

# ADV PART 2A BROCHURE

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This brochure provides information about the qualifications and business practices of EverBank Wealth Management, Inc. If you have any questions about the contents of this brochure, please contact us at [ewmcompliance@everbank.com](mailto:ewmcompliance@everbank.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 EverBank Wealth Management, Inc., is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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

## ITEM 2: MATERIAL CHANGES

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Prior to this version, the most recent update to the ADV Part 2A for EverBank Wealth Management, Inc. ("EBWM") was made on October 22, 2015. The material changes since our annual filing on March 31, 2015, including those made in the update on October 22, 2015, consist of the following:

- EBWM now offers to clients two new model portfolios that may include investment instruments that EBWM had not previously used in other model portfolios. These new investment instruments include Exchange-Traded Notes (ETNs), Real Estate Investment Trusts (REITs), Master Limited Partnerships (MLPs), American Depositary Receipts (ADRs), and closed-end funds. A brief description of these investment instruments is provided in Item 4B.
- Beginning in 2016, EBWM plans to offer to current and prospective clients a financial planning tool. This tool will be offered at no additional charge to existing clients and at no charge to prospective clients. A brief description of this offering is provided in Item 4B.
- EBWM has historically permitted, in EBWM's sole discretion, certain clients to request to have their collective accounts managed as one portfolio. Generally, this means that the clients' selected managed style will be reflected in the aggregated accounts, with no particular account reflecting the managed style or containing all the assets of a particular model. This type of account management is described in Item 5B.

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## ITEM 4: ADVISORY BUSINESS

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### A. GENERAL INFORMATION

EverBank Wealth Management, Inc. ("EBWM"), is incorporated in Delaware and is a wholly-owned subsidiary of EverBank, a federal savings association ("EverBank") and an indirect wholly-owned subsidiary of EverBank Financial Corp. ("EFC"). In August 2011, EBWM began offering investment advisory services to individuals and the other types of clients described in Item 7 below.

### B. EBWM INVESTMENT SERVICES AND PROCESS

EBWM provides discretionary management of clients' investments in exchange for a fee based on the assets under management. EBWM conducts a thorough interview with a new client and then may present a proposal of how EBWM would manage the client's investments, considering the client's goals, resources, time horizon, objectives, attitudes, tolerance and capacity for risk. EBWM's proposal will usually include a portfolio model and recommended investment instruments that may be used to implement the model. EBWM attempts to tailor its advisory services to the needs of the individual client.

Beginning in 2016, EBWM plans to offer a financial planning tool to current and prospective clients. This tool is offered at no additional charge to current clients and at no charge to prospective clients. EBWM clients can choose to use the financial plan created by this tool with an EBWM advisor.

EBWM currently offers four styles of model portfolios, based on risk and volatility: High Volatility Portfolios, Moderate Volatility Portfolios, Low to Moderate Volatility Portfolios, and Lower Volatility Portfolios. Each of these portfolio styles offer to clients several model portfolios, again based on a client's investment objectives and ability to be exposed to risk and volatility. Investment instruments used to implement the model portfolios may include equities, mutual funds, individual bonds, exchange-traded funds (ETFs), exchange-traded notes (ETNs), real estate investment trusts (REITs), master limited partnerships (MLPs), American depositary receipts (ADRs), closed-end funds, other fixed income securities, options, currencies (both deliverable and non-deliverable), commodities such as precious metals (held as an allocated or unallocated interest in a pool along with others) and separately managed accounts (SMAs) or unified managed accounts (UMAs) of third party investment managers. After thorough analysis, as described above, the client agrees to the portfolio style, as well as the model portfolio in which they will be invested.

**Equities.** An equity or "stock" is ownership of a corporation that is represented by shares that are a claim on the corporation's earnings and assets. An investor's equity in the corporation is usually the ratio of shares the investor possesses relative to the number of outstanding shares issued by the corporation. Equities are usually traded on an exchange or in the over-the-counter (OTC) market. Consequently, an investor can typically sell their stock relatively quickly and easily, unless the stock is illiquid.

**Mutual Funds.** A mutual fund is a professionally managed, diversified portfolio of securities that pools the assets of many investors to invest for a common objective. Each of the investors in a mutual fund has an interest in the fund's entire pool of securities. Mutual fund shares generally can be purchased or sold as needed based on the fund's current net asset value (NAV) per share. Mutual funds can include actively managed funds as well as index funds that track a particular index.

