



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

**801-64239**

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

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

**Revised April 30, 2012**

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

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

**The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about Cary Street Partners Investment Advisory LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

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

## **Item 2 – Material Changes**

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

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

This section describes the material changes to our Cary Street Partners Investment Advisory LLC Private Investment Management, Asset Advisor, FundSource and CustomChoice programs since the last annual amendment of our Form ADV on April 25, 2011.

For information regarding the Private Advisors Network Program please see the Masters Investment Consulting Program, Diversified Managed Allocation, Wells Fargo Compass, and Private Advisor Network brochure.

Please see Section 6. Portfolio Manager Selection and Evaluation for updates regarding Cary Street Partners' research process.

Please see Section 9 Additional Information Other Financial Industry Activities and Affiliations for updates on new Cary Street Partners affiliates and disclosures related to due diligence reimbursements.

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## Item 4 Services, Fees and Compensation

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”, “manager”, “we”, “our”, and “us” refer to Cary Street Partners Investment Advisory LLC.

All 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. You are asked to complete an Account Profile/Investment Policy questionnaire (“account profile”) to document the results of this assessment. After a review by the FA of your account profile, the FA will determine which program would fit your needs.

Cary Street Partners investment consulting services include:

Identifying investment goals and priorities. Your 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 manager selection. Depending on the program selected, your FA, after establishing your asset allocation strategy will identify an investment manager whose style, philosophy and performance best suit your investment strategy. Your chosen investment manager is then responsible for selecting and monitoring the individual securities in your account.

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

In addition, Cary Street Partners will provide consulting services that relate to matters such as allocation of assets among different classes, portfolio diversification, managing portfolio risk,

portfolio monitoring evaluation, investment policy statement development, manager search and recommendation, and other general economic and financial topics. Account supervision is guided by the stated objectives of the client (*e.g.*, maximum capital appreciation, growth, etc.), and all managed accounts will be maintained with an independent custodian broker-dealer.

These investment consulting services are provided to you through the following services and established programs:

Individual and Institutional Consulting Services  
Personal Financial Planning Services  
Cary Street Partners Portfolio Management  
Retirement Plan Participant Investment Education Services

Established Programs:

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

Cary Street Partners has entered into an agreement with Wells Fargo Advisors, LLC (“Wells Fargo”) in which Wells Fargo provides advisory and/or other services with respect to the programs described in this brochure. The advisory accounts described within this brochure are clients of Cary Street Partners and not Wells Fargo. Cary Street Partners is not related to or affiliated with Wells Fargo or Wells Fargo’s affiliated broker dealer, First Clearing, LLC (“First Clearing”). Unless you otherwise specify, First Clearing is the qualified custodian that will maintain custody of your assets. Please refer to Item 12 Brokerage Practice in Cary Street Partners’ Form ADV Part 2A for more information in regards to First Clearing’s custody and execution services.

Wells Fargo does not provide advisory services to Cary Street Partners with respect to the following programs:

1. PIM

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

## **PIM**

With PIM, certain specially trained Cary Street Partners' FAs (called portfolio managers) provide investment advisory and brokerage services to your account on a discretionary basis. As a minimum criterion for providing advisory services, Cary Street Partners requires their portfolio managers to possess satisfactory past business experience, plus any required industry examinations and registrations. Further information on how Cary Street Partners selects and evaluates their portfolio managers is found in this brochure under Item 6 Portfolio Manager Selection and Evaluation. Based on your investment objectives and individual needs, your FA will have discretion to manage your assets to an appropriate investment strategy.

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

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

Many of the services listed above can be combined under the Cary Street Partners Portfolio Management service. This service provides discretionary investment advice and investment management to the various accounts that make up your portfolio. In certain investment consulting programs, Cary Street Partners and its employees may accept certain discretionary authority over the accounts of investment advisory clients, including authority to determine the identity and amount of securities to be purchased or sold. The breadth and limitations on such discretionary authority are determined by law and by agreement with the client. For example, securities sold in a public offering generally may be purchased for certain investment advisory clients. However, certain clients may be precluded from participating in such offering if the client is designated as a restricted person. Furthermore, from time to time, Cary Street Partners may agree to comply with the investment guidelines and/or limitations set forth in negotiated client agreements, including asset allocations and restrictions. Guidelines and/or limitations necessarily vary from client to client based upon client objectives and other factors.

