

**Part 2A of Form ADV:  
Firm Brochure**



**SIERRA NEVADA WEALTH MANAGEMENT**

Herein after "SNWM/We"

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Date of this brochure: May 9<sup>th</sup>, 2012

**This brochure provides information about the qualifications and business practices of Sierra Nevada Wealth Management, LLC. If you have any questions about the contents of this brochure, please contact us at 775-297-4682 or [info@snwmllc.com](mailto:info@snwmllc.com). 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 Sierra Nevada Wealth Management, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## Item 2

## Material Changes

Additional information about Sierra Nevada Wealth Management, LLC is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with the Firm who are registered, or are required to be registered, as investment adviser representatives.

The following are material changes for the Sierra Nevada Wealth Management, LLC firm brochure since its last annual update of December 31, 2011.

1. Sierra Nevada Wealth Management, LLC has changed from a state registered to a Securities and Exchange Commission (SEC) registered investment advisor. Registered Investment Advisors with assets under management in excess of \$100 million are required to register with the SEC. Additional information regarding the assets under management of SNWM can be found in Item 4: Advisory Business.

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## Item 4

## Advisory Business

Sierra Nevada Wealth Management, LLC (SNWM) has been providing various financial planning and investment advisory services since 2007. SNWM provides these services to individuals, trusts, estates, and businesses. Financial planning is provided to Clients, either as a precursor to investment management or as an element of the portfolio construction component of the investment management process, commensurate with each individual Client's needs. The principal owner of SNWM is Gregory Crawford, CFP®.

Services provided:

1. Financial Planning:

Discussions, interviews and/or Client questionnaires, SNWM assists each Client in determining their financial goals. This process includes, but may not be limited to: analyzing existing liquid and illiquid assets, developing a budget, suggesting changes in the allocation of assets and selecting specific investments designed to assist the Client in meeting his or her stated goals and objectives. Clients receive written financial plans that can be reviewed at their discretion.

2. Investment Management

SNWM provides professional management of various securities such as, stocks, bonds, mutual funds, exchange traded funds and many others. The management approach of Client assets is based on: (1) an evaluation of your risk preference and rate of return objectives, (2) asset selections, liquidity, and cost constraints required in the development of the long-term portfolio strategy and (3) an attempt to match established policies and objectives with your risk and return preferences.

Through the process of gathering and determining an individual's financial goals, SNWM's advisory services are individually tailored to meet the goals of the Client. Based upon specific needs or desires, Clients of SNWM may impose restrictions on investing in certain asset types or classes.

Asset Management Types:

SNWM manages Clients assets in two ways.

1. Discretionary

Client authorizes SNWM to investigate, purchase, and sell on behalf of Client, various securities and investments. SNWM is authorized to execute purchases and sales of securities on Client's behalf without consulting Client regarding each sale or purchase.

2. Non-Discretionary

SNWM is authorized to execute purchases and sales of securities only after consulting with Client regarding each transaction.

Prior to entering into contract, SNWM and the Client will discuss which type of management best fits with the Client's needs and goals.

SNWM has entered into a discretionary investment advisory services agreement with Alliance Trust Company, LLC (Institutional Banking Client). A monthly fee of \$1000 will be charged per month, payable on the first day of the month following a quarter of services. This service is negotiable and is subject to change from time to time based on the needs of the client.

As of May 9<sup>th</sup>, 2012 SNWM manages \$5,514,963 of non-discretionary assets and \$101,279,058 of discretionary assets, for a total assets under management of \$106,794,021.

**Item 5****Fees and Compensation**

*All Fees are negotiable*

The compensation of SNWM for its services rendered shall be calculated quarterly. Client shall be given thirty (30) days' prior written notice of any increase in fees.

