

# Old North State Wealth Management, LLC

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**January 30, 2012**

## **Form ADV Part 2A Brochure**

Old North State Wealth Management, LLC (hereinafter "Old North") is an investment adviser registered with the Securities and Exchange Commission (hereinafter "SEC"). An "investment adviser" means any person who, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling securities, or who, for compensation and as part of a regular business, issues or promulgates analyses or reports concerning securities. Registration with the SEC or any state securities authority does not imply a certain level of skill or training.

This brochure provides information about the qualifications and business practices of Old North State Wealth Management, LLC. If you have any questions about the contents of this brochure, please contact us at **(910) 509-3800**. 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 Old North State Wealth Management, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Material Changes - Item 2**

The purpose of this page is to inform you of any material changes since the previous version of this Disclosure Brochure.

On January 30, 2012, we submitted our annual updating amendment filing and reported assets under management of approximately \$110 million.

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#### **Advisory Business - Item 4**

Old North is a registered investment advisor based in Wilmington, North Carolina. We are a limited liability company under the laws of the State of North Carolina. We have been providing investment advisory services since 2008. Paul Daniel Knott is the sole owner of Old North.

Currently, we offer the following investment advisory services, personalized to each individual client:

- **Portfolio Management Services**
- **Financial Planning Services**
- **Selection of Third Party Advisors**
- **Third Party Administration Services**
- **Family Office Services**

The following paragraphs describe what we do and what we charge. Each investment advisory service is listed below and describes how we tailor our advisory services to your individual needs. Also, you may see the term Associated Person throughout this Brochure. As used in this Brochure, this term refers to anyone from our Firm who is an officer, employee, and all individuals providing investment advice on behalf of our Firm. Such persons are properly registered as investment adviser representatives in all required jurisdictions.

#### ***Portfolio Management Services***

Asset management refers to the management of money, including investments. Assets are usually held in what is called a portfolio. Determining the types and quantities of securities to hold in a portfolio is referred to as portfolio management.

Our Firm offers discretionary and non-discretionary portfolio management services to our clients and prospective clients. Discretionary portfolio management means we will make investment decisions and place buy or sell orders in your account without contacting you. These decisions would be made based upon your stated investment objectives. Non-discretionary portfolio management means we will contact you before a trading decision is taken.

Our investment advice is tailored to meet our clients' needs and investment objectives. If you decide to hire our Firm to manage your portfolio, we will meet with you to gather your financial information, determine your goals, and decide how much risk you should take in your investments. The information we gather will help us implement an asset allocation strategy that will be specific to your goals, whether we are actively investing for you or simply providing you with advice.

There are a few ways we might create your investment portfolio depending on what we decide would work best for you. We may customize a portfolio for you based the goals and risk we determined during the information gathering process. Or we might use a predetermined strategy rather than choosing individual securities. Alternatively, it may be that one of the model portfolios developed by our Firm would be the best fit for your needs.

Old North mainly uses equity securities, exchange traded funds, investment company securities, corporate securities, municipal securities and U.S. government securities in its portfolio management programs.

However we construct your investment portfolio, we will monitor your portfolio's performance on an ongoing basis, and rebalance the portfolio whenever necessary, as changes occur in market conditions, your financial circumstances, or both.

As outlined above, discretionary portfolio management services means that once the portfolio has been agreed upon, the ongoing supervision and management of the portfolio will be our responsibility. This authority is granted to us by you in a written agreement. This allows our Firm to decide on specific securities, the quantity of the securities and placing buy or sell orders for your account without obtaining your approval for each transaction. This type of authorization is done using either the investment advisory agreement you sign with our Firm, a limited power of attorney agreement, or trading authorization forms. You may limit this authority by setting a limit on the type of securities that can be purchased for your account. Simply provide us with your restrictions or guidelines in writing.

The non-discretionary portfolio management service means, as outlined above, that we must obtain your approval prior to making any transactions in your account.

We recommend that you monitor the statement(s) you receive from the qualified custodian. If you see something that is incorrect, please call our main office number, located on the cover page of this brochure.

### ***Financial Planning Services***

We offer comprehensive financial planning including tax planning, charitable gifting strategies, risk and insurance analysis. Old North strives to achieve a client's long-term financial goals by implementing a financial planning process that may include any or all of the following steps:

- Assessment of a client's present financial situation by collecting information regarding net worth and cash flow statements, tax returns, insurance policies, investment portfolios, pension plans, employee benefit statements etc.
- Identification of a client's financial and personal goals and objectives. Goals or objectives may include financing a child's college education or retirement planning. The identified goals or objectives are specific, realistic and measurable. All goals include time horizons.
- Resolution of finance related problems. Obstacles to achieving financial independence are identified so that resolution may occur. Examples of problem areas can include too little or too much insurance coverage, inadequate cash flow or a high tax burden.
- Plan Design. A written financial plan is prepared that includes recommendations and solutions to any financial related problems.
- Implementation of the financial plan. The financial plan is finalized and agreed upon. The recommendations and solutions are executed to reach the desired goals and objectives.