In addition to the discretionary authority described above, the client may grant certain discretionary authority to Cary Street Partners under the Private Investment Management Program and certain Schwab One accounts. Upon signing the Cary Street Partners Discretionary Account Agreement, we will have full discretionary power to supervise the investments in these accounts and reallocate funds between 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.

### **PIM Fees:**

Below are Cary Street Partner's standard fees for this program, which are negotiable and may differ from those described in the Wells Fargo Wrap Fee brochure.

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

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

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

To the extent margin is used in your account, you should be aware that the margin debit balance will not reduce the market value of eligible assets, and will therefore increase the asset-based fee charged to you. The increased asset-based fee that you pay may provide an incentive for the FA to recommend the use of margin strategies. The use of margin is not suitable for all investors, since it increases leverage in your account and therefore its risk. Please see the Margin Disclosure Statement and General Account Agreement and Disclosure Document for more details on the risks of margin use.

The following standard fees for the program assets are negotiable. The minimum account size is \$50,000.

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

### **Asset Advisor**

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

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

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

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

Currently, Cary Street Partners and its affiliates are not registered to transact commodity or futures business. See Item 9 Additional Information under Other Financial Activities and Affiliations for more details.

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

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



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

## **Asset Advisor Fees**

Below are Cary Street Partner's standard fees for this program, which are negotiable and may differ from those described in the Wells Fargo Wrap Fee brochure.

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

The following standard fees for the program assets are negotiable.

<b>Account Value</b>	<b>Annualized Fee</b>
First \$250,000	3.00%
Next \$750,000	2.50%
Next \$1,000,000	2.00%

## **FUNDSOURCE®**

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

The target allocation among the selected mutual funds in an Optimal Blend is based on the determination of the appropriate target asset allocation for your investment objective and risk tolerance, and on which mutual funds will optimally fulfill that allocation. This target allocation may be modified from time to time based upon their view of the appropriate asset allocation strategy and the optimal mix of mutual funds within the portfolio. The target allocation for

Customized Blends is applied at the time your Account is established in the FundSource Program. Additions to and withdrawals from your Account will generally be allocated based on the target allocation you established for the Customized Blend.

Fluctuations in the market value of assets, as well as other factors, will affect the actual allocation at any given time. In order to maintain the Account in conformance with your target allocation, the Program will automatically rebalance it periodically if actual allocations vary by more than certain established percentages from the target allocation. We will generally rebalance the Account annually, unless market conditions indicate we should do so more frequently. You may also request us to rebalance your Account as necessary. If your Account is managed pursuant to a Customized Blend, you may opt out of automatic rebalancing.

Below are Cary Street Partner's standard fees for this program, which are negotiable and may differ from those described in the Wells Fargo Wrap Fee brochure.

The standard Fee Schedule is as follows:

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

Unless agreed upon otherwise, you authorize us to deduct quarterly, in advance, from your account(s) the fee at the rate indicated in the fee schedule for that program. For the purposes of calculating the program fees, "value of the account" shall mean the sum of the long market value of all Program eligible mutual funds.

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

5. Non-brokerage related fees such as IRA fees are not included in the wrap fee and may be charged to the account separately.

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

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

No fee adjustment will be made during any fee period for appreciation or depreciation in the value of the assets in your account during that period. The account will be charged or refunded a prorated quarterly fee on any net additions or net withdrawals in the account during a month. Fees will be charged or refunded if the net addition or net withdrawal would generate a fee or refund of at least \$40 for that quarter. Fees will be accessed in the month following the net addition or net withdrawal. Fees are based on the value of the assets in your account, and Cary Street Partners shall not be compensated on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of client (i.e., performance fee).