**INVESTMENT SUPERVISORY SERVICES**

Fees for these services will be based on a percentage of Assets Under Management as follows:

ASSETS UNDER MANAGEMENT	ANNUAL FEE	
\$1 - \$500,000	1.50%	or based on Hourly Consultation
\$500,000 - \$1,000,000	1.25%	
\$1,000,000 - \$3,000,000	1.00%	
\$3,000,000 and above	0.75%	

**Computing fees for investment supervisory services:**

Fees for investment supervisory services are calculated quarterly (every 3 months). SNWM will use the closing prices of the last day in the quarter when computing fees. Investment supervisory fees are charged in advance (1 quarter only) and the Client can either choose to have the fees deducted directly from their account or be billed in advance for the services.

Example of fee calculation:

Client: John Doe

Assets with SNWM: \$500,000.00 (Value as of Dec 31<sup>st</sup>, 2010)

Annual Fee: 1.50%

Quarterly Fee:  $1.50\%/4 = .3750\%$  per quarter or  $\$500,000.00 * .3750\% = \$1,875.00$

Fee charged in advance for the 1<sup>st</sup> quarter in 2011: Jan 1<sup>st</sup> – March 31<sup>st</sup> 2011

Account valuation is done by the brokerage that SNWM uses to custody Client assets.

A Client may terminate their account with SNWM with 30 days notice and receive a refund for fees charged in advance. Refunds are pro-rated based on the days remaining in a quarter at the point of termination.

Example of pro-rated calculation:

Client: John Doe

Assets with SNWM: \$500,000.00 (Value as of Dec 31<sup>st</sup>, 2010)

Quarterly Fee:  $\$500,000.00 * .3750\% = \$1,875.00$

Fee charged in advance for the 1<sup>st</sup> quarter in 2011: Jan 1<sup>st</sup> – March 31<sup>st</sup>

Client gives 30 days written notice to terminate account on March 3<sup>rd</sup>, 2011

Pro-rated refund:  $\text{Days left in quarter termination date (28)} / \text{Total days in 1<sup>st</sup> quarter (90)} = 31.1\%$

SNWM refunds \$583.33 or  $(\$1,875.00 * 31.1\%)$  to Client.

**Hourly Fees: Financial Planning or negotiated for Investment Management.**

Depending upon the complexity of the situation and the needs of the Client, the hourly fee for these services is \$250 to \$450 an hour. The fees are negotiable and the final fee schedule will be attached as Exhibit II on the Clients Investment Advisory Contract. Fees are paid in arrears upon completion. Fees that are charged in arrears are not eligible for refunds. Clients may terminate their accounts without penalty, for full refund, within 5 business days of signing the advisory contract.

**Other fees associated with investment supervisory services:**

In addition to fees charged by SNWM, Clients will be subject to additional fees such as custodian fees or management fees charged by a fund company that SNWM and the Client choose.

**Fund company fees:**

Information on the ongoing fees charged by a mutual fund, exchange traded fund or other security where applicable can be found in the fund's prospectus. Clients can request a prospectus from SNWM or directly from the fund company.

Custodian Fees: Charles Schwab & Co, Inc.

SNWM uses Charles Schwab & Co, Inc. (herein after Charles Schwab or Schwab) to custody Client assets. Fees charges are normal and customary fees that are charged and received directly by Charles Schwab. SNWM does not accept compensation from any sources other than from investment supervisory or hourly fees. Fees for the purchase and sale of securities are never accepted by SNWM. Further discussion of Charles Schwab and its relation to SNWM is on Item 12: Brokerage Practices.

Charles Schwab brokerage fees:Equities—Electronic Trades:

Standard pricing for electronic trades including automated phone is 2-tiered pricing (\$19.95/\$8.95) determined by the Client's household assets and other eligibility requirements.

- For account holders with \$1MM+ in household assets, electronic equity pricing is \$8.95 per trade.
- For account holders with \$1MM in household assets whose accounts are enrolled in eDelivery (eConfirms and eStatements), electronic equity pricing is \$8.95 per trade
- For account holders with \$1mm in household assets whose accounts are not enrolled in eDelivery (eConfirm and eStatement), electronic equity pricing is \$19.95 for the first 1,000 shares, plus 1.5¢ per share thereafter.
- Charles Schwab ETFs: trades are commission-free for account holders if placed through online and automated phone channels at Charles Schwab.