- Evaluation of the financial plan is conducted periodically. The financial planning service provides periodic review and revision of the plan to ensure that the financial goals are achieved.

Financial plans are based on your financial situation and the financial information you provide to our Firm. If your financial situation, goals, objectives, or needs change, you must notify us promptly.

We also provide financial planning services that cover a specific area, such as retirement or estate planning. We offer consultative services where we set an appointment to meet with you for financial planning advice for an hourly fee.

You may choose to accept or reject our recommendations. If you decide to proceed with our recommendations, you may do so either through our investment advisory services or by using the advisory/brokerage Firm of your choice.

### ***Selection of Third Party Investment Advisers***

Old North has entered into agreements with various other third party investment advisers for the provision of certain investment advisory services. Factors considered in the selection of a third party advisor include but may not be limited to: i) Old North's preference for a particular third party advisor; ii) the client's risk tolerance, goals and objectives, as well as investment experience; and, iii) the amount of client assets available for investment. In order to assist clients in the selection of a third party advisor, an Associated Person of Old North will typically gather information from the client about the client's financial situation, investment objectives, and reasonable restrictions the client wants imposed on the management of the account.

The third party advisor customizes the client's portfolio by blending traditional investment strategies with an allocation to asset classes. The investment strategy adopted by the third party advisor may embrace value, growth or contrarian investing styles. Generally, securities transactions will be decided upon and executed by the third party advisor on a discretionary basis. This means that the manager selected will have the ability to buy and sell securities in your account without obtaining your approval. Old North and its Associated Persons will not manage, or obtain discretionary authority over the assets in accounts participating in these programs; however, clients may grant Old North the discretionary authority to hire and fire such third party managers. Generally, clients may not impose restrictions on investing in certain securities or types of securities in accounts managed by a third party advisor.

Associated Persons of Old North will periodically review reports provided to the client. An Associated Person of Old North will contact the client at least annually, or more often as agreed upon with each client, to review the client's financial situation and objectives, communicate information to the third party advisor managing the account as necessary, and to assist the client in understanding and evaluating the services provided by the third party advisor. Clients will be expected to notify Old North of any changes in their financial situation, investment objectives, or account restrictions.

The third party advisor may offer wrapped or non-wrapped pricing options. Wrap pricing structures allow the client to pay an all-inclusive fee for management, brokerage, clearance, custody and administrative services. In a non-wrap pricing structure, the third party advisor's fee may be separated from the advisory fee charged by Old North. Transaction costs may also be charged for the execution and clearance of advisory transactions directed by such Third Party Advisory Services. A complete description of the programs and services provided, the amount of total fees, the payment structure,

termination provisions and other aspects of each program are detailed and disclosed in: i) the third party advisor's Form ADV Part 2A; ii) the program wrap brochure (if applicable) or other applicable disclosure documents; iii) the disclosure documents of the portfolio manager(s) selected; or, iv) the third party advisor's account opening documents. A copy of all relevant disclosure documents of the third party advisor and of the individual portfolio manager(s) will be provided to anyone interested in these programs/managers.

### ***Third Party Administration Services***

Old North acts as a third-party administrator to pension plans. These services include plan design and installation, plan and participant reporting, plan testing, plan accounting, loan distributions, and comprehensive plan record-keeping. These services are either offered to clients as part of the overall pension consulting services or on an itemized basis.

All client accounts are regulated under the Employee Retirement Income Securities Act ("ERISA"). Old North will provide consulting services to the plan fiduciaries as described above. Typically, the named plan fiduciary must make the ultimate decision as to retaining the services of investment advisers as Old North may recommend. The plan fiduciary is free to seek independent advice about the appropriateness of any recommended services for the plan.

### ***Family Office Service***

#### ***Investment Advisory/Consulting Services***

Old North's Family Office Service provides Investment Advisory and Consulting Services (the "Advisory Service") that are designed to help clients organize their financial situation and invest their assets based on personal criteria and financial goals. Such services generally include the following:

- Analysis of the client's financial condition;
- Recommendations to achieve the client's financial objectives;
- Development of an Investment Policy Statement for the client;
- Implementation of investment strategies concurrent with the client's Investment Policy Statement and financial objectives;
- Consulting on non-securities related investments;
- Periodic review of the performance of the client's investments;
- Periodic reallocation of the client's investments based upon the client's Investment Policy Statement and financial objectives;
- Bill paying services, and
- Bookkeeping services.