**Bonds.** A bond is a loan made by the investor to the issuer of the bond. A bond is an interest bearing or discounted government or corporate security that obligates the issuer to pay the bondholder a specified sum of money, usually at specific intervals, and to repay the principal amount of the loan at maturity. The bondholders do not have corporate ownership privileges in the issuer, as shareholders do. These products are also known as "fixed-income securities."

**Exchange-Traded Funds (ETFs).** An ETF is an investment company whose shares trade on a stock exchange. An ETF usually holds a portfolio of securities designed to track a particular market segment, index, commodity or basket of assets. Unlike mutual funds, an ETF experiences price changes throughout the day as the ETF's shares are bought and sold.

**Exchange-Traded Notes (ETNs).** An ETN is an unsecured, unsubordinated debt security that is traded on an exchange. An ETN usually offers returns based on the performance of a market index upon maturity. As ETNs are issued by an underwriting bank, their value depends on the credit rating of the issuer. ETNs are not equities or index funds.

**Real Estate Investment Trusts (REITs).** A REIT is a security that sells like a stock on the major securities exchanges and invests in real estate directly, either through properties or mortgages. REITs receive special tax considerations and typically offer investors high yields, as well as a highly liquid method of investing in real estate.

**Master Limited Partnerships (MLPs).** An MLP is a type of limited partnership that is publicly traded. There are two types of partners in this type of partnership: The limited partner is the person or group that provides the capital to the MLP and receives periodic income distributions from the MLP's cash flow, whereas the general partner is the party responsible for managing the MLP's affairs and receives compensation that is linked to the performance of the venture.

**American Depositary Receipts (ADRs).** An ADR is a negotiable certificate issued by a U.S. bank representing a specified number of shares (or one share) in a foreign stock that is traded on a U.S. exchange. ADRs are denominated in U.S. dollars, with the underlying security held by a U.S. financial institution overseas. ADRs help to reduce administration and duty costs that would otherwise be levied on each transaction.

**Closed-End Funds.** A closed-end fund is a publicly traded investment company that raises a fixed amount of capital through an initial public offering (IPO). The fund is then structured, listed and traded like a stock on a stock exchange.

**Options.** A financial derivative that represents a contract sold by one party (option writer) to another party (option holder). The contract offers the buyer the right, but not the obligation, to buy (call) or sell (put) a security or other financial asset at an agreed-upon price (the strike price) during a certain period of time or on a specific date (exercise date).

**Foreign Currency.** Foreign currency refers to the currency of a foreign country (i.e., any currency that is not the U.S. dollar). All currencies fluctuate in value, sometimes significantly, due to a wide variety of economic, political, and social factors. Circumstances such as government restrictions, wars, insurrections, the repudiation of sovereign debt, government printing of currency, or other events can abruptly impact the value of a currency, or cause it to cease to exist or be actively traded. Many currency instruments are not traded on a centralized exchange. Certain foreign currencies are not deliverable, meaning that a holder is not able to gain physical possession of the foreign currency and is therefore required to convert the foreign currency to U.S. dollars before gaining access to the funds or transferring the funds to another account.

**Commodities (Precious Metals).** A commodity is a basic good used in commerce that is interchangeable with other commodities of the same type, and is traded in various markets. Commodities are generally uniform in quality and most often used as inputs in the production of other goods or services. Examples of a commodity are food, grain, crude oil, and metals. References to commodities in this brochure are generally a reference to precious metals such as gold, silver or platinum. Many precious metals instruments do not trade on a centralized exchange, and fluctuate in value. Any precious metals positions acquired by EBWM may be held by the custodian in an allocated or unallocated account, also known as a pooled account, in which the custodian holds on your behalf an undivided interest in a pool of precious metals maintained by a third party for the benefit of a group.

**Separately Managed Accounts (SMAs).** A SMA is a professionally managed investment portfolio that uses pooled money to buy investments directly owned by the account holder. Unlike a mutual fund or ETF, a SMA allows an investor to have direct ownership of the securities in the investor's account, which can provide opportunities for greater customization to reflect the investor's specific investment objectives, desired restrictions and tax consequences.

**Unified Managed Accounts (UMAs).** A UMA is a professionally managed investment portfolio that is developed out of SMAs. While a SMA holds securities associated with a single investment manager or style managed for a client, a UMA typically holds multiple SMAs, as well as other investment products such as mutual funds and ETFs.