Options:

Electronic Trades & Automated Phone: \$8.95 + \$1.40 per contract

Live Trades: \$38.95 + \$1.40 per contract

Fixed Income Investments:

	Broker Assisted Trades	Electronic Trades
New Issues, including Certificates of Deposit	No Mark-up	No Mark-up
Treasury Auctions	\$25 per trade	\$0 per trade
Secondary Treasury— Bills, Notes, Bonds and TIPS	\$25 per trade	\$0 per trade
Agencies	\$0.24 per bond (\$10 min, \$275 max)	\$0.20/bond (\$10 min, \$250 max)
Corporate Bonds in which Schwab acts as principal	\$1.20 per bond (\$10 min, \$275 max)	\$1.00/bond (\$10 min, \$250 max)
Corporate Bonds in which Schwab acts as agent (usually exchange traded corporate bonds)	\$1.20 per bond (\$10 min, \$275 max)	\$1.00/bond (\$10 min, \$250 max)
Munis	\$1.20 per bond (\$10 min, \$275 max)	\$1.00/bond (\$10 min, \$250 max)
Other— Secondary traded CDs, zero coupon Treasury Bonds, STRIPS and Mortgage-Backed Securities	\$1.20 per bond (\$10 min, \$275 max)	\$1.00/bond (\$10 min, \$250 max)

Certificates of Deposit: No commission or markup, Schwab receives fee from depository institution.

Mutual Fund Transaction Fees:

Broker Assisted Rate :0.7% of principal (\$39 min / \$74.95 max)

Electronic Discount: 20% discount off broker assisted rates (\$31 min, \$49.95 max)

OneSource Broker Assisted Fee: None

Fees named above for Charles Schwab only apply if a Client chooses to execute trades with Charles Schwab. Clients at any time may execute trades at another broker, which will alter the cost of transacting.

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

SNWM does not charge performance-based fees or engage in side-by-side management.

**Item 7****Types of Clients**

SNWM provides investment supervisory and financial planning services to individuals, trusts and businesses.

Requirements for opening an account with SNWM:

SNWM gathers personal information to open Charles Schwab brokerage accounts. Below are examples of the type of information needed to open an account.

- Name of account holder
- Social Security number or completed IRS Form W-9 (available at the IRS website, [www.irs.gov](http://www.irs.gov))
- Home street address (no P.O. boxes or investment advisor addresses, please)
- Business street address (no P.O. boxes or investment advisor addresses, please)
- Mailing address if different from street address
- Home and/or business telephone number
- Date of birth
- Country of legal residence
- Country(ies) of citizenship
- If not a U.S. citizen: Identification type, identification number, place of issuance, expiration date. If non-U.S. citizen does not have a Social Security number, provide passport for identification. If non-U.S. citizen has a Social Security number, U.S. driver's license or U.S. government-issued ID is acceptable.
- Employment status (employed, self-employed, retired OR nonemployed)
- Name of employer: Business and employer information are not required if the Client is retired or nonemployed.

A copy of our privacy policy regarding personal information can be provided upon request.

Account minimums:

SNWM targets a minimum household value of \$500,000.00. This minimum is not per account, but the total assets a Client will have to engage SNWM's services.

From time to time, we will accept a lower account minimum from a Prospective Client based on a number of factors.

## Item 8

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

### Investment Objectives:

The investment objective for your portfolio will be developed in conjunction with a review of your financial resources and goals, an evaluation of your risk preference and rate of return objectives, asset selections, liquidity, and cost constraints required in the development of the long-term portfolio strategy.

### Methods of Analysis:

SNWM uses a fundamental diversified asset allocation model for managing investments. Fundamental investment strategies use qualitative and quantitative valuation methods to determine the economic well-being and prospects for business, industries, sectors, asset classes and the broader economy.

It is our practice to explain to all clients that securities investing, including diversified portfolios, involves risk and risk of loss. Diversification does not guarantee a profit or guarantee against risk of loss.