An Associated Person of Old North will meet with a Family Office client to obtain information regarding the client's investment experience, investment objectives and risk profile. With that information, the Firm prepares a written Investment Policy Statement for the client. The Associated Person uses investment research to evaluate alternative portfolio designs and to assist the client in selecting the investment strategies consistent with the Investment Policy Statement. The final portfolio allocation recommended to a client may be adjusted from the guidelines of the model portfolio to meet specific client circumstances.

In connection with developing a prospective portfolio, the client's existing investments are evaluated to determine whether the allocation and type of such assets meet the objectives set forth in the client's Investment Policy Statement. If the client so chooses, the Associated Person of the Firm works with the client to develop a transition plan in order to reallocate assets. Ongoing portfolio management services may be provided by Old North or by one of the third party advisors recommended by us.

#### **Assets Under Management**

As of 01/30/2012, we manage \$86,000,000 in client assets on a discretionary basis, and \$24,550,000 in client assets on a non-discretionary basis.

#### **Fees and Compensation - Item 5**

Old North charges a percentage of assets under management, hourly charges, fixed fees (not including subscription fees) or other fees for its advisory services. At the sole discretion of Old North these fees are negotiable.

#### **Portfolio Management Services**

If you decide to engage Old North for portfolio management services, we will charge an annual fee based upon a percentage of the market value of the assets being managed. Our fee for portfolio/asset management services is set forth in the following fee schedule:

<b><u>Assets Under Management</u></b>	<b><u>Annual Fee*</u></b>
Up to \$1,000,000	1.00%
\$1,000,001 - \$2,000,000	0.80%
\$2,000,001 - \$5,000,000	0.70%
Over \$5,000,000	0.50%

\*Certain clients who maintained pre-existing relationships with IARs, prior to their association with the Firm may pay a different fee to Old North. The final fee will be clearly set forth in the agreement for services signed by the Firm and the Client.

Old North allows the accounts for members of the same household to be combined for fee paying purposes. We combine the account valuations to assist you in meeting fee breakpoints and therefore lowering the overall fee level. Old North extends this option to all accounts residing in the same household.

Old North will either bill you directly for payment of our fees or the fees will be deducted from your account. Fees are billed quarterly, in advance and are based on the value of your portfolio at the end of the preceding quarter. Payment in full is expected upon invoice presentation. Fees are usually deducted from a designated client asset account to facilitate billing. The client must consent in advance to direct debiting of their account.

If you choose to have Old North's fee deducted directly from your account, you must provide authorization. The qualified custodian holding your funds and securities will send you an account statement quarterly. This statement will detail account activity. Please review each statement for accuracy. Old North will also receive a copy of your account statements from the custodian.



Our annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which will be incurred by the client. However, we will not receive any portion of the commissions, fees, and costs. Please see Item 12 – Brokerage Practices for further information on brokerage and transaction costs.

At the inception of investment management services, the first quarter's fees will be calculated on a pro-rata basis. The Advisory Agreement between Old North and the client will continue in effect until either party terminates the Agreement in accordance with the terms of the Agreement. Old North's annual fee will be pro-rated through the date of termination and any remaining balance shall be charged or refunded to the client, as appropriate, in a timely manner.

### **Financial Planning Services**

Old North may provide its clients with financial planning and consulting services. Old North will charge a fixed fee and/or hourly fee for consulting services. Our consulting fees are negotiable. We utilize the following financial planning fee schedules:

- *Fixed Fees:* Old North will charge a fixed fee that ranges from \$500.00 to \$2,500.00, for broad based planning services. *In limited circumstances*, the total cost could potentially exceed \$2,500.00. In such cases, we will notify the client and may request that the client pay an additional fee.
- *Hourly Fees:* Old North charges an hourly fee of \$100 to \$200 for clients who request specific services (such as a modular plan or hourly consulting services) and do not desire a broad based written financial plan.

If the client engages Old North for additional investment advisory services, Old North may offset all or a portion of its fees for those services based upon the amount paid for the consulting services.

Prior to engaging Old North to provide consulting services, the client will generally be required to enter into a written agreement with us. The agreement will set forth the terms and conditions of the engagement and describe the scope of the services to be provided and the portion of the fee that is due from the client. Generally, Old North requires one-half of the consulting fee (estimated hourly or fixed) payable upon entering the written agreement. The balance is generally due upon the completion of the agreed upon services. Either party may terminate the agreement by written notice to the other. In the event the client terminates Old North's consulting services, the balance of Old North's unearned fees (if any) shall be refunded to the client.

### **Third Party Adviser (TPAs) Fees**

Old North may perform management searches of various independent registered investment advisers for referral to Old North clients. In most cases, Old North bills the client directly for TPA Search and Monitoring services, in accordance with the previously stated terms of Old North's portfolio management services. In these cases, Old North's fee for this service does not include the independent investment adviser's fee for that entity's advisory/management services. The independent investment adviser's management fee is disclosed in the independent investment adviser's disclosure documents.

