally, we provide you with monitoring and reporting of portfolio performance on a periodic basis.

The intent of the Program is to offer a competitive roster of high quality investment managers, mutual funds and ETFs representing a broad array of investment classes and styles. The varied asset classes and investment styles are generally intended to be complementary in nature with respect to their combined diversification and risk/return based characteristics. Quantitative and qualitative measures are used to identify a select number of investment vehicles within the varied asset class and style combinations. The factors influencing the inclusion of an investment manager or mutual fund on the DMA roster include the investment manager or fund's past record, management style, number and continuity of investment professionals, changes in investment process or personnel and client servicing capabilities. The inclusion of ETFs includes an assessment of liquidity levels and tracking errors versus corresponding market benchmarks. Using this roster of available investment vehicles, a number of Optimal Blends have been created that combine specific investment managers and mutual funds and also include ETFs. The individual Optimal Blends will vary based on the targeted allocations for your identified investment objectives and the amount you invest in the Program.

In the DMA Program, Wells Fargo Advisors acts as the discretionary investment manager for the Optimal Blends and Completion Sleeves. Wells Fargo Advisors also assumes discretion for the removal of individual investment advisors, mutual funds or ETFs included in Customized Blends. Completion Sleeves consist of various mutual funds and/or ETFs that offer a diversified lower financial entry point for a particular asset class. The Completion Sleeves are included in certain Optimal Blend models and are available for use in customized Blends. The investments within Completion Sleeves or Optimal or Customized Blends have different tax or liquidity implications in comparison to the individual securities owned through the independent investment managers. The goal is to create investment vehicle combinations that represent optimal blends

of investment classes and styles based on various investment amounts and risk classifications, using the roster of available investment managers, mutual funds and ETFs.

Your Financial Advisor will review your investment advisory needs, objectives and risk tolerances with you and recommend either an Optimal Blend, or another target allocation of investment managers, mutual funds and ETFs known as a Customized Blend that is appropriate for you. For Customized Blends you will ultimately select a target allocation of investment managers, mutual funds and/or ETFs. Except for any Completion Sleeves, mutual funds or ETFs in your account, each advisor you select will manage a “sub-account” of your account.

Information collected regarding investment managers, mutual funds and ETFs is believed to be reliable and accurate, but we do not independently review or verify the information. While performance results are generally reported to us through consultants or advisors on a standard gross of fee basis, we do not audit or verify that these results are calculated on a uniform or consistent basis.

You are advised and should understand that 1.) a manager’s past performance is no guarantee of future results; 2.) certain market and/or interest rate risks adversely affect any managers objectives and strategies, and could cause a loss in your account; and 3.) risk parameter or comparative index selections provided for accounts are guidelines only and there are no guarantees that they will be met or exceeded.

#### **WELLS FARGO COMPASS ADVISORY PROGRAM**

The Compass Advisory Program provides investment advisory and brokerage services to your account on a discretionary basis. Wells Fargo Advisors Advisory Services Group manages portfolios based on established guidelines. The Compass Advisory Program is designed to provide a disciplined approach to meet the objectives and needs of a wide variety of clients. The Program’s services generally rely on fundamental securities analysis with some emphasis on charting or cyclical analysis. Each Compass Advisory Program portfolio manager utilizes a mix of these analysis methods in their management of their portfolio. Program quality and concentration requirements are established to provide an overall discipline and structure. Such strategies ordinarily include long and short-term purchases of equity and fixed income securities, ETFs, Exchange Traded Notes, open-end mutual funds and closed-end funds.

The Compass Advisory Program is managed by a third party manager and Cary Street Partners has no discretionary trading authority with respect to such accounts. Information collected regarding the Compass Advisory investment manager is believed to be reliable and accurate, but we do not independently review or verify the information. While performance results are generally reported to us through consultants or advisors on a standard gross of fee basis, we do not audit or verify that these results are calculated on a uniform or consistent basis.

You are advised and should understand that 1.) a manager’s past performance is no guarantee



of future results; 2.) certain market and/or interest rate risks adversely affect any managers' objectives and strategies, and could cause a loss in your account; and 3.) risk parameter or comparative index selections provided for accounts are guidelines only and there are no guarantees that they will be met or exceeded.