### General Investment Strategies:

#### **1. Aggressive**

The Aggressive Portfolio objective is primarily oriented towards growth of principal with less emphasis on portfolio income. Investments could include equities, debt instruments, derivatives and cash or cash equivalents for diversification and risk management.

Portfolios classified as aggressive are subject to extremely wide fluctuations in share prices. The unusually high volatility associated with these funds may stem from one or more of the following strategies: a concentration of fund holdings in a relatively low number of individual stocks, or in a particular sector of the stock market, or in a particular geographical region of the world; a heavy emphasis on small-capitalization stocks or growth stocks with relatively high market valuations; holdings of international stocks or bonds, which are subject to price declines caused by changes in the value of the U.S. dollar against foreign currencies; or investments in bonds that have exceptionally long average durations, whose prices are highly sensitive to changes in interest rates.

#### Who Should Invest:

- Investors seeking the potential of high capital growth.
- Investors seeking growth of capital over the long term—at least five years.
- Investors willing to experience substantial fluctuations in portfolio value.

#### Who Should Not Invest:

- Investors unwilling to accept significant fluctuations in portfolio valuation.
- Investors seeking current income from the portfolio.
- Investors seeking more conservative investment strategies.

#### **2. Balanced**

A Balanced Portfolio's objective is to provide a combination of income, capital appreciation and capital protection by investing in a mix of stocks and bonds. Because prices of stock and bonds have historically responded differently to various economic events and influences, a balanced portfolio should experience less risk than a portfolio invested exclusively in stocks. However, there are other risks associated with a balanced portfolio.

#### Who Should Invest:

- Investors seeking long term income growth.
- Investors seeking current and sustainable income growth.
- Investors seeking moderate capital growth.

#### Who Should Not Invest:

- Investors seeking the potential of high capital growth.
- Investors seeking investments with long-time horizons, at least five and up to 10 years.
- Investors willing to experience substantial fluctuations in portfolio value.

#### **3. Conservative**

A Conservative Portfolio's objective is to provide a combination of income, low volatility and capital protection by investing in a mix of stocks and bonds. Because prices of stock and bonds have historically responded differently to various economic events and influences, a conservative portfolio should experience less risk than a portfolio invested exclusively in stocks.



#### Who Should Invest:

- Investors seeking income.
- Investors seeking current and sustainable income growth.
- Investors seeking low volatility.

#### Who Should Not Invest:

- Investors seeking the potential of high capital growth.
- Investors seeking investments with long-time horizons, at least five and up to 10 years.
- Investors willing to experience substantial fluctuations in portfolio value.

#### Risks Associated With Investing:

*Stock market risk:* The chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising stock prices and periods of falling stock prices.

*Bond market risk:* The risk that overall bond prices will fall as a result of rising interest rates. Future income risk exists if interest rates fall and bond cash flows are reinvested at a lower rate. Credit risks, the ability or perceived of a bond issuer to pay interest and principal, and call-risk, the prepayment of a bond, are also potential bond market risks.

*Manager risk:* The chance that poor security selection will cause the fund to underperform relevant benchmarks or other funds with a similar investment objective.

#### **SPECIAL RISKS**

*Alternative Investments:* There may be specific risks associated with alternative investments such as higher fees, limited liquidity, increased volatility, lesser reporting requirements, the use of leverage and concentration with a specific manager.

*International Investments:* There may be specific risks associated with investing internationally such as changes in currency rates, foreign taxation, differences in auditing and financial standards, and other risks which may be associated with specific country investments.

*Concentration of Investments:* There may be increased risk and volatility in concentrating investments in one economic sector or geographical region.

*Investing in Exchange Traded Funds:* SNWM primarily uses Exchange Traded Funds (ETF) when constructing portfolio's for Clients. Below is a discussion about what an ETF is and the risks associated with using this product.

*What is an ETF:* An exchange traded fund (ETF) is an investment vehicle that combines key features of traditional mutual funds and individual stocks. Like index mutual funds, ETFs represent diversified portfolios of securities that track specific indexes. Like stocks, they can be bought and sold (long or short) on an exchange throughout the trading day.