In limited circumstances, Old North may share in the compensation received by the TPA for managing your account. We will clearly disclose these arrangements to our clients. This compensation

arrangement presents a conflict of interest due to a financial incentive to recommend the services of the third party advisor. You are not required to use the services of any TPA we recommend.

Old North ensures that the aggregate fee charged by both Old North and the selected registered investment adviser(s) never exceeds 3.00% of the client's assets under management.

### **Third Party Administration Services Fees**

Old North's fees for third party administration services vary based on the scope and complexity of the services required by the client as well as the size of the plan and the number of plan participants. The Firm charges a fixed annual fee for comprehensive third party administrative services. The Firm also charges a fixed per-participant fee for these services. Please refer to the Other Financial Industry Activities and Affiliations section for more information on the third-party administrator services.

Third party administration fees are negotiable and the fees charged to the client will be directly dependent upon the scope of the services requested and the complexity of the qualified plan. Generally, the fees for pension consulting services are payable quarterly in advance. Fees for services rendered on a "one-time only" basis will be charged to clients upon completion of the contracted service(s). The exact fee and fee-paying arrangements will be clearly set forth in the agreement for services signed by the Firm and the client.

Either party may terminate the third party administration services agreement at any time without any further charges to the client. While desirable, we do not require written notice of cancellation by the client. The Firm may terminate the third party administration services agreement upon 30 days written notice to the client. There will be a charge to you for any service performed by us in the partial billing period in which you gave termination notice. This fee will be calculated *pro rata*, which means only in proportion to the number of days in the billing period for which you are a client. *If you have pre-paid advisory fees that we have not yet earned, you will receive a pro-rated refund of those fees.*

### **Family Office Service Fees**

The negotiable fee for Family Office Services ranges between \$1,200 and \$12,000 per year and is directly dependent on several factors, including the amount and complexity of the client's investment holdings, financial situation and objectives, nature and extent of investment planning and analysis required, desired frequency of review, of the client's investments, as well as the scope of other services provided.

Fees are billed and paid quarterly in advance or arrears. The fee paying arrangement will be clearly set forth in the agreement for services signed by the Firm and the client. Fees will be assessed *pro rata* in the event the portfolio management agreement is executed at any time other than the first day of a quarter.

Old North will invoice clients directly for the payment of fees, or clients may grant the Firm the authority to receive quarterly payments directly from the client's account held by a qualified independent custodian. Old North will not have access to client funds for payment of fees without client consent in writing. Further, the qualified custodian agrees to deliver a quarterly account statement directly to the client showing all disbursements from the account. The client is encouraged to review their account statements for accuracy. Old North will receive a duplicate copy of the statement that is delivered to the client.

The client may terminate the Agreement for Family Office Services by providing 30 day written notice to the other party. There will be a charge to you for any service performed by us in the partial billing period in which you gave termination notice. This fee will be calculated *pro rata*, which means only in proportion to the number of days in the billing period for which you are a client. *If you have pre-paid advisory fees that we have not yet earned, you will receive a pro-rated refund of those fees.*

#### **Additional Fees and Expenses**

The fees Old North charges may be negotiable based on the amount of assets under management, complexity of client goals and objectives, and level of services rendered. As described above, the fees are charged as described and are not based on a share of capital gains of the funds of an advisory client. All fees paid to Old North for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds to their shareholders. These fees and expenses are described in each fund's prospectus. These fees generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without the services of Old North. In that case, the client would not receive the services provided by Old North which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and the fees charged by Old North to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

#### **Compensation for the Sale of Securities or Other Investment Products**

##### *Registered Representatives:*

Associated Persons who provide investment advice on behalf of our Firm may also be registered representatives with Comprehensive Wealth Management & Servicing, Inc. ("Comprehensive"), a securities broker/dealer registered with the Securities and Exchange Commission and the Financial Industry Regulatory Authority ("FINRA"). As a registered representative, an Associated Person may receive commission-based compensation for buying and selling securities, including 12b-1 fees (trails) for the sale of mutual funds or annuity products. This commission compensation is separate and in addition to Old North's advisory fees.

Old North's advisory clients are not obligated to purchase the products or services of Comprehensive. You may purchase or sell securities apart from your advisory account at the brokerage Firm of your choice. The sale of mutual funds, annuity contracts, insurance instruments and other commissionable products offered by Associated Persons of Old North through Comprehensive are intended to compliment Old North's advisory services. However, a conflict of interest exists due to the receipt of dual forms of compensation. Principals of Old North regularly review client transactions to ensure that Old North is acting in the best interest of its clients.

Old North recommends many types of securities, including mutual funds to its advisory clients. Where Old North does recommend a mutual fund to an advisory client, Old North will generally recommend a no-load mutual fund. In situations outside of Old North's advisory accounts where Associated Person acting in the capacity of a registered representative of Comprehensive recommends a mutual fund, both no-load and 'loaded' funds options will be presented to the client. It may be the case that Old North will receive advisory fees in addition to commissions and/or markups on securities.