Portfolio model construction is determined by the EBWM Investment Committee. The EBWM Investment Committee may develop portfolio models based on different levels of risk tolerance and capacity by combining diverse asset classes to help manage risk. EBWM associated persons, who manage a client's relationship with EBWM, consult with a client to determine which model is most appropriate. Clients may direct that their accounts be managed individually or in groups as portfolios of accounts.

## C. INVESTMENT RESTRICTIONS; CHANGES IN CIRCUMSTANCES

A client may provide EBWM with any reasonable investment restrictions that should be imposed on the management of the client's portfolio. For example, a client may restrict the type or amount of securities to be purchased in the client's portfolio. Any agreed upon investment restriction shall be reflected in the Wealth Management Agreement or in the client's file.

A client should promptly notify EBWM of any changes in those restrictions or in the client’s personal financial circumstances, investment objectives, goals and tolerance, and capacity for risk. EBWM attempts to tailor its advisory services to the needs of its individual clients.

EBWM provides periodic reports to clients. These reports identify assets within the account and activity since the date of the last periodic report. These periodic reports will also remind clients of their obligation to inform EBWM of any such changes or any restrictions that should be imposed on the management of the client’s account. EBWM will also, through these periodic reports, inquire whether there have been any changes in a client’s personal financial circumstances, investment objectives and tolerance and capacity for risk.

#### D. WRAP FEE PROGRAMS

EBWM does not offer wrap fee programs.

#### E. ASSETS UNDER MANAGEMENT

EBWM has \$132,546,676 assets under management, consisting of \$40,738,280 in discretionary client assets under management and \$91,808,396 in non-discretionary client assets under management, which includes assets of EverBank, EBWM’s parent company. These calculations were made as of December 31, 2015.

### ITEM 5: FEES & COMPENSATION

#### A. ADVISORY FEES

EBWM will generally provide clients with investment advisory services in exchange for an asset-based fee computed on the value of managed assets as mutually agreed upon with the client and EBWM. EBWM’s fees are assessed in arrears, quarterly or as otherwise agreed to by EBWM and the client. EBWM does not require the prepayment of any portion of its investment advisory fee. EBWM’s fee schedule is stated below and is computed on the average daily balance of the client’s portfolio for the preceding quarter and payable in arrears not less than 30 days following the end of the quarter. The quarterly fee is charged at one-fourth the specified annual rate. The initial fee is pro-rated from the date management began in the client’s account to the end of the quarter.

The advisory relationship may be terminated by the client or EBWM in accordance with the provisions of the client’s wealth management agreement. Fees for a partial period at the termination of the wealth management agreement will be pro-rated from the first day of the quarter to the effective date of termination of the wealth management agreement.

As set forth below, EBWM uses one Asset-Based Fee Schedule for Retail Investors, a separate Asset-Based Fee Schedule for Institutional Investors, and special pricing for assets managed in either the Managed Currency or Managed Currency With Metals portfolios. EBWM defines an “Institutional Investor” as an entity or organization that opens an account with EBWM on its own behalf (as opposed to on behalf of individuals within the organization). EBWM will require an Institutional Investor to complete an EBWM Wealth Management Agreement—Business at the outset of the relationship. Any other investor will be deemed a retail investor or retail client, and will complete an EBWM Wealth Management Agreement—Personal.

#### B. ASSET-BASED FEE SCHEDULE FOR RETAIL INVESTORS

Assets invested other than in the Managed Currency or Managed Currency With Metals portfolios are subject to the following pricing for retail investors:

Assets Under Management <i>[other than in Managed Currency Or Managed Currency With Metals portfolios]</i>	Annual Management Fee
On the first \$500,000	1.00%
On the next \$500,000	0.85%
On the next \$2,000,000	0.70%
On the next \$2,000,000	0.55%
On amounts over \$5,000,000	Negotiable

*Minimum annual fee: \$1,000 [\$250 per quarter].*

Assets invested in the Managed Currency or Managed Currency With Metals portfolios are subject to special pricing, as follows:

Assets Under Management	Annual Management Fee
<i>(in Managed Currency Or Managed Currency With Metals portfolios)</i>	
On any amount	0.80%

*Minimum annual fee: \$400 (\$100 per quarter).*

EBWM does not require an account minimum for management of assets invested in mutual funds or ETFs. However, there is a minimum annual management fee of \$1,000 at the highest fee tier in the current fee schedule. Retail clients with less than \$100,000 in portfolio assets who choose EBWM's services at a minimum annual management fee of \$1,000 may be able to find similar services at a more favorable pricing arrangement. To the extent clients are invested in either the Managed Currency or Managed Currency With Metals portfolios, there is a minimum annual management fee of \$400. Retail clients with less than \$50,000 in those portfolio assets may be able to find similar services at a more favorable pricing arrangement. The management fees paid for Managed Currency or Managed Currency With Metals portfolios will be separate and in addition to the management fees paid for management of assets invested in other portfolios. Fees are negotiable in EBWM's sole discretion, and EBWM may, in its sole discretion, reduce the applicable fee or waive the required minimum fee. EBWM requires a minimum value of managed assets of \$500,000 for a SMA or UMA, subject to EBWM's discretion to waive such minimum where appropriate.