## **PRIVATE ADVISOR NETWORK PROGRAM**

Under the Private Advisor Network Program, we assist you in identifying an investment advisory firm to advise and counsel you relative to your investment of assets. The intent of the Program is to offer a competitive roster of investment managers representing a broad array of investment classes and styles from which you select one or more Private Advisor Network managers to handle the day-to-day management of your account(s). Private Advisor Network services include: matching the personal and financial data you provided with a database of approved investment managers, and providing reports to allow for periodic evaluation and comparison of account performance with objectives. We also assist in the preparation, revision or review of an investment policy statement, where applicable and requested, in connection with your investment advisory needs.

Under the Private Advisor Network Program, Cary Street Partners will provide information on investment managers that appear to meet your needs. All Private Advisor Network accounts are managed by third party managers and Cary Street Partners has no discretionary trading authority with respect to such accounts. Information collected regarding Private Advisor Network investment managers is believed to be reliable and accurate, but we do not independently review or verify the information. While performance results are generally reported to Wells Fargo Advisors through consultants or advisors on a standard gross of fee basis, we do not audit or verify that these results are calculated on a uniform or consistent basis.

Clients specifically request a manager's inclusion in the Private Advisor Network Program. Clients with pre-existing relationships with the investment manager that they would like to continue should consult their FA. While Cary Street Partners is able to accommodate such requests in certain situations, these managers are not be included in our ongoing due diligence processes.

You are advised and should understand that 1.) a manager's past performance is no guarantee of future results; 2.) certain market and/or interest rate risks adversely affect any managers' objectives and strategies, and could cause a loss in your account; and 3.) risk parameter or comparative index selections provided for accounts are guidelines only and there are no guarantees that they will be met or exceeded.

## **ALLOCATION ADVISORS**

The Allocation Advisors Program is an investment advisory Program that enables you to invest in one of several discretionary Portfolios. Program portfolios are developed by either Wells

Fargo Advisors or an unaffiliated investment adviser who has been contracted by Wells Fargo Advisors for their management expertise, and who provides their investment strategy to us. Wells Fargo Advisors will generally implement recommendations provided by the unaffiliated investment advisers without change, however Wells Fargo Advisors may maintain discretion over the selection of ETFs used in the portfolio.

Wells Fargo Advisors' Advisory Services Group (ASG) develops and manages the Allocation Advisors Portfolios for the Program which are the Cyclical Asset Allocation Portfolios Plus ("CAAP Plus"), the Compass ETF Portfolios and the Strategic ETF Portfolios. These portfolios are developed with a focus on a risk, return, and correlation between asset classes, while taking into consideration asset allocation guidelines based upon various time frames. The unaffiliated investment advisers, Ibbotson Associates and Laffer Investments, also develop Portfolios for this Program. They do not provide other services with respect to the Program.

Portfolios in this Program ordinarily consist of Exchange-Traded Funds (ETFs), Exchange-Traded Notes (ETNs), Closed-End Funds, Open-End Mutual Funds and other securities. Wells Fargo Advisors or the unaffiliated investment adviser determines both the asset allocation and security selection utilized in the Portfolios, and will review those selections periodically. Both the asset allocation and/or securities utilized in the Portfolios can be adjusted or replaced at any time. Under the Program you give Wells Fargo Advisors full discretion over your Account's asset allocation and security selection; which is determined by the portfolio selected by you. The Portfolios can be restricted to meet individual needs and objectives upon request and approval by the Wells Fargo Investment Committee.

Accounts participating in the Program are managed separately and are not pooled. We offer the Program through our registered FAs. Your FA will review your investment advisory needs, objectives and risk tolerance with you, and recommend a portfolio that is appropriate for you. These portfolios are not subject to the same due diligence process that is applied to other unaffiliated or affiliated investment advisers or strategies who participate in other programs available at the Firm.

## **Investment Process**

To meet investors' individual needs for diversified portfolio solutions, the Allocation Advisors Program offers three families of discretionary ETF portfolios. Each family is managed with a different approach to asset allocation, as described below, which are based on time horizon: strategic, tactical and cyclical. Within each family, the portfolios offered bring together the portfolio investment objective (Income, Growth & Income, and Growth) along with a degree of risk tolerance (Conservative, Moderate, and Long-Term).