All conflicts of interest between you and our Firm, and the Associated Persons of our Firm, are outlined in this Disclosure Brochure. If additional conflicts arise in the future, we will notify you in writing or supply you with an updated Disclosure Brochure.

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

Old North does not charge performance-based fees.

#### **Types of Clients - Item 7**

We offer investment advisory services to individuals, pension and profit sharing plan participants, trusts, estates, charitable organizations, corporations, and other business entities.

Old North requires a minimum of \$500,000 to open and maintain an advisory account. At our sole discretion we may waive this requirement. This requirement can be met by combining two or more accounts owned by you or related family members.

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

The following are different methods of analysis that we may use when providing you with investment advice:

- Charting – charting is a technique that attempts to forecast future market moves by studying historical data on charts.
- Fundamental Analysis – fundamental analysis is a technique that attempts to determine a security's value by focusing on underlying factors that affect a company's actual business and its future prospects. The term refers to the analysis of the economic well-being of a financial entity as opposed to only its price movements.
- Technical Analysis – technical analysis is a technique that relies on the assumption that current market data (such as charts of price, volume, and open interest) can help predict future market trends, at least in the short term. It assumes that market psychology influences trading and can predict when stocks will rise or fall.
- Cyclical Analysis – cyclical analysis is a technique that looks at cycles, specifically analyzing the way prices follow certain patterns and trends.

We may use one or more of the following investment strategies when advising you on investments:

- Long Term Purchases – securities held for over a year.
- Short Term Purchases – securities held for less than a year.
- Covered Options – covered option is a strategy in which an investor writes an option contract while at the same time owning an equivalent number of shares of the underlying stock.

The investment advice provided along with the strategies suggested by Old North will vary depending on each client's specific financial situation and goals. This brief statement does not disclose all of the risks

and other significant aspects of investing in financial markets. In light of the risks, you should fully understand the nature of the contractual relationship(s) into which you are entering and the extent of your exposure to risk. Certain investing strategies may not be suitable for many members of the public. You should carefully consider whether the strategies employed will be appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances.

**General Investment Risk:** All investments come with the risk of losing money. Investing involves substantial risks, including complete possible loss of principal plus other losses and may not be suitable for many members of the public. Investments, unlike savings and checking accounts at a bank, are not insured by the government to protect against market losses. Different market instruments carry different types and degrees of risk and you should familiarize yourself with the risks involved in the particular market instruments you intend to invest in.

**Loss of Value:** There can be no assurance that a specific investment will achieve its investment objectives and past performance should not be seen as a guide to future returns. The value of investments and the income derived may fall as well as rise and investors may not recoup the original amount invested. Investments may also be affected by any changes in exchange control regulation, tax laws, withholding taxes, international, political and economic developments, and government, economic or monetary policies.

**Interest Rate Risk:** Fixed income securities and funds that invest in bonds and other fixed income securities may fall in value if interest rates change. Generally, the prices of debt securities rise when interest rates fall, and their prices fall when interest rates rise. Longer term debt securities are usually more sensitive to interest rate changes.

**Credit Risk:** Investments in bonds and other fixed income securities are subject to the risk that the issuer(s) may not make required interest payments. An issuer suffering an adverse change in its financial condition could lower the credit quality of a security, leading to greater price volatility of the security. A lowering of the credit rating of a security may also offset the security's liquidity, making it more difficult to sell. Funds investing in lower quality debt securities are more susceptible to these problems and their value may be more volatile.

**Foreign Exchange Risk:** Foreign investments may be affected favorably or unfavorably by exchange control regulations or changes in the exchange rates. Changes in currency exchange rates may influence the share value, the dividends or interest earned and the gains and losses realized. Exchange rates between currencies are determined by supply and demand in the currency exchange markets, the international balance of payments, governmental intervention, speculation and other economic and political conditions. If the currency in which a security is denominated appreciates against the US Dollar, the value of the security will increase. Conversely, a decline in the exchange rate of the currency would adversely affect the value of the security.

**Futures and Options:** Options and futures contracts on securities carry a high degree of risk. The amount of the initial margin is small relative to the value of the futures contract so that transactions are "leveraged" or "geared". A relatively small market movement will have a proportionately larger impact which may work for or against the investor. The placing of certain orders which are intended to limit losses to certain amounts may not be effective because market conditions may make it impossible to execute such orders. Transactions in options also carry a high degree of risk. Selling ("writing" or

"granting") an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obliged either to settle the option in cash or to acquire or deliver the underlying investment. If the option is "covered" by the seller holding a corresponding position in the underlying investment or a future on another option, the risk may be reduced.

