



Distinctive Service. Effective Advice.

Pinnacle Wealth Advisors is a registered investment adviser* with the U.S. Securities and Exchange Commission (SEC) under the Investment Advisers Act of 1940, ("the Advisers Act") and is a subsidiary of Pinnacle Financial Partners, Inc., a publicly held company (symbol PNFP). Our firm has a strong reputation based on the professionalism and high standards of the firm and our employees. The firm's reputation and our Advisors client relationships are the firm's most important assets. As a registered adviser, and as a fiduciary to our Advisory clients, our firm has a duty of loyalty and to always act in the utmost good faith, place our clients' interests first and foremost and to make full and fair disclosure of all material facts and in particular, information as to any potential and/or actual conflicts of interests.

Mission:

To strive for superior investment results by providing advice and customized solutions for our clients using prudent judgment in combination with a disciplined, focused investment process.

This brochure provides information about the qualifications and business practices of Pinnacle Wealth Advisors. If you have any questions about the contents of this brochure, please contact us at 615-743-8271. 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 Pinnacle Wealth Advisors also is available on the SEC's website at www.advisorinfo.sec.gov

**registration status does not imply or indicate any level of skill or training*

Material Changes

Since the last amendment filed 3/2015, the composition of the Investment Committee has changed. Current members are Mac Johnston, Miriam Baird, and David James. The proxy voting section was updated in July 2015 to reflect our investment management contracts, stating that we do not vote proxies. Harold Carpenter has rotated off the board and Jeff Eubanks has been added as a board member. Chris Bricker resigned as a portfolio manager.

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2A.1 Advisory Business

PWA has been in business since 2006 and is a wholly-owned subsidiary of Pinnacle Financial Partners. **As of December 31, 2015, PWA manages approximately \$272 million in discretionary assets.** Our success is measured by investment results that exceed our clients' investment expectations. Our priority is to simplify, organize and measure your investments. We have the freedom to offer investment advice that is both personalized and unbiased to help accumulate and protect your assets.

The Investment Process

1. **Analyze situation.** We get to know you, your current financial situation, your tolerance for risk and expectations on return. These insights will make all the difference in how we serve your interests.
2. **Determine allocation.** We'll help you diversify your portfolio to attain your goals without overstepping your tolerance for financial risk.
3. **Agree on an investment strategy.** A tailored financial plan will provide a disciplined and systematic approach to investing.
4. **Implement plan.** Your investment advisor will work with you to take your asset allocation and written strategy and execute it.
5. **Measure and adjust.** Regular communications and reports assure that we get your feedback and make adjustments based on changes in your financial situation.



Your life is not static and neither is this process. Throughout our relationship, we'll evaluate this process and make adjustments. That's how we help you employ disciplined long-term strategies that help protect against short-term market swings and provide risk management strategies.

2A-2. Fees and Compensation

All fees paid to PWA for Advisory Services are separate and distinct from, and in addition to, fees and expenses charged by mutual funds, independent advisors, or other investment products that are used in client accounts. These fees and expenses are described in each investment products disclosure documents. PWA's fees are exclusive of brokerage commissions, transaction fees, custodial fees, wire fees, and other related costs and expenses which shall be incurred by the client.

PWA may recommend alternative investment vehicles, such as private placements, to qualifying clients based on the client's risk tolerance, net worth, financial objectives, investment expertise, and how the investment fits within the client's asset allocation strategy.

Clients could invest directly in the types of securities recommended without the services of PWA. In that case, the client would not receive the services provided by PWA, which are designed to assist the client in determining which investments are appropriate for certain financial conditions and objectives. Clients should review and fully understand the total amount of fees to be paid and evaluate the Advisors services provided.

For most clients, "investment supervisory services" are rendered. This service involves continuous advice to clients as to the investments of their funds depending on the particular circumstances and needs of the client.