**Investment Objectives:** **Income portfolios** seek current income with capital appreciation as a secondary objective and may forgo both capital appreciation and growth of income, in order to seek current income. **Growth & Income portfolios** seek a higher level of current income than is generally available from growth-oriented equity strategies. Although growth & income

investors need current income, they are willing to accept a lower level of current income in exchange for the possibility that their level of income could increase over time. As a result, income and the potential for growth of income are the primary objectives of these portfolios, and capital appreciation is the secondary objective. **Growth Portfolios** seek primarily capital appreciation.

**Risk Tolerances:** Investors with a similar investment objective may have substantially different risk tolerances. Although all investments involve some degree of risk, including the potential for loss of principal, some securities, such as emerging market equities and high yield bonds, have more risks than other alternatives. Higher risk investments have greater potential for loss, but offer the potential for higher long-term returns. Investors with lower risk tolerance give up some of the potential for higher returns in exchange for lower risk. Investors with a higher risk tolerance pursue higher returns through investment in higher risk securities and asset classes.

**Conservative** investors generally assume the least risk for a given investment objective, but could still experience losses and have lower expected returns. **Moderate** investors are willing to accept higher risk in exchange for the potential to receive higher returns. **Long-term** investors seek the highest level of returns within a given investment objective, and should generally have a relatively long investment time frame (typically five years or longer).

## **Portfolio Families**

**The Strategic ETF Portfolios** utilize an asset allocation approach based on WFA's recommended long-term strategic guidelines, with an outlook of generally 10-15 years. Wells Fargo Advisors' ("WFA") Investment Strategy Committee reviews its long-term strategic recommendations on a periodic basis and change its asset allocation recommendations from time to time in light of new research and analysis. The investment process used to select the securities utilized within the Portfolios for the various asset classes is based primarily on how well the various securities have tracked the specific index or market sector for which the security represents. The Portfolios are comprised primarily of ETFs that have a high correlation to their underlying index. However, the performance of the index-related ETFs will vary somewhat due to transaction costs, market impact and corporate actions such as mergers and spin-offs.

The Allocation Advisors Program offers the following six Strategic ETF portfolios: Moderate Income, Conservative Growth & Income, Moderate Growth & Income, Conservative Growth, Moderate Growth, Long-Term Growth.

**The Cyclical Asset Allocation Portfolios Plus (CAAP Plus)** utilize an asset allocation approach that re-evaluates capital market assumptions at least every three months, while managing the portfolios with a time horizon of three to five years. These portfolios do not mirror the asset allocations utilized in either the Compass ETF Portfolios or Strategic ETF Portfolios, but follow generally similar but separate capital market assumptions. These assumptions are based on a cyclical asset allocation approach developed by WFA's Investment Strategy Committee ("ISC"), based on its beliefs as to where we are in the current market cycle

(generally a 3-5 year timeframe) instead of over several economic cycles (generally 10-15 year timeframe). The CAAP Plus Portfolios may over or underweight certain sectors with respective sector-related Exchange-Traded Products (ETPs), which are designed to track specific market industries or asset classes. Wells Fargo Advisors determines the sector over or underweight positions in the Portfolios.

The investment process used to select the individual ETFs utilized within the asset classes in the respective Portfolios is based primarily on how accurately the various ETFs have tracked the specific index or market sector the asset class represents. The Portfolios are comprised primarily of the ETFs that have a high correlation to their underlying index. However, the performance of the index-related ETFs will vary somewhat due to transaction costs, market impact and corporate actions such as mergers and spin-offs.

The Allocation Advisors Program offers the following six CAAP Plus Portfolios: Moderate Income, Conservative Growth & Income, Moderate Growth & Income, Moderate Growth & Income Tax Managed, Moderate Growth, Long-Term Growth. **The Compass ETF Portfolios** utilize the most active, or tactical, approach to asset allocation amongst the portfolios within the

Allocation Advisor Program. While utilizing our recommended long-term strategic asset allocation guidelines (generally 10-15 year outlook) as the basis for the asset allocation for these portfolios, the Compass ETF portfolios also incorporate short-term adjustments looking out three to twelve months. These short term tactical adjustments reflect the WFA Investment Strategy

Committee's current thinking about near-term risks and opportunities, and are implemented in the Program portfolios on an ad-hoc or as needed basis. The investment process used to select the securities utilized within the Portfolios is based primarily on how well the various securities have tracked the specific index, market sector, or industry for which the security represents. The Portfolios are comprised primarily of ETFs that have a high correlation to their underlying index. However, the performance of the index-related ETFs will vary somewhat due to transaction costs, market impact and corporate actions such as mergers and spin-offs.