#### **Disciplinary Information - Item 9**

Old North has not been subject to any disciplinary events.

#### **Other Financial Industry Activities and Affiliations - Item 10**

Paul Knott, Managing Member of Old North, is also the President and majority owner of Fisher & Co, CPAs, Inc. a North Carolina based accounting Firm. It is expected that Fisher & Co, CPAs, Inc. may offer accounting and tax preparation services to advisory clients of Old North. Compensation received by Fisher & Co, CPAs, Inc. for accounting services is separate and distinct from fees earned by Old North for advisory services. Clients to whom the Firm offers advisory services are informed that they are under no obligation to use Fisher & Co, CPAs, Inc. for accounting services. My Knott spends approximately 10% of his professional time in his capacities at Fisher & Co, CPAs, Inc.

Paul Knott, Managing Member, Stephen Gaskins, Michael Boggio, and Rusty Kling, Investment Adviser Representatives are separately licensed as registered representatives with Comprehensive, a securities broker/dealer registered with the Securities and Exchange Commission and the Financial Industry Regulatory Authority ("FINRA").

As dually licensed representatives, such individuals will receive commissions for the purchase and sale of securities and annuity products. This commission revenue is separate and in addition to revenue received from advisory fees. This arrangement represents a conflict of interest due to the receipt of both advisory and commission compensation. Old North has policies and procedures in place to monitor all client transactions. Where Old North finds an Associated Person has not acted in the best interest of the client, Old North may cancel the transaction. Alternatively, Old North may deduct the commission costs from the advisory fee paid by the client. In any event, all client transaction costs will be disclosed to the client.

Paul Knott, Managing Member, Stephen Gaskins, Michael Boggio, and Rusty Kling, Investment Adviser Representatives, are licensed insurance agents and can effect transactions in insurance products for their clients and earn commissions for these activities. The Firm expects that clients to whom it offers advisory services may also be clients for whom Messrs. Knott and Boggio act as insurance agents. Clients are instructed that the fees paid to the Firm for advisory services are separate and distinct from the commissions earned by its IARs for placing the client in insurance products. Clients to whom the Firm offers advisory services are informed that they are under no obligation to use the Firm's IARs for insurance services and may use the insurance brokerage Firm and agent of their choosing.

As previously mentioned, Old North is also a third party administrator providing services to the sponsors and/or trustees of qualified plans. We offer these services to investment advisory clients as well as clients that do not engage us for advisory services. In either case, we are compensated for the services

provided while acting in the third party administrator capacity. The Firm and its associated persons spend a majority of their time providing advisory and third party administrator services.

### **Recommendation of Other Advisors**

We may recommend that you use a third party advisor (TPA) as part of our asset allocation and investment strategy. In most cases, Old North will not share in the compensation received by the TPA for managing your account.

In limited circumstances, Old North may share in the compensation received by the TPA for managing your account. This compensation arrangement presents a conflict of interest due to a financial incentive to recommend the services of the third party advisor. You are not required to use the services of any TPA we recommend.

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

### **Description of Our Code of Ethics**

Old North has adopted a Code of Ethics (the "Code") to address investment advisory conduct. The Code focuses primarily on fiduciary duty, personal securities transactions, insider trading, gifts, and conflicts of interest. The Code includes Old North's policies and procedures developed to protect client's interests in relation to the following topics:

- The duty at all times to place the interests of clients first;
- The requirement that all personal securities transactions be conducted in such a manner as to be consistent with the code of ethics.
- The responsibility to avoid any actual or potential conflict of interest or misuse of an employee's position of trust and responsibility;
- The fiduciary principle that information concerning the identity of security holdings and financial circumstances of clients is confidential; and
- The principle that independence in the investment decision-making process is paramount.

A copy of Old North's Code of Ethics is available on our website ([www.TheFamilyCFO.com](http://www.TheFamilyCFO.com)), or upon request to the Chief Compliance Officer at Old North's principal office address.

### **Personal Trading Practices**

At times Old North and/or its Advisory Representatives may take positions in the same securities as clients, which may pose a conflict of interest with clients. Old North and its Advisory Representatives will generally be "last in" and "last out" for the trading day when trading occurs in close proximity to client trades. We will not violate our fiduciary responsibilities to our clients. Front running (trading shortly ahead of clients) is prohibited. Should a conflict occur because of materiality (i.e. a thinly traded stock), disclosure will be made to the client(s) at the time of trading. Incidental trading not deemed to be a conflict (i.e. a purchase or sale which is minimal in relation to the total outstanding value, and as such would have negligible effect on the market price), would not be disclosed at the time of trading.

## **Brokerage Practices - Item 12**

Principals and Investment Adviser Representatives of Old North are registered representatives of Comprehensive. If a client chooses to implement advice through us, the broker/dealer used for client



accounts is Comprehensive. Comprehensive performs "due diligence" on mutual funds, limited partnerships, and insurance products. Only those investments that meet Firm requirements will be on the Comprehensive "approved product list" and be offered for sale to clients.