Fees charged depend upon the goals of the account. PWA offers three basic services with different fee schedules for each:

- 1) Money Market accounts** invest in high quality, short-term, fixed income investments on a discretionary basis. Services offered include knowledge of yield spreads between different money market instruments, execution of orders, wiring of funds; accounting of income and attaining the proper duration for the portfolio. The fee schedule for this is .30% of the assets under management.
- 2) Fixed Income Accounts** invest in portfolios of fixed income securities and cash equivalents on a discretionary basis. Investments may include municipal, corporate, and agency bonds or Certificates of Deposit, all of which are investment grade or better at time of purchase, chosen to meet the client's investment objectives. Exchange Traded Bond Funds are utilized for clients with higher risk tolerance that desire more yield. The fee for this service is .75% for the first \$500,000 and .60% for the next \$500,000, and .40% for assets above \$1,000,000. There is a minimum annual fee of \$2,000.
- 3) Core Equity and Balanced Accounts** call for a performance comparison between recognized indices and objectives of achieving an above average return for the risk assumed. These accounts involve discretionary authority and place asset allocation decisions with the portfolio manager with guidance parameters. Securities may include large cap domestic stocks, with ETF's and/or mutual funds utilized for small and mid-cap domestic, international, emerging markets, etc. Balanced accounts will have a portion of their account invested in Fixed Income securities (as described above). Individual investor goals and risk tolerance determines the asset mix. The fee for this service is 1.5% on the first \$2,500,000; 1.25% on the next \$2,500,000; .1% on the next \$5,000,000, and .85% on all amounts greater than \$10,000,000.

Fees are negotiable.

Clients are charged in arrears for their quarterly investment management fee.

From time to time, PWA will enter into consulting arrangements for matters that involve financial planning. These arrangements are usually of limited duration and the hourly or flat fee is negotiated with our clients.

One access personnel who is subject to PWA's Code of Ethics is a registered representative with Raymond James, the sponsor of a wrap program for which PWA is an approved outside manager. Miriam S. Baird is a registered representative with Raymond James solely for trading purposes and receives no compensation from Raymond James for trades placed in PWA managed accounts.

2A-3. Performance-Based Fees and Side-by-Side Management

PWA does not engage in either of these practices.

2A-4. Types of Clients

We offer services to individuals, trusts, estates, and various other types of corporations or business entities. The typical minimum dollar amount to open an account with PWA is \$500,000, although the minimum may be waived.

2A-5. Methods of Analysis, Sources of Information and Investment Strategies and Risk of Loss

PWA uses an "open architecture" platform to produce customized solutions for clients with an objective evaluation of all investment options. Once the analysis is complete, the process continues with the production of an **Investment Policy Document** which lays out a prudent and systematic investment program that is customized for each client.

An **Asset Allocation Analysis** is conducted to ensure diversification throughout the process and to determine an acceptable risk tolerance level for our clients, who are then educated as to how much risk is associated with the investments chosen. PWA has several proprietary models which are also used in the asset allocation process in an "a la carte" fashion. Core Equity and Balanced strategies are subject to many risks, including but not limited to: general market risk, sector risk, legislative risk, company specific risk, etc. A Balanced portfolio's equity portion will face the same aforementioned risk, as well as the risks inherent in purchasing bonds: interest rate risk, default risk, downgrade risk, etc.

Once invested, PWA offers **Performance Evaluations** with all clients to discuss their portfolio's performance and address any issues or concerns.

PWA's **Investment Policy Committee** schedules weekly meetings to review and discuss portfolio stock holdings as they relate to other factors such as economic news, company news or earnings changes. Among the many different sources the committee might use to supplement its substantial knowledge base and level of expertise are financial publications, corporate rating services and press releases, corporate research materials, annual reports and filings with the U.S. Securities and Exchange Commission.

PWA uses **Model Portfolios** which reduce dispersion across client portfolios. The Investment Committee's approach to its **security selection process** begins on broad scope which may include discussions of major economic events and how they may affect different industry sectors and their growth potential. From there, industry sectors are examined where trends might become more recognizable through research and discussion which could lead to further review of specific holdings inside the portfolio that may need adjustment. Our underlying "**Sell Discipline**" is utilized under certain circumstances, among which are:

- There is a change in a company's fundamental structure
- Leading economic indicators begin to turn negative, or
- There are unfavorable changes in a company's management or business plan

With all strategies, investing in securities involves risk of loss that all clients should be prepared to bear. Past performance is no guarantee of future results.

2A-6. Disciplinary Information

There are no material disciplinary actions (including civil arbitration) against any PWA employees.

2A-7. Other Financial Industry Activities and Affiliations

Employee Sharing Arrangement

As a type of associate-sharing arrangement, PWA provides investment advice to its affiliate Pinnacle Bank which acts as trustee or agent to trust and agency accounts. ***This advice is given without separate charge to the trust or agency accounts.*** However, Pinnacle Bank in its discretion will from time to time make internal allocations of trust department revenue to PWA meant to cover PWA personnel and other costs as agreed upon between both affiliates.