The Allocation Advisors Program offers the following nine Compass ETF portfolios: Conservative Income, Moderate Income, Long-Term Income, Conservative Growth & Income, Moderate Growth & Income, Long-Term Growth & Income, Conservative Growth, Moderate Growth and Long-Term Growth.

**The Ibbotson Strategic ETF Portfolios** follow the guidelines set forth by Ibbotson Associates, Inc, a registered investment adviser that is unaffiliated with us. Wells Fargo Advisors will implement their recommendations with discretion over the selection of ETFs used in the portfolios.

The Allocation Advisors Program offers the following five Ibbotson Strategic ETF portfolios: Moderate Income, Conservative Growth & Income, Moderate Growth & Income, Moderate Growth and Long-Term Growth.

**The Laffer Global Portfolio** follows the investment recommendations of Laffer Investments, a global economic asset manager that applies macroeconomic principles to investment portfolio management. Wells Fargo Advisors will implement their recommendations with discretion over the selection of ETFs used in the portfolios.

**Types of Securities** ETFs and ETNs are passively managed portfolios designed to track the performance of a basket of securities or a certain index. ETFs trade on an exchange the way individual stocks do. In simplest terms, ETFs are passively-managed “baskets” of securities that are designed to closely track the performance of specific indices, market sector, or industry. ETFs should not be confused with Open-End Mutual Funds, from which they differ in significant ways. Unlike Open-End Mutual Funds, ETFs are priced and can be bought and sold throughout the trading day. Open-End Mutual Funds, generally, have just one price per day, i.e., the Net Asset Value (NAV), which is computed after the market close. ETFs offer increased transparency, as their components are disclosed daily whereas Open-End Mutual Funds are only required to reveal their Portfolio holdings semiannually.

ETNs, like ETFs, trade on an exchange like stocks. ETNs are unsecured debt securities that are linked to the total return of a market index. Investors receive a cash payment at the scheduled maturity or early redemption, based on the performance of the index less investor fees. Unlike mutual funds that may be required to make capital gain distributions to shareholders, an investor will only recognize capital gains or losses upon the sale, redemption or maturity of the ETN.

Closed-End Mutual Funds are also managed portfolios, but unlike Open-End Mutual Funds, they do not continuously issue and redeem their shares at the NAV. Rather, they have a fixed number of shares that trade on one of the stock exchanges like a common stock. Closed-End Mutual Funds are bought and sold at the prevailing market price rather than at an NAV established at the end of the trading day.

## **RETIREMENT SERVICES**

We advise companies on their retirement plans with an emphasis on helping you 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,
3. and 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.

## **CUSTOMIZED PORTFOLIOS**

Under the Customized Portfolios Program, we will assist you in selecting from portfolios based on the investment strategies of our affiliate, Wells Fargo Bank, N.A. ("WFB"), including fixed income strategies (the Bank Managed Portfolios) and equity strategies (the Bank Model Portfolios).

Fixed income strategies (the Bank Managed Portfolios) within the Customized Portfolios Program are managed on a fully discretionary basis by WFB. WFB handles the day-to-day investment management of your account in accordance with your stated investment objectives. These fixed income portfolios specialize in meeting the unique needs of sophisticated individuals and select institutions. Portfolios are customized based on several factors that include income and liquidity needs, risk tolerance, tax status and time horizon. Client Accounts are managed separately and are not pooled. The fixed income portfolios can also be sub-advised by subsidiaries or affiliates of Wells Fargo & Co.