Whenever there are changes to the fee schedule, the schedule charges previously in effect shall continue until the next billing cycle. Cary Street Partners may modify or change any provision of your agreement after 15 days written notice to you.

### **CustomChoice<sup>SM</sup>**

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

You have the option of accepting any of your FA's recommendations or selecting an alternative combination of funds. We will implement your investment decisions, but will not have investment discretion over your account, except for the limited discretion to rebalance your target asset allocation, if you authorize us to do so. Over time, as changes occur in the financial markets and/or your investment objectives and circumstances, we may recommend changes in

your portfolio. In making these recommendations, we will take the updated information in your account profile into consideration. You are advised that your decisions relating to investments in mutual funds may have tax consequences that should be discussed with your tax advisor. In order to maintain your portfolio in conformance with your target asset allocation, you may authorize us to rebalance your account using an automated rebalance trading system. You may select a quarterly, semi-annual or annual rebalance option.

### **CustomChoice Fees**

Below are Cary Street Partner's standard fees for this program, which are negotiable and may differ from those described in the Wells Fargo Wrap Fee brochure.

The standard Fee Schedule, which may be negotiable, is as follows:

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

For all of the programs described above, unless agreed upon otherwise, you authorize us to deduct quarterly, in advance, from your account(s) the fee at the rate indicated in the fee schedule for that program. For the purposes of calculating the program fees, "value of the account" shall mean the sum of the long market value of all Program eligible mutual funds.

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

be charged to the account separately.

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

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

No fee adjustment will be made during any fee period for appreciation or depreciation in the value of the assets in your account during that period. The account will be charged or refunded a prorated quarterly fee on any net additions or net withdrawals in the account during a month. Fees will be charged or refunded if the net addition or net withdrawal would generate a fee or refund of at least \$40 for that quarter. Fees will be accessed in the month following the net addition or net withdrawal. Fees are based on the value of the assets in your account, and Cary Street Partners shall not be compensated on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of client (i.e., performance fee).

Whenever there are changes to the fee schedule, the schedule charges previously in effect shall continue until the next billing cycle. Cary Street Partners may modify or change any provision of your agreement after 15 days written notice to you.

### **Account Termination**

Your account agreements may be terminated by either party at any time upon notice. If you terminate your agreement, a pro rata refund will be made, less reasonable start-up costs. You have the right, within five (5) days of execution, to terminate the client agreement without penalty. 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 may 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.

You should be aware that commissions or program fees charged may 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 may be subject to negotiation depending upon a range of factors including, but not limited to, account sizes and overall range of services provided.

Cary Street Partners' broker-dealer affiliate, Cary Street Partners LLC, has a clearing arrangement with First Clearing LLC ("First Clearing"). First Clearing is an affiliate of the bank holding company Wells Fargo & Company. This relationship is described in our Individual and Institutional Consulting Services brochure under Item 12 Brokerage Practice. Cary Street Partners requires our clearing firm's execution services to be used for the purchase and sale of securities involved in the Asset Advisor program. On occasion, you may designate, or the law may require, 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' FA 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.

The following may be used for your cash balances as the sweep vehicle in program accounts:

1. a FDIC insured depository product ("Depository Product") provided by banking affiliates of Wells Fargo & Company, the bank holding company of which First Clearing is an affiliate,
2. the J.P. Morgan funds used in ERISA and Advisory IRAs, or
3. money market mutual funds managed and/or administered by Federated, and its affiliates.

You are advised and understand that overall fees charged on account values will not include these money market sweep balances in the Asset Advisor program. You should also be aware that their choice of investment of cash balances may be limited by each program or by law, as applicable. Additional information about these funds is found in their prospectuses. Wells Fargo and its affiliates may 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 may be more



profitable than money market mutual funds. ERISA or IRA Program accounts may 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 also 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 a 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 may be changed and/or your shares may 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 will include these money market fund balances. We have agreements to provide administrative, distribution, and other services for these money market funds and we, where permitted by law, may receive compensation for the services rendered. For more information about these funds, refer to their prospectuses.