#### Risks Associated with Investing in an ETF:

*Tracking Error Risk.* As an index fund, an ETF seeks to track the performance of its benchmark index, although it may not be successful in doing so. The divergence between the performance of the ETF and its benchmark index, positive or negative, is called "tracking error." Tracking error can be caused by many factors and it may be significant.

*Derivatives Risk.* The ETF's use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments and could cause the ETF to lose more than the principal amount invested. In addition, investments in derivatives may involve leverage, which means a small percentage of assets invested in derivatives can have a disproportionately larger impact on the ETF.

*Liquidity Risk.* A particular investment may be difficult to purchase or sell. The ETF may be unable to sell illiquid securities at an advantageous time or price.

*Securities Lending Risk.* Securities lending involves the risk of loss of rights in the collateral or delay in recovery of the collateral if the borrower fails to return the security loaned or becomes insolvent.

*Concentration Risk.* To the extent that the ETF's or the index's portfolio is concentrated in the securities of issuers in a particular market, industry, group of industries, sector or asset class, the ETF may be adversely affected by the performance of those securities, may be subject to increased price volatility and may be more susceptible to adverse economic, market, political or regulatory occurrences affecting that market, industry, group of industries, sector or asset class.

*Market Trading Risk.* Although ETF shares are listed on national securities exchanges, there can be no assurance that an

active trading market for ETF shares will develop or be maintained. If an active market is not maintained, investors may find it difficult to buy or sell ETF shares.

*Pricing Risk.* Shares of the ETF may trade at prices other than NAV. ETF shares may be bought and sold in the secondary market at market prices. Although it is expected that the market price of the shares of the ETF will approximate the ETF's net asset value (NAV), there may be times when the market price and the NAV vary significantly. You may pay more than NAV when you buy shares of the ETF in the secondary market, and you may receive less than NAV when you sell those shares in the secondary market.

## **Item 9**

### **Disciplinary Information**

There are no disclosures in this section.

## **Item 10**

### **Other Financial Industry Activities and Affiliations**

Louis Robinson, an owner of SNWM and investment advisor representative, is an independent insurance agent with a life and health insurance license. Denis J. Damiens, Jr., an investment advisor representative with SNWM, also is an independent insurance agent with a life and health insurance license. This causes a conflict of interest because they receive commissions for the sale of insurance that is separate from the investment management fee outlined above. The act of selling life and health insurance is performed by a separate and distinct business entity from SNWM. They attempt to mitigate the conflict of interest to the best of their ability by placing the Client's interests ahead of their own through their fiduciary duty and adhering to SNWM's code of ethics.

## Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

### Code of Ethics Statement

#### SNWM has adopted a code of ethics to:

1. set forth standards of conduct expected of advisory personnel (including compliance with federal and state securities laws);
2. safeguard material non-public information about Client transactions; and
3. require “access persons” to report their personal securities transactions. In addition, the activities of an investment adviser and its personnel must comply with the broad antifraud provisions of Section 206 of the Advisers Act.

As an investment adviser firm, we have an overarching fiduciary duty to our Clients. We have an obligation to uphold that fiduciary duty and see that our personnel do not take inappropriate advantage of their positions and the access to information that comes with their positions.

SNWM holds their directors, officers, and employees accountable for adhering to and advocating the following general standards to the best of their knowledge and ability:

- Always place the interest of the Clients first and never benefit at the expense of advisory Clients.
- Always act in an honest and ethical manner, including in connection with, and the handling and avoidance of, actual or potential conflicts of interest between personal and professional relationships.
- Always maintain the confidentiality of information concerning the identity of security holdings and financial circumstances of Clients.
- Fully comply with all applicable laws, rules and regulations of federal, state and local governments and other applicable regulatory agencies.
- Proactively promote ethical and honest behavior with the Adviser, including, without limitation, the prompt reporting of violations of, and being accountable for adherence to, this Code of Ethics.

Failure to comply with the Code of Ethics may result in disciplinary action, including termination of employment.