For Old North's portfolio management programs we recommend and request clients to implement trades and maintain custody of assets through discount brokers. We recommend the services of Fidelity Brokerage Services, LLC ("Fidelity"), member NYSE/SIPC, TD Ameritrade Institutional, a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC and Schwab Institutional, a division of Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC. All such broker dealers/custodians are unaffiliated and offer independent investment advisers services, which include custody of client securities, trade execution, clearance and settlement of transactions, and daily research and investment information.

#### **Research and Other Soft Dollar Benefits**

Old North receives some benefits from Fidelity, TD Ameritrade and Schwab through its participation in these programs. The Firm and/or its IARs may receive benefits such as assistance with conferences and educational meetings from product sponsors.

There is no direct link between the Firm's participation in the TD Ameritrade Institutional program and the investment advice it gives to its clients, although Old North receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving adviser participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Old North by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by Old North's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit Old North but may not benefit its client accounts. These products or services may assist Old North in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Old North manage and further develop its business enterprise. The benefits received by the Firm or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, the Firm endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Old North or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Old North's choice of TD Ameritrade for custody and brokerage services.

Schwab provides Old North with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets is maintained in accounts at Schwab Institutional, and are not otherwise contingent upon Advisor committing to Schwab any specific amount of business (assets in



custody or trading). Schwab's services include brokerage, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For Old North's client accounts maintained in its custody, Schwab generally does not charge separately for custody but is compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab also makes available to Old North other products and services that benefit Old North but may not benefit its clients' accounts. Some of these other products and services assist Old North in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements); facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts); provide research, pricing information and other market data; facilitate payment of Old North's fees from its clients' accounts; and assist with back-office functions, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of Old North's accounts, including accounts not maintained at Schwab Institutional. Schwab Institutional also makes available to Old North other services intended to help Old North manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, Schwab may make available, arrange and/or pay for these types of services rendered to Old North by independent third parties. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to Old North. While as a fiduciary, Old North endeavors to act in its clients' best interests, and Old North's recommendation that clients maintain their assets in accounts at Schwab may be based in part on the benefit to Old North of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

In selecting a broker dealer based on discretionary authority or in suggesting a broker dealer on behalf of a non-discretionary account, Old North will endeavor to select those brokers or dealers that will provide the best services at the lowest commission rates possible. The reasonableness of commissions is based on several factors, including the broker's ability to provide professional services, competitive commission rates, volume discounts, execution price negotiations, the broker's reputation, experience and financial stability of the broker or dealer, and the quality of service rendered by the broker or dealer in other transactions.

Best execution is not measured solely by reference to commission rates. Paying a broker a higher commission rate than another broker might charge is permissible if the difference in cost is reasonably justified by the quality of the brokerage services offered. In addition, Old North may cause the account to pay a higher commission in recognition of the value of "research services" and additional brokerage products and services a broker-dealer has provided or may be willing to provide.

#### **Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers and custodians in which we have an institutional advisory arrangement. Also, we do not receive other benefits from a broker-dealer in exchange for client referrals.

### **Directed Brokerage**

The client may direct brokerage to a specified broker/dealer other than the Firm recommended by Old North. It is up to the client to negotiate the commission rate, as Old North will not. The client may not be able to negotiate the most competitive rate. As a result, the client may pay more than the rate available through the broker/dealer used by Old North. In client directed brokerage arrangements, the client may not be able to participate in aggregated ("blocked") trades, which may help reduce the cost of execution. Where the client does not otherwise designate a broker/dealer, Old North recommends a broker/dealer with competitive commission rates.

### **Trade Aggregation**

While individual client advice is provided to each account, client trades may be executed as a block trade. Only accounts in the custody of Schwab, Fidelity and TD Ameritrade would have the opportunity to participate in aggregated securities transactions. Trades using Schwab, Fidelity and TD Ameritrade may be aggregated and executed in the name Old North. The executing broker will be informed that the trades are for the account of Old North's clients and not for Old North itself. No advisory account within the block trade will be favored over any other advisory account, and thus, each account will participate in an aggregated order at the average share price and receive the same commission rate. The aggregation should, on average, reduce slightly the costs of execution, and Old North will not aggregate a client's order if in a particular instance Old North believes that aggregation would cause the client's cost of execution to be increased. The executing broker will be notified of the amount of each trade for each account. Old North and/or its Advisory Representatives may participate in block trades with clients, and may also participate on a pro rata basis for partial fills, but only after the determination has been made that clients will receive fair and equitable treatment.