The sub-adviser may 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 may be traded in more than one marketplace. Consistent with the overriding principle of best execution and subject to applicable regulatory requirements, we may rely on First Clearing's discretion in selecting the market in which to enter your orders. They route customer orders for over-the counter and listed equity securities to exchange venues, as appropriate, with best execution being the highest priority. They will 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. All orders are executed at prices equal to or better than the displayed national bid/offer price, up to the displayed size, at the time of execution.

## **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.

### **Other Account Fees**

The fee 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 may be 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 may not offset advisory fees. In some instances, the effective yield of the investment may in fact be negative.

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

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

- i. any dealer markups and odd lot differentials and transfer taxes;
- ii. charges imposed by broker-dealers and custodians other than WFA and its affiliates and fees for other products and services that we and our affiliates may offer;
- iii. offering discounts, commissions and related fees in connection with underwritten



- public offerings of securities;
- iv. margin interest and operational fees and charges;
- v. IRA fees; and
- vi. any redemption fees, exchange fees and or similar fees (among which SEC fees are included) imposed in connection with mutual fund transactions whereby Cary Street Partners or your FA may receive additional compensation on these excluded assets.

## **Costs of Investing in Mutual Funds**

In addition to program fees, as a shareholder of a money market, mutual fund or closed-end fund, you will bear a proportionate share of the fund's expenses, including investment management fees that are paid to the fund's investment adviser, who may be an affiliate of the sub-adviser (Wells Fargo). Cary Street Partners may receive 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 may invest in money market funds or mutual funds directly without incurring the fee charged for participation in a program. In addition, certain institutional investors may 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 may 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 may collect such fees directly or indirectly from some or all of the mutual funds in which you invest, and Wells Fargo may pay 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 may be available only through Cary Street Partners 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 may have purchased these lower-cost institutional share classes, while others may have purchased a non-institutional share class.

A portion of the fees or commissions charged for the program services described herein may be paid to our FAs in connection with the introduction of accounts as well as for providing client-related services within the programs. This compensation may 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 may have a financial incentive to recommend these programs over other programs and services.

From time to time, we will compensate our other employees for referrals of possible clients to the

programs. Actual presentation and solicitation of these services are made by our FAs, not the referring employee. The referral compensation takes the form of a payment to the employee as a percentage of the fees described in the programs contracts and results in no additional fees on your part. Cary Street Partners may utilize its affiliates to effect certain securities transactions.

The amount of client assets managed as of December 31, 2011, on a discretionary basis, is \$111,766,712 and the amount of client assets managed on a non-discretionary basis is \$626,513,541.

## **Item 5 Account Requirements and Types of Clients**

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

### **PIM**

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

### **Asset Advisor**

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

### **FUNDSOURCE®**

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

### **CustomChoice**

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

## **Item 6 Portfolio Manager Selection and Evaluation**

Through the PIM program certain selected, specially trained Cary Street Partners' FAs ("portfolio managers") provide investment advisory and brokerage services to client account(s) on a discretionary basis.

### **Advisory Business**

The PIM program may include investments in: exchange-listed securities; over-the-counter and foreign securities; rights and warrants; corporate, municipal and U.S. Government debt

securities; securities options and futures; partnership interests involving real estate oil and gas investments; real estate investment trusts (“REITS”), mortgage backed securities; certificates of deposit; commodities and related option and futures contracts including financial futures; commercial paper; variable annuities; exchange-traded fund shares; closed-end mutual fund shares; and certain select mutual fund shares from Cary Street Partners’ Recommended and Allowable Lists.

You retain the right to:

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

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

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

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

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

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

Cary Street Partners' Research Analysts use both quantitative and qualitative criteria when evaluating mutual funds for inclusion in the firm's Recommended List. The Recommended List consists of mutual funds considered for use in the investment strategies. Mutual funds are reviewed from a quantitative approach, as well as qualitative factors. Certain mutual funds may not be available to you because of account types, fee schedules, geographic availability, minimum purchase requirements or other factors.