#### Conflicts of Interest

Sierra Nevada Wealth Management, LLC has an affirmative duty of care, loyalty, honesty, and good faith to act in the best interest of its Clients. All supervised persons must refrain from engaging in any activity or having a personal interest that presents a “conflict of interest.” A conflict of interest may arise if your personal interest interferes, or appears to interfere, with the interests of the Adviser or its Clients. A conflict of interest can arise whenever you take action or have an interest that makes it difficult for you to perform your duties and responsibilities for the Adviser honestly, objectively and effectively.

While it is impossible to describe all of the possible circumstances under which a conflict of interest may arise, listed below are situations that most likely could result in a conflict of interest and that are prohibited under this Code of Ethics:

- Access persons may not favor the interest of one Client over another Client (e.g., larger accounts over smaller accounts, accounts compensated by performance fees over accounts not so compensated, accounts in which employees have made material personal investments, accounts of close friends or relatives of supervised persons). This kind of favoritism would constitute a breach of fiduciary duty.
- Access persons are prohibited from using knowledge about pending or currently considered securities transactions for Clients to profit personally, directly or indirectly, as a result of such transactions, including by purchasing or selling such securities.

Access persons are prohibited from recommending, implementing or considering any securities transaction for a Client without having disclosed any material beneficial ownership, business or personal relationship, or other material interest in the issuer or its affiliates, to the Chief Compliance Officer, Gregory Crawford, CFP® (“CCO”). If the CCO deems the disclosed interest to present a material conflict, the investment personnel may not participate in any decision-making process regarding the securities of that issuer.

Conflicts of interests may arise out of the relationship between SNWM and Charles Schwab. Disclosures pertaining to this relationship may be found in Item 12: Brokerage Practices.

The Custodian and Brokers We Use:

SNWM (“we”/“our”) does not maintain custody of your assets that we manage, although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account (see Item 15 – Custody, below). Your assets must be maintained in an account at a “qualified custodian,” generally a broker dealer or bank. We require that our Clients use Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, as the qualified custodian. We are independently owned and operated and are not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we or you instruct them to. While we require that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so. If you do not wish to place your assets with Schwab, then we cannot manage your account. Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account as described below (see “Your Brokerage and Custody Costs”).

Although SNWM manages client assets of Alliance Trust Company, LLC on a discretionary basis, SNWM does not handle custodial services. Alliance Trust Company, LLC is responsible for all custodial services for clients under the agreement. Alliance Trust Company, LLC does not require its clients to custody with Charles Schwab.

How We Select Brokers/Custodians:

We seek to use a custodian/broker who will hold your assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds [ETFs], etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, and stability
- Prior service to us and our other Clients
- Availability of other products and services that benefit us, as discussed below (see “Products and Services Available to Us From Schwab”)

Your Brokerage and Custody Costs:

For our Clients’ accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. Schwab’s commission rates applicable to our Client accounts were negotiated based on the condition that our Clients collectively maintain a total of at least \$10,000,000 of their assets in accounts at Schwab. This commitment benefits you because the overall commission rates you pay are lower than they would be otherwise. In addition to commissions, Schwab charges you a flat dollar amount as a “prime broker” or “trade away” fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account. We have determined that having Schwab execute most trades is consistent with our duty to seek “best execution” of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see “How We Select Brokers/Custodians”).

Products and Services Available to Us From Schwab:

Schwab Advisor Services™ (formerly called Schwab Institutional®) is Schwab’s business serving independent investment advisory firms like us. They provide us and our Clients with access to its institutional brokerage—trading, custody, reporting, and related services—many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our Clients’ accounts, while others help us manage and grow our business. Schwab’s support services generally are available on an unsolicited basis (we don’t have to request them) and at no charge to us as long as our Clients collectively maintain a total of at least \$10

million of their assets in accounts at Schwab. If our Clients collectively have less than \$10 million in assets at Schwab, Schwab may charge us quarterly service fees of \$1,200.