For certain eligible owners or controlling persons of accounts, EBWM may aggregate the certain accounts for fee purposes. EBWM refers to these aggregated accounts as a "household." However, aggregation may not be possible for all accounts. For example, a client may not be able to aggregate an IRA account with a non-IRA account due to IRA regulations regarding prohibited transfers, and a client will not be able to aggregate accounts with assets in the Managed Currency and Managed Currency With Metals portfolios with assets invested in other portfolios.

At the request of eligible owners or controlling persons of accounts, EBWM may agree to manage certain accounts as a portfolio, meaning that the clients' selected managed style will be reflected in the aggregated accounts, with no particular account reflecting the managed style or containing all the assets of a particular model. EBWM refers to these aggregated accounts as a "portfolio." Only accounts that have selected the same managed style can be managed in this way. It may not be possible to aggregate all accounts in this way, regardless of the selected managed style.

In limited circumstances, EBWM may provide investment advice on a fixed fee or other basis for a client who does not desire ongoing investment management services.

EBWM has the right to change any or all of its fee schedules with 30 days' prior written notice to its clients.

The fees charged by EBWM do not include fees or other expenses of any mutual fund or ETF, such as investment management fees, brokerage fees and other fund expenses. These fees and expenses may be described in the fund prospectus. If a mutual fund also imposes sales charges, the client may pay an initial or deferred sales charge as further described in the mutual fund's prospectus. EBWM will consider such fees prior to investing in any products, which would result in a client paying such fees. EBWM will recommend, where appropriate for a client's portfolio, "no load" mutual funds where no sales charge is imposed for the purchase. A client may be precluded from using certain mutual funds because they may not be offered by the broker-dealer.

The fees charged by EBWM also do not include direct fees and costs associated with the managers of SMAs and UMAs, such as investment management fees of the selected managers and overlay management fees. These fees will depend on the particular investment or overlay managers selected. A client will receive a specific quote of these fees prior to investment in a SMA or UMA.

In addition, the fees charged by EBWM do not include any commissions or other fees charged by a broker-dealer or custodian retained by a client to implement EBWM's advice or to otherwise hold the client's portfolio assets, and each of the broker-dealer or custodian may charge a client separately for certain products or services that it may provide. See Item 12 below for additional information regarding brokerage practices.

## C. ASSET-BASED FEE SCHEDULE FOR INSTITUTIONAL INVESTORS

Assets invested other than in the Managed Currency or Managed Currency With Metals portfolios are subject to the following pricing for institutional investors:

<b>Assets Under Management</b> <i>[other than in Managed Currency Or Managed Currency With Metals portfolios]</i>	<b>Annual Management Fee</b>
On the first \$5,000,000	0.35%
On the next \$5,000,000	0.25%
On the next \$15,000,000	0.15%
On the next \$25,000,000	0.10%
On the next \$50,000,000	0.05%
On amounts over \$100,000,000	0.02%

*Minimum annual fee: \$17,500 (\$4,375 per quarter).*

Assets invested in the Managed Currency or Managed Currency With Metals portfolios are subject to special pricing, as follows:

<b>Assets Under Management</b> <i>[in Managed Currency Or Managed Currency With Metals portfolios]</i>	<b>Annual Management Fee</b>
On any amount	0.80%

*Minimum annual fee: \$400 (\$100 per quarter).*

Institutional Clients with less than \$5,000,000 in portfolio assets who choose EBWM's services at a minimum annual fee of \$17,500 may be able to find similar services at a more favorable pricing arrangement. The management fees paid for Managed Currency or Managed Currency With Metals portfolios will be separate and in addition to the management fees paid for management of assets invested in other portfolios. Fees are negotiable in EBWM's sole discretion and EBWM may, in its sole discretion, reduce the applicable fee or waive the required minimum fee. EBWM requires a minimum value of managed assets of \$500,000 for a SMA or UMA, subject to EBWM's discretion to waive such minimum where appropriate.