The Customized Portfolios Program also offers the **Global Dividend Payers** equity strategy (Bank Model Portfolios). For Bank Model Portfolios, WFA will manage your Account on a discretionary basis based on advice provided to them by WFB as to the securities and other investments to be purchased and sold for a particular investment strategy. They will generally implement WFB's recommendations without change, subject to any reasonable restrictions you may impose. The FA will handle the day-to-day investment management of your Account in accordance with your stated investment objectives and will buy, sell or otherwise trade and settle securities or other investments for your Account without discussing these transactions with you in advance.

The **Global Dividend Payers** strategy seeks to provide investors with an actively managed, diversified global equity strategy that provides a higher than market dividend yield. The

strategy invests in companies that typically have above market dividend yields and a history or expectation of increasing dividend payouts combined with underlying strong balance sheets and attractive fundamental attributes. Dividends on American Depositary Receipts (“ADRs”) can be subject to foreign tax withholding.

## **ACCOUNT TERMINATION**

Either party is able to terminate the account agreement 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 may 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 might be 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. It may take several business days under normal market conditions to process your request.

## **Item 5 Fees and Compensation**

### **MASTERS FEES**

Fees for Masters’ accounts are only offered on a wrap fee basis covering all execution, consulting and custodial services as well as each Masters Managers’ management fee for their services.

The following standard fees, which are negotiable, are charged for the Masters accounts:

<b>Total Account Value</b>	<b>Equity &amp; Balanced Accounts Annualized Fee</b>	<b>Fixed Income Accounts Annualized Fee</b>
First \$250,000	2.75%	1.50%
Next \$750,000	2.50%	1.25%
Next \$1,000,000	2.00%	1.00%
Over \$2,000,000	Negotiable	Negotiable

Breakpoints will lower the advisory fee as aggregate assets increase. Therefore, Wells Fargo Advisors has a potential conflict of interest to recommend selections of management style and Masters Managers that would result in a lower percentage of advisory fees. We intend, however, to make all recommendations independent of such fee consideration and based solely on our obligations to consider your objectives and needs.

#### **DIVERSIFIED MANAGED ALLOCATIONS FEES**

Fees for DMA accounts are only offered on a wrap fee basis covering all our execution, consulting and custodial services as well as each DMA investment manager's management fee for their services.

The following standard fees for the program are negotiable:

<b>Total Account Value</b>	<b>Annualized Fee</b>
First \$250,000	2.75%
Next \$750,000	2.50%
Over \$1,000,000	2.00%

Breakpoints will lower the advisory fee as aggregate assets increase. Therefore, we have a potential conflict of interest to recommend selections of management styles and DMA investment managers that would result in a lower percentage of advisory fees. We intend, however, to make all recommendations independent of such fee consideration and based solely on our obligations to consider your objectives and needs.

#### **WELLS FARGO COMPASS ADVISORY PROGRAM FEES**

Compass Advisory accounts are charged an all-inclusive "wrap fee" that is both for our execution, consulting and custodial services as well as Wells Fargo Advisor investment management fees. The standard Compass Advisory fee schedule, which is negotiable, is based on account size and an assumed active portfolio.



The following standard fees for the program are negotiable:

<b>Total Account Value</b>	<b>Annualized Fee (Individual/Growth/Multi- Asset and Growth and Income)</b>	<b>Fixed Income Annualized Fee</b>
First \$250,000	2.50%	1.50%
Next \$750,000	2.00%	1.25%
Over \$1,000,000	1.50%	1.00%

Breakpoints will lower the advisory fee as aggregate assets increase. Therefore, we have a potential conflict of interest to recommend selections of management style and Compass managers that would result in a lower percentage of advisory fees. We intend, however, to make all recommendations independent of such fee consideration and based solely on our obligations to consider your objectives and needs.

#### **PRIVATE ADVISOR NETWORK FEES**

You have the choice of compensating Cary Street Partners in one of two ways for Network services based upon:

1. payment for execution services, which includes brokerage commissions on agency trades or markups or markdowns on principal transactions, with no separate charge for Network services (See Execution Schedule below); or
2. payment of a fee for both Network services and execution services, with no separate charge being imposed by us for brokerage commissions on agency trades or markups or markdowns on principal transactions, except mutual fund purchases, if any ( See Fee Schedule below).