PIM Portfolio Managers utilize both fundamental and quantitative research as well as other independent research. Our PIM advisory services generally rely on fundamental securities analysis with some emphasis on utilizing charting or cyclical analysis as well. Portfolio Managers may develop a specific investment philosophy using the mix of these analysis methods. Quality and concentration requirements are established to provide an overall discipline and quality element to the Program. Such strategies ordinarily include long and short-term purchases of securities and, depending on your objectives and the Portfolio Manager's investment philosophy, supplemental covered option writing, if utilized. However, in special circumstances the strategies may also include margin transactions, other option strategies and trading or short sale transactions. Some Portfolio Managers follow the investment recommendations that are the basis for investment decisions for the Compass Advisory Program for some or all assets in that Program's accounts.

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

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

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

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

The Cary Street Partners Research group recommends managers and funds to the Investment Committee for inclusion onto the Research Coverage list, which is then used by Financial Advisors (FA) for selection of various managers and funds to be used in a client's customized portfolio. The Research Coverage list covers numerous investment vehicles including mutual funds, exchange-traded funds, separately managed accounts, and commingled funds, such as hedge funds. Managers or funds are indicated on the list as either "Recommended" or

“Monitored.” “Recommended” managers or funds are recommended for additional investment where the FA deems that the sub-asset class in which the manager is classified meets the objectives and needs of a client’s diversified portfolio. “Monitored” managers/funds are ones that have either been previously recommended or are ones that have been added because of widespread usage among the FAs already. These managers are not recommended for new investment but may be held in a client’s account.

The Research group 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.

Research only recommends and monitors unaffiliated third party investment managers and focuses 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 Research members, FAs, and other firm personnel; commercially available databases; referrals from existing or prospective managers; and unsolicited meetings with managers. Several software programs are used to analyze the manager’s and peer group’s quantitative data. After the quantitative screens are used to narrow the choices, phone calls and meetings with the manager’s investment professionals are arranged with at least one on-site visit to precede nearly all manager recommendations to the Investment Committee. The on-site visit aids in gathering important qualitative data, such as the quality of the back office, the interaction between personnel; the physical layout of the office; the risk management controls; and the process for placing trades. ADVs, prospectuses, limited partnership agreements and other legal and regulatory documents are then reviewed for potential problems or further questions and follow-up. Once a manager is presented to and approved by the Investment Committee, the manager is monitored by the Research team 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. Such on-going due diligence monitoring includes participation in conference calls, attending manager conferences, meetings with manager professionals at Cary Street Partners offices or the manager’s, reading of monthly and quarterly newsletters, and review of short-term and long-term performance results. Other groups within the firm may follow similar processes in evaluating and recommending managers and funds to clients.

## **Voting Client Securities**

Clients in certain advisory Programs may have authorized us, in their client agreements, to vote proxy requests on their behalf. We have adopted procedures that are designed to ensure that your securities are voted in your best interest, and to avoid potential conflict of interests that may arise between our interests and your interests.

In those instances where proxy voting authority has been granted to us, Cary Street Partners may utilize a third-party proxy voting service to provide independent, objective research and voting recommendations and to vote proxies on our behalf. Cary Street Partners and its agents generally adopts a voting methodology that seeks to maximize shareholder value, but reserves the right to recommend a different voting strategy that is consistent with the your needs and constraints. In addition, we have the ability to override the vote recommended by the proxy voting service. We will only do so, however, if we believe that a different vote is in your best interest. A copy of Cary Street Partner's Proxy Voting Policies and Procedures and/or the record of proxies that have been voted for you are available to you upon your request.

In other advisory Programs the client may have authorized the third-party investment manager to vote proxies on their behalf. In those instances, Cary Street Partners will forward the proxy materials to your investment manager. To the extent we have contracted to do so, Cary Street Partners will provide this information to you on behalf of third party investment manager who votes proxies on behalf of you.

You should contact your FA if you have any questions and/or wish to obtain this information.