WRAP Fee Arrangement

PWA will enter into WRAP fee arrangements with Raymond James for discretionary equity/balanced accounts. Wrap clients execute an investment contract with PWA, and PWA receives a fee from Raymond James with respect to their WRAP fee program and does not separately charge the client. As mentioned in Section 2A-2, one access person who is subject to PWA's Code of Ethics is a registered representative with Raymond James.

2A-8. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

The foundation of PWA's Code consists of basic standards of conduct including, but not limited to, the avoidance of conflicts between personal interests and interests of the Firm or its clients. To this end, directors, officers and employees of the firm must adhere to ethical standards and have the duty to:

- Place the interests of the Firm's Clients first
- Ensure that all personal securities transactions be conducted in a manner that is consistent with this Code to avoid any actual or potential conflict of interest or any abuse by such directors, officers and employees within a position of trust and responsibility
- Ensure that the directors, officers and employees of the firm do not take inappropriate advantage of their position with the firm.

Reporting Requirements

All Access Persons of the Firm must allow and arrange for the Chief Compliance Officer to receive directly from any outside broker - dealer, or bank in question, duplicate copies of each confirmation and periodic statements for each transaction in Reportable Securities for the Access Person's account. If any Access Person is unable to arrange for duplicate confirmations and statements to be sent, he or she must immediately notify the Chief Compliance Officer.

Each Access Person of the Firm shall submit the following reports to the Firm's Chief Compliance Officer. The reports must show transactions in Reportable Securities in which the Access Person has, or by reason of such transaction acquires, any direct or indirect Beneficial Ownership.

Initial Holdings Report: Shall initially be filed no later than 10 days after that person becomes an Access Person of the Firm. The information contained in the Initial Holdings Report must be current as of a date no more than 45 days prior to the date the person becomes an Access Person of the firm.

Quarterly Transaction Reports: Shall be filed no later than 30 days after the end of each calendar quarter. Each Quarterly Transaction Report must include information concerning each transaction involving a Reportable Security in which the Access Person had, or as a result of the transaction acquired, any direct or indirect beneficial ownership.

Annual Report: Shall be submitted by each Access Person within 10 days after the end of each calendar year. The information contained in the Annual Report must be current as of a date no more than 45 days prior to the date the report was submitted.

Exceptions

An Access Person is not required to submit:

- a. any report with respect to securities held in accounts over which the Access Person had no direct or indirect influence or control;
 - b. a transaction report with respect to transactions effected pursuant to an automatic investment plan;
- Please note: Reallocations of investment plans involving Reportable Securities are a reportable event, and

c. a transaction report, if the report would duplicate information contained in broker trade confirmations or account statements that the Firm holds in its records, so long as the Firm receives the confirmation statements no later than 30 days after the end of the applicable calendar quarter.

Pre-clearance and other Insider Trading Provisions

Pre-clearance Requirements for Transactions in Reportable Securities

PWA personnel may from time to time recommend to clients that they buy or sell securities which PWA or its personnel may also own or have a financial interest in. In order to prevent a conflict of interest and put clients' interests ahead of their own, PWA personnel are required to "pre-clear" or receive prior permission from PWA President Hugh Maclin Johnston, Trader Miriam Baird, or Chief Compliance Officer David James before affecting any transactions in certain "reportable" securities. If PWA has in fact traded or intends to trade in the same security within its portfolio, PWA associates trades may not be affected within three business days before or after that trade has taken place. If the transaction is not effected on the same business day that the approval is obtained, a new request must be submitted and approved. GTC orders in reportable securities are prohibited.

Pre-clearance Requirements for Investments in Public Offerings and Limited Offerings

No Access Person may directly or indirectly acquire a beneficial ownership in any security issued in an Initial Public Offering or a Limited Offering, unless the Chief Compliance Officer has approved a written request relating to such acquisition.

Blackout Periods

An Access Person shall not purchase or sell, directly or indirectly, any Reportable Security within three business days before or after effecting a purchase or sale of that Reportable Security on behalf of a client of the Firm.

Exceptions

The foregoing pre-clearance and blackout period requirements do not apply to Reportable Securities (other than investments in Initial Public Offerings and Limited Offerings):

- held in accounts over which the Access Person had no direct or indirect influence or control;
- purchased or sold pursuant to an automatic investment plan; and
- issued by Pinnacle Financial Partners, Inc. or its affiliates.