Following is a more detailed description of Schwab's support services:

#### Services That Benefit You:

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of Client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our Clients. Schwab's services described in this paragraph generally benefit you and your account. Services That May Not Directly Benefit You. Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our Clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or a substantial number of our Clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to Client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple Client accounts
- Provide pricing and other market data
- Facilitate payment of our fees from our Clients' accounts
- Assist with back-office functions, recordkeeping, and Client reporting services

#### Services That Generally Benefit Only Us:

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants and insurance providers

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits, such as occasional business entertainment of our personnel.

We use the products and services available from Schwab in a variety of ways. In the course of our investment supervisory services, we will from time to time use Schwab provided unsolicited research reports. Schwab also provides independent firms with business support in the form of training and marketing techniques to help us grow our business.

#### Our Interest in Schwab's Services

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services so long as our Clients collectively keep a total of at least \$10 million of their assets in accounts at Schwab. Beyond that, these services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody.

The \$10 million minimum may give us an incentive to require that you maintain your account with Schwab, based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our Clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see "How We Select Brokers/Custodians") and not Schwab's services that benefit only us. We have \$26,940,265.27 in Client assets under management at Charles Schwab (as of May 9<sup>th</sup>, 2012), and we do not believe that requiring our Clients to collectively maintain at least \$10 million of those assets at Schwab in order to avoid paying Schwab quarterly service fees presents a material conflict of interest.

**Item 13****Review of Accounts**

Your investment account will be monitored and reported to you on a quarterly basis. Your investment program will be reviewed at least annually to assure that it continues to achieve your stated investment objectives and is within your tolerance for risk. We will continually review changes in your financial circumstances and investment profile to maintain equilibrium with your investment objectives. SNWM must be notified about changes in our client's financial situation.

SNWM, when specifically engaged for financial planning services, will monitor the progress of implementation or review your financial profile annually. More frequent monitoring can be requested by the Client.

Review of Accounts:

SNWM reviews accounts at least quarterly, but more frequently when volatility in the investing markets is high relative to recent and historical standards.

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

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors whose Clients maintain their accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12 – Brokerage Practices). The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our Clients.

Referrals:

We, from time to time, receive referrals from Clients or other professionals (lawyers, accountants). SNWM never pays direct money or participates in soft dollar arrangements in consideration of a referral.

**Item 15****Custody**

Under government regulations, we are deemed to have custody of your assets if, for example, you authorize us to instruct Schwab to deduct our advisory fees directly from your account for services more than 6 months in advance or if you grant us authority to move your money to another person's account using your personal password. Schwab maintains actual custody of your assets and SNWM is not deemed to have custody.

You will receive account statements directly from Schwab at least quarterly. They will be sent to the email or postal mailing address you provided to Schwab. You should carefully review those statements promptly when you receive them. We also urge you to compare Schwab's account statements to the periodic portfolio reports you will receive from us.

**Item 16****Investment Discretion**

There are two distinct ways a Client can engage SNWM for investment supervisory services:

1. Discretionary

Client authorizes SNWM to investigate, purchase, and sell on behalf of Client, various securities and investments. SNWM is authorized to execute purchases and sales of securities on Client's behalf without consulting Client regarding each sale or purchase.

2. Non-Discretionary

SNWM is authorized to execute purchases and sales of securities only after consulting with Client regarding each transaction.

When opening accounts with Charles Schwab, Client will grant SNWM limited power of attorney (LPOA). This allows SNWM to access information and trade in Client accounts on their behalf. Examples of the Schwab provided LPOA may be reviewed upon request.

Additionally, Client will enter into an Investment Advisory Contract with SNWM. It is in the Investment Advisory Contract that the Client will decide whether to grant SNWM discretionary or non-discretionary management. An example of an Investment Advisory Contract may be reviewed upon request.

**Item 17****Voting Client Securities**

Unless otherwise mutually agreed in writing, SNWM will not be responsible for responding to proxies that are solicited with respect to annual or special meetings of shareholders of securities held in Clients' accounts. In the event a client has a question about a proxy solicitation, the client should contact his/her investment adviser representative.

**Item 18****Financial Information**

There are no disclosures in this section.

**Item 19****Requirements for State-Registered Advisers**

There are no disclosures in this section.