## **Review of Accounts - Item 13**

### ***Portfolio Management Account Reviews***

Old North monitors the individual investments within Old North's portfolio management program each day the market is open. Portfolio performance is reviewed, at a minimum, on a quarterly basis. Old North offers portfolio management clients an in-person portfolio review meeting on an annual basis. We recommend clients communicate with us on a regular basis to maintain an accurate financial profile.

The account reviews are performed by the client's Advisory Representative. The Chief Compliance Officer and other designated compliance staff monitor the portfolios and financial plans for investment objectives and other supervisory review.

Clients will receive statements directly from their account custodian(s) on at least a quarterly basis. Additionally, Old North may provide performance reports upon client's request.

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

We do not receive economic benefits from third parties in exchange for providing investment advice or other advisory services to our clients.

We and our related persons do not compensate, either directly or indirectly, any person or entity who is not our supervised person for client referrals.

### **Custody - Item 15**

Old North is deemed to have custody of client funds solely because of the fee deduction authority granted by the client in the investment advisory agreement.

Clients will receive account statements at least quarterly from the broker-dealer or other qualified custodian. Client is urged to compare custodial account statements against statements prepared by Old North for accuracy. Minor variations may occur because of reporting dates, accrual methods of interest and dividends, and other factors. The custodial statement is the official record of your account for tax purposes.

### **Investment Discretion - Item 16**

Old North offers Portfolio Management Services to its advisory clients on both a discretionary and non-discretionary basis. Old North will manage client accounts on a discretionary basis if the client has granted discretionary authority in the client advisory agreement. Discretionary authority extends to the type and amount of securities to be bought and sold and do not require advance client approval. However, Old North does not have the ability to withdraw funds or securities from the client's account.

In a non-discretionary account, an Associated Person of Old North recommends the purchase or sale of securities for review and approval by their clients. Old North will only purchase or sell securities which have been approved by clients in advance.

You may limit this authority if you wish by, for example, setting a limit on the type of securities that can be purchased for your account. Simply provide us with your restrictions or guidelines in writing. Please refer to the "Advisory Business" section in this Brochure for more information on our discretionary management services.

### **Voting Client Securities - Item 17**

#### **Proxy Voting**

Old North does not vote proxies. It is the client's responsibility to vote proxies. Clients will receive proxy materials directly from the custodian. Questions about proxies may be made via the contact information on the cover page.

### **Financial Information - Item 18**

We are required in this Item to provide you with certain financial information or disclosures about Old North's, financial condition. Old North has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

### **Requirements for State-Registered Advisors - Item 19**

**This section is intentionally left blank- Our Firm is SEC registered**

## **Miscellaneous**

### **Class Action Lawsuits**

From time to time, securities held in the accounts of clients will be the subject of class action lawsuits. Old North has no obligation to determine if securities held by the client are subject to a pending or resolved class action lawsuit. It also has no duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, the Firm has no obligation or responsibility to initiate litigation to recover damages on behalf of clients who may have been injured as a result of actions, misconduct, or negligence by corporate management of issuers whose securities are held by clients.

Where the Firm receives written or electronic notice of a class action lawsuit, settlement, or verdict affecting securities owned by a client, it will forward all notices, proof of claim forms, and other materials, to the client. Electronic mail is acceptable where appropriate, and the client has authorized contact in this manner.

### **Trade Error Correction Procedures**

On infrequent occasions, an error may be made in a client account. For example, a security may be erroneously purchased for the account instead of sold. In these situations, the Firm generally seeks to rectify the error by placing the client account in a similar position as it would have been had there been no error. Depending on the circumstances, various corrective steps may be taken, including among others canceling the trade or adjusting an allocation. Any gains or losses resulting from error correction will be placed in Old North's error correction account.

### **Confidentiality**

Old North views protecting its customers' private information as a top priority and, pursuant to the requirements of the Gramm-Leach-Bliley Act, the Firm has instituted policies and procedures to ensure that customer information is kept private and secure.

Old North does not disclose any nonpublic personal information about its customers or former customers to any nonaffiliated third parties, except as permitted by law. In the course of servicing a client account, Old North may share some information with its service providers, such as transfer agents, custodians, broker-dealers, accountants, and lawyers.

Old North restricts internal access to nonpublic personal information about its clients to those employees who need to know that information in order to provide products or services to the client. Old North maintains physical and procedural safeguards that comply with state and federal standards to guard a client's nonpublic personal information and ensure its integrity and confidentiality. As emphasized above, it has always been and will always be the Firm's policy never to sell information about current or former customers or their accounts to anyone. It is also the Firm's policy not to share information unless required to process a transaction, at the request of the client, or as required by law.

A copy of the Firm's privacy policy notice will be provided to each client prior to, or contemporaneously with, the execution of the advisory agreement. Thereafter, the Firm will deliver a copy of the current privacy policy notice to its clients on an annual basis. If you have any questions on this policy, please contact Meg Michelle George, CCO at (910) 509-3800.