The following standard fees, which are negotiable, are charged for Network accounts:

<b>(No separate charge for execution services) Total Account Value</b>	<b>Equity &amp; Balanced Accounts Annualized Fee</b>	<b>Fixed Income Accounts Annualized Fee</b>
First \$250,000	2.00%	1.00%
Next \$750,000	1.50%	.75%
Over \$1,000,000	1.00%	.50%

In addition to the Network charges, you pay for the services of the investment manager separately. You can authorize us to pay the separate investment advisory management fee

invoiced by the investment manager by debiting your account accordingly. It is your responsibility to determine if any such invoice from the investment manager is proper or if the amount of fees charged is accurate. You can revoke our authorization to pay the investment manager fee on behalf of you any time by written notice to us.

**Execution Schedule:** Under the Network services Execution Schedule, you pay for this service by paying commissions for each transaction in the account at our normal commission rate for such agency transactions and at the normal markup or markdown imposed on your accounts for principal transactions. You will also be subject to any other fees associated with our standard brokerage accounts, including postage and handling fees, transfer taxes, exchange fees (among which SEC fees are included), and any other fees required by law.

**Network Non-Execution Accounts.** You can utilize the selection or evaluation monitoring services of Network without any execution service. Fees for such accounts, payment schedules and refunds thereof are negotiated on a case-by-case basis and are determined as a percentage of assets under management, an annual fee or by consideration of other factors.

#### **ALLOCATION ADVISOR PROGRAM FEES**

Fees for Allocation Advisors Accounts are only offered on a wrap-fee basis, covering all investment advice, execution, consulting and custodial services. The standard Allocation Advisors fee schedule, shown in the table below, is based on account size. The fee is negotiable. The Allocation Advisors Program fees do not cover internal expenses of any underlying ETFs, closed-end funds, or mutual funds. If you select a Portfolio developed by an unaffiliated investment adviser, the investment adviser will be compensated from 0.05% - 0.20% annually. While the use of certain Portfolios may cost us less, we intend to make all recommendations independent of such fee considerations and based solely on our obligations to consider your objectives and needs.

There is a minimum quarterly client fee requirement of \$125.

<b>Total Account Value</b>	<b>Annualized Fee</b>
First \$250,000	2.00%
Next \$500,000	1.50%
Next \$1,000,000	1.00%
Over \$2,000,000	Negotiable

#### **CUSTOMIZED PORTFOLIO ACCOUNT FEES**

Fees for Customized Portfolios Accounts are only offered on a wrap-fee basis, covering all of execution, consulting and custodial services as well as the adviser's management fee for the adviser's services. The fee is based on Account size. Wells Fargo Advisors negotiates the adviser's management portion of the fee with the adviser based on a variety of factors, including the amount of data-processing facilities, software, and other overhead interface

believed necessary. When recommending this program, we have a potential conflict of interest since we and our affiliates receive the entire wrap fee you are charged. We intend, however, to make all recommendations independent of such fee considerations, and based solely on our obligation to consider your objectives and needs.

There is a minimum quarterly fee requirement of \$250. The following standard fees, which are negotiable, are charged for Customized Portfolios accounts:

<b>Total Account Value</b>	<b>Annualized Fee</b>
First \$500,000	2.50%
Next \$500,000	2.00%
Next \$1,000,000	1.50%
Next \$3,000,000	1.25%
Next \$15,000,000	1.00%
Over \$20,000,000	Negotiable

## **COMMISSIONS AND MARKUPS**

You should be aware that the separately managed account program fees charged can be 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.

You should consider the value of these consulting services when making such comparisons. The combination of custodial, consulting and brokerage services is sometimes not available separately or requires multiple accounts, documentation and fees. In addition, certain investment managers may not be available to you outside the consulting relationship either because of minimum account sizes, fee schedules, geographic availability, or other factors.

You should also consider the amount of anticipated trading activity when selecting among the programs when assessing the overall cost. Fee-based programs typically assume a normal amount of trading activity and, therefore, under particular circumstances, prolonged periods of inactivity or asset allocations with significant fixed income or cash weightings result in higher compensation than if commissions were paid separately for each transaction.