## **Item 7 Client Information Provided to Portfolio Managers**

You must complete an account profile with the assistance of your FA. The account profile outlines your investment objectives, financial circumstances, risk tolerance and any restrictions you may wish to impose on your investment activities. We will notify you in writing at least annually to update your account profile and indicate if there have been any changes in your financial situation, investment objectives or instructions. 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. Your FA will be reasonably available to you for consultation on these matters, and will act on any changes in your profile deemed to be material or appropriate as soon as practical after we become aware of the change.

## **Item 8 Client Contact with Portfolio Managers**

Your contact for information and consultation regarding your program account is your FA. In certain instances, your FA may coordinate a response with the portfolio manager (if applicable) or arrange for you to consult directly with the portfolio manager.

## **Item 9 Additional Information**

### **Disciplinary Information**

There are no legal or disciplinary events that are considered material.

### **Other Financial 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 is not registered as a broker-dealer. The management personnel, with the exception of one associate, are registered representatives with Cary Street Partners LLC, the broker-dealer affiliate of Cary Street Partners.

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

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

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

In addition, Cary Street Partners Holdings LLC completed a private placement of securities and some of our qualified advisory clients invested in that offering. Cary Street Partners Holdings LLC is also the majority owner of the subsidiary Cary Street Partners Fund GP, LLC, the majority general partner of Jefferson Global Growth Fund, L.P. The fund is a Delaware limited partnership and hedge fund management is provided by Cary Street Partners Investment Advisory LLC.

Cary Street Partners will provide a broader scope of service other than just investment advisory services. Engagements often include comprehensive analysis of cash flow and retirement models, company stock option detail and benefit analysis, estate planning functions, and risk assessment. Additional business activity is not limited to these services but would fall within the general parameters of clients' financial needs that are relevant on a client by client basis and fall within Cary Street Partners' areas of expertise.

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

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

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

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

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

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

Our code of ethics specifically outlines the process by which employees of Cary Street Partners and affiliate firms may purchase investments recommended to you. A copy of our code of ethics is available upon request. The important determinant by which we ensure your interests come



before our own is our trading policy that deters employees and affiliated members from purchasing managers/mutual funds for a period of 24 hours after investment committee approval and/or a period of 24 hours after significant asset allocation adjustments are determined.

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

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

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

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

## Review of Accounts

At least annually, your FA will contact you to determine whether there have been any changes in your financial situation, investment objectives, or instructions. 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 separately managed account 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.

In addition to reviews that may be conducted by your FA, the FA's Branch Office Manager or other designated supervisor will review account activity as it relates to their broker-dealer supervisory responsibilities. Cary Street Partners uses system controls and identification to restrict fee-based accounts from being charged commissions. We also regularly review reports to determine if you have been charged commissions in error and correct your accounts where appropriate.

Cary Street Partners reviews trading activity, the vendors, and systems Cary Street Partners uses to process transactions, among other things.

We provide you with periodic portfolio monitoring services which may 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 separately managed account program.

As an additional service, we may 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 may cause a delay in producing the portfolio monitoring reports for accounts new to our separately managed account program.

In addition, we 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; and
- (b) a statement of account activity at least quarterly.

## Client Referrals and Other Compensation

From time to time, we will compensate our other employees for referrals of possible clients to the separately managed account programs. Actual presentation and solicitation of these services are made by our FAs, not the referring employee. The referral compensation takes the form of a payment to the employee as a percentage of the fees described in the separately managed account program's contracts and results in no additional fees to you.

We and our FAs may effect brokerage transactions and receive commissions from the investment managers for accounts other than those of the clients in the particular separately managed account program; such commissions may be for other program accounts or as otherwise directed by the particular investment manager in connection with its responsibilities and obligations to you.

Through certain of our programs, we recommend investment managers for selection and retention in the context of our investment consulting services. Cary Street Partners may enter into arrangements with unaffiliated broker-dealers, investment advisers, or other persons pursuant to which referral compensation is paid for referrals of clients or potential clients to Cary Street Partner's investment consulting programs. This compensation may be in the form of transactional commissions or a percentage of the fees described in the program contracts. The details of such arrangements and the amount of compensation will be described in a separate disclosure provided to you at the time of such referrals.

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

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

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

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

## **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.