Short-term trading

Access Persons may not engage in short-term trading of Reportable Securities. Absent extenuating circumstances, Access Persons shall disgorge and remit to the Firm any profit realized by them from a sale or exchange of Reportable Securities that the Access Person has held for a period of 30 days or less. The Chief

Compliance Officer must determine and approve any extenuating circumstances and keep records of all such exceptions.

PWA's Code of Ethics document is always available to any client or perspective client upon their request.

2A-9. Brokerage Practices

While PWA may be deemed to *have* custody if you have granted us authority to withdraw fees from your account, PWA does not *maintain* custody of your assets, and hence they must be maintained at a qualified custodian. We recommend that our clients use Pershing, a registered broker dealer and member of SIPC, as the qualified custodian. PWA is independently owned and not affiliated with Pershing. Pershing will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we recommend that you use Pershing, you will decide whether to do so and open an account directly with them with our assistance.

We seek to recommend a custodian/broker who will hold your assets and execute transactions that are, overall, more advantageous when compared with other available providers. Things we consider are, among others:

- Execution, clearing, and settlement of trades
- Quality of services
- Reputation, stability, and financial strength
- Availability of investment research and tools that assist us in making investment decisions
- Competitiveness and fairness of the price of those services
- Broad array of investment products

Soft Dollar Commissions

PWA does not have any formal or informal arrangements or commitments to utilize research, research-related products and other services obtained from broker-dealers or third parties on a soft dollar commission basis.

Commissions

PWA will research and review a broker's standard and competitive commission schedule for all security products.

Trade Aggregation Policies and Practices

PWA may aggregate (bunch) transactions for your account with those of other clients in an effort to obtain the best execution under the circumstances. However, you may direct in writing that transactions for your account not be aggregated with those of other clients. If you direct PWA to not to aggregate your trades, you may lose certain potential benefits from "bunching" such as lower commission rates and transactional efficiencies. Non-bunched orders could be executed at different times than bunched orders, resulting in prices that may be higher or lower than the prices at which non-bunched orders are executed.

2A-10. Review of Accounts

PWA provides for semi-annual or annual reviews for PWA's portfolio. Topics discussed may include asset allocation, holdings and account restrictions. In addition, clients are sent monthly or quarterly account statements from their custodians showing gains/losses, holdings and trading history.

2A-11. Client Referrals and Other Compensation

PWA provides investment advice to its affiliate Pinnacle Bank, which acts as trustee or agent to trustee and agency accounts. This advice is given without separate charge to the trust or agency accounts. However, internal allocations of trust department revenue to PWA meant to cover PWA personnel and other costs shall be made as agreed upon from time to time by Pinnacle Bank at its discretion.

PWA does not provide compensation to third parties for client referrals directly or indirectly.

2A-12. Custody

We are deemed to have custody of your assets if you authorize us to instruct the custodian to deduct our Advisors fees directly from your account. The custodian maintains actual custody of your assets. You will receive account statements directly from your custodian at least quarterly. You should review these statement promptly and carefully. PWA urges you to compare those account statements to any portfolio reports you may receive from us.

If you grant a PWA employee (or any individual considered a PWA supervised person under SEC regulation) access to your assets, then PWA is deemed to have custody of those assets. Accounts where PWA is deemed to have custody (other than solely due to the ability to instruct the custodian to deduct fees) are subject to a surprise annual examination by an independent CPA firm. Their report is submitted directly to the SEC.

2A-13. Investment Discretion

PWA takes pride and care when managing your portfolio. To manage your account, we will have authority to determine which securities to buy and sell; which is commonly known as "discretion"; a topic which is also covered in the Advisors Services Agreement. Clients generally do not place limitations on trading discretion; however, clients wishing to impose limitations must give notice of the limitations in writing.

PWA delivers investment advice through consultations. Any research available to PWA is available for use with all client accounts and is not taken into consideration when determining fees or commissions assessed to clients.

When a broker utilizes PWA as an advisor to clients in wrap accounts, PWA receives a portion of the fees charged by that broker dealer under the terms of the Investment Management Agreement. In such cases, we do not charge the client any additional fees.

2A-14. Voting Client Securities

As a matter of policy, PWA does not vote client proxies.

2A-15. Financial Information

Since PWA does not require or solicit prepayment of fees, (see section 2A-2, Fees and Compensation) we are not required to enclose our balance sheet in this section. However, we will supply our most recent audited balance sheet to any client who requests it.