For multiple accounts under the control of a client, EBWM may aggregate the account total for fee purposes. However, aggregation may not be possible for all accounts. For example, a client will not be able to aggregate accounts with assets in the Managed Currency and Managed Currency With Metals portfolios with assets invested in other portfolios.

In limited circumstances, EBWM may provide investment advice on a fixed fee or other basis for a client who does not desire ongoing investment management services.

EBWM has the right to change any or all of its fee schedules with 30 days' prior written notice to its clients.

The fees charged by EBWM do not include fees or other expenses of any mutual fund or ETF, such as investment management fees, brokerage fees and other fund expenses. These fees and expenses may be described in the fund prospectus. If a mutual fund also imposes sales charges, the client may pay an initial or deferred sales charge as further described in the mutual fund's prospectus. EBWM will consider such fees prior to investing in any products, which would result in a client paying such fees. EBWM will recommend, where appropriate for a client's portfolio, "no load" mutual funds where no sales charge is imposed for the purchase. A client may be precluded from using certain mutual funds because they may not be offered by the broker-dealer.

The fees charged by EBWM also do not include direct fees and costs associated with the managers of SMAs and UMAs, such as investment management fees of the selected managers and overlay management fees. These fees will depend on the particular investment or overlay managers selected. A client will receive a specific quote of these fees prior to investment in a SMA or UMA.



In addition, the fees charged by EBWM do not include any commissions or other fees charged by a broker-dealer or custodian retained by a client to implement EBWM's advice or to otherwise hold the client's portfolio assets, and each of the broker-dealer or custodian may charge a client separately for certain products or services that it may provide. See Item 12 below for additional information regarding brokerage practices.

#### **D. FEE DEDUCTION**

EBWM's fees will either be paid directly by the client or deducted automatically from the client's account and paid to EBWM by the qualified custodian of the client's investment accounts. EBWM may deduct fees directly from a client's account in accordance with the terms of the EverBank Wealth Management Agreement or as otherwise agreed to by client. Where a client authorizes EBWM to deduct fees from the client's account, the custodian of the account will send the client a statement at least quarterly. If clients have requested and we have agreed to aggregate their accounts for any purpose, the clients authorize EBWM to deduct our advisory fees and the expenses incurred with respect to all of the aggregated accounts, whether partially or in full, from any other account that is contained with which it has been aggregated.

The statement will include the amount of any fees paid directly to EBWM, and will also include any other amounts disbursed from the account. In addition, because certain EBWM advisory personnel may also serve as representatives of our sister company EverTrade® Direct Brokerage (a subsidiary of our parent company, EverBank), if EverTrade Direct Brokerage, Inc. serves as the client's broker-dealer, then the same personnel who determine the fees to be paid may also notify the custodian of those fees. A client should carefully review statements received from the custodian to verify the accuracy of the fee calculation. The custodian may not have a duty to determine whether the fee is properly calculated. In the event EBWM has agreed to bill the client directly, the client will agree to pay the fees and expenses within 30 days of receiving the invoice. A client will generally receive a statement of advisory fees from EBWM no later than 15 days following the end of each quarterly period.

#### **E. COMPENSATION AND REFERRALS**

EBWM and its associated persons are not paid any sales, service or administrative fees for the sale of investment products to clients. EBWM employees earn a salary and a possible bonus. A bonus may be earned based on a variety of factors, including division revenue growth and profitability, as well as personal contributions and other subjective factors. Certain associated persons are eligible to receive a percentage of gross investment management fees charged to a client after the account is established. Certain employees may also participate in incentive programs that may compensate them for attracting new assets and clients, referring business to our affiliates (such as referrals to EverBank for mortgages or bank deposits) and meeting production criteria.

Certain EBWM advisory personnel may also serve as representatives of our sister company EverTrade® Direct Brokerage (a subsidiary of our parent company, EverBank) and effect securities transactions for clients of EverTrade. EverTrade representatives may receive a commission for any transactions effected in a brokerage account. EBWM advisory personnel will not receive both a fee and a commission from any advisory client related to the same transaction. EBWM may also compensate affiliated companies for referrals of possible clients to EBWM. Referral compensation will be paid on a percentage of the value of assets or fees generated. The affiliated companies may choose to pay all or a portion of this compensation to its employees who make the referrals.

EBWM may also enter into arrangements with persons other than employees or affiliated companies to whom we may pay compensation for referrals to EBWM. This compensation may be in the form of a percentage of the value of assets or fees generated, or other marketing compensation. The details of such arrangements and the amount of compensation will be described in a separate disclosure provided at the time of such referrals. See Item 14 for additional information.