A portion of the fees or commissions charged for the separately managed account programs described herein is paid to our Financial Advisors in connection with the introduction of accounts as well as for providing client-related services within the separately managed account programs. This compensation can be more or less than a Financial Advisor would receive if you paid separately for, where applicable, investment advice, brokerage, and other services. Therefore, Financial Advisors have a potential financial incentive to recommend these separately managed

account programs over other programs and services.

Cary Street Partners' broker-dealer affiliate, Cary Street Partners LLC, has a clearing arrangement with WFCS. WFCS is an affiliate of the bank holding company Wells Fargo & Company. This relationship is described in our Individual and Institutional Consulting Services brochure. 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 can designate, or the law requires, the use of other broker-dealers. Costs and transaction fees arising out of transactions effected by entities other than Cary Street Partners, including transactions effected through our affiliates' Financial Advisors or otherwise attributable to dealer mark-ups, markdowns or "spreads" (in transactions where Cary Street Partners or another entity acts as principal for its own account) 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 WFCS 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 in the FundSource and CustomChoice programs. 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 WFCS' 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. WFCS 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.

A portion of the fees or commissions charged for the separately managed account programs described herein is paid to our FAs in connection with the introduction of accounts as well as for providing client-related services within the separately managed account programs. 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, an FA has a potential financial incentive to recommend these separately managed account programs over other programs and services.

## **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 generally do not impose performance fees. Fees are based on the value of the assets in your account, and Cary Street Partners shall not be compensated on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of client (i.e., performance fee).

## **Item 7 Types of Clients**

The separately managed account programs 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.

### **MASTERS**

The minimum account size for Masters is \$100,000, and may be subject to manager minimums.

### **DMA**

The minimum account size for DMA is \$150,000 for Customized Blend and \$250,000 for Optimal Blend and may be subject to portfolio minimums, depending on your asset level.

### **COMPASS ADVISORY**

The minimum account size for Compass Advisory ranges from \$50,000 to \$250,000, depending on the portfolio.

### **PRIVATE ADVISOR NETWORK**

The minimum account size for Network is \$100,000 subject to the manager's minimum.

## **ALLOCATION ADVISORS**

The minimum account size for Allocation Advisors is \$25,000 for Strategic ETF, Ibbotson Strategic ETF and Laffer Global Portfolios; the minimum account size is \$50,000 for CAAP Plus and Compass ETF Portfolios.

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

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 a client's customized portfolio. As described in each program, Wells Fargo determines the manager for certain programs offered through them.

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 WFCS, 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 WFCS. Please see Item 12 Brokerage Practice for more information about Cary Street Partners' relationship with Cary Street Partners LLC and WFCS.

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 WFCS, Schwab, Raymond James or another qualified custodian. Ultimately, though, it is your decision to custody assets with WFCS, Schwab, Raymond James or another qualified custodian. Cary Street Partners is independently owned and operated and not affiliated with WFCS, Schwab, Raymond James or any other qualified custodian.

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

For our clients’ accounts that Schwab, Raymond James or WFCS 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 WFCS 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 WFCS 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 WFCS' 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 WFCS. In addition to investment research, Schwab and WFCS 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 WFCS 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.

### **DMA Account Reviews**

The target allocation among the selected DMA investment managers applies at the time the account is established in the DMA program. Additions to and withdrawals from the account will generally be allocated based on the target allocation. Fluctuations in the market value of assets, as well as other factors, will affect the actual allocation in the sub-accounts at any given time. In order to maintain your overall account with us in conformance with your target allocation among sub-accounts, Wells Fargo Advisors will automatically rebalance, or direct the rebalancing of, the account periodically if the levels of the sub-accounts vary by more than certain established percentages from the target allocation. If your account is managed pursuant to a Customized Blend, you can opt out of rebalancing. Wells Fargo Advisors also rebalances or directs the rebalancing of your account when requested by you.

Wells Fargo Advisors provides you with periodic portfolio monitoring services which include a statistical presentation of the performance of your account(s), based on such information that is reflected on our records and ongoing 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 include supplemental historical information as provided by you, your previous custodian or investment manager related to your account when it was held outside of our separately managed account 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 causes a delay in producing the portfolio monitoring reports for accounts new to our separately managed account 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 may 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;
- (b) and a statement of account activity at least quarterly.

## **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.