#### **F. COMPENSATION TO EVERTRADE DIRECT BROKERAGE, INC. AS BROKER-DEALER**

For investment portfolio assets other than the Managed Currency and Managed Currency With Metals portfolios (for those portfolios, EBWM recommends EverBank as custodian), EBWM will typically recommend that its sister company, EverTrade (a subsidiary of EBWM's parent company, EverBank) serve as the broker-dealer. To the extent EverTrade is broker-dealer, it will execute transactions as instructed by EBWM on the client's behalf. EverTrade will not charge the client separately for these services and instead will be compensated by the client, through commissions or other

transaction-related fees for securities trades that are executed through EverTrade or that settle into accounts held with EverTrade. EverTrade will directly charge the client for those transactions, and the charges and fees that will apply are disclosed in the client's account agreement with EverTrade. These fees, charges, revenues and income earned by EverTrade as broker-dealer may benefit EBWM as EverTrade and EBWM are affiliated companies, and these benefits would not be realized if an unaffiliated custodian was used. See Item 12A for a discussion of the conflicts this creates.

## **G. COMPENSATION TO EVERBANK AS CUSTODIAN**

When investing in either the Managed Currency or the Managed Currency With Metals portfolios, EBWM will typically recommend its parent company, EverBank, as the custodian. EverBank will not serve as custodian for any other portfolios or asset classes other than currency or metals. EverBank provides EBWM with access to its institutional trading and operations services related to foreign currencies and precious metals, not generally available to EverBank retail clients. To the extent EverBank is custodian, it will execute transactions as instructed by EBWM on the client's behalf. EverBank will directly charge EBWM clients for those transactions, most notably including (a) a 1% (or less) fee built into an exchange rate for every time a currency is exchanged into another currency, and (b) a .75% (or less) commission for each purchase and a .75% (or less) commission for each sale of an unallocated interest in precious metals. In each of these transactions, EverBank will be acting as principal, meaning that the products it transacts with the client are purchased from or sold to the client by EverBank acting for its own account. EverBank will also earn interest and other income on the foreign currencies to which it serves as custodian that may not be paid to clients. Other charges and fees will apply and are disclosed in the client's account agreement with EverBank. These fees, charges, revenues and income earned by EverBank as custodian will benefit EBWM as its corporate subsidiary, and these benefits would not be realized if an unaffiliated custodian was used for foreign currency and precious metals transactions. See Item 12B for a discussion regarding the conflicts that this creates.

## **ITEM 6: PERFORMANCE-BASED FEES & SIDE-BY-SIDE MANAGEMENT**

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EBWM does not charge performance-based fees.

## **ITEM 7: TYPES OF CLIENTS**

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EBWM offers investment advisory services to individuals, trusts, estates, charitable organizations, corporations, partnerships and other legal entities. See Item 5 above for information regarding minimum account size.

## **ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES & RISK OF LOSS**

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### **A. METHODS OF ANALYSIS**

Other than the Managed Currency and Managed Currency With Metals niche portfolios, EBWM takes a broad and multidimensional view of portfolio construction by considering various types of investment opportunities in order to create well diversified portfolios designed to offer optimal risk-adjusted returns. EBWM's investment vehicles primarily consist of mutual funds, ETFs, and currencies, and may also include bonds, equities, commodities (including precious metals), SMAs and UMAs. Through these vehicles, EBWM will balance traditional investment opportunities including domestic and international equity and fixed income investments against non-traditional asset classes that offer further diversification, uncorrelated risk and return profiles, and inflation-protection characteristics, such as currencies, commodities, and absolute return and hedged investment products. Asset allocation decisions will be determined based on global economic conditions, identification of investment themes and opportunities, client return objectives and risk tolerance. Asset weightings will be further refined in order to create portfolios consistent with the style and model portfolio agreed to by the client.

Based on the style and model portfolio agreed to by the client, EBWM will seek an optimal return measured against the client's capacity to absorb, and aversion of, risk.

EBWM uses a top-down investment approach that analyzes the global macroeconomic environment in order to determine asset allocation, investment themes, and risks within the respective discretionary platform model portfolios. The EBWM Investment Committee reviews global economic conditions paying particular attention to monetary policy and credit

availability, inflation expectations, interest rates and currency trends within the respective markets in order to assess the investment environment within domestic, developed international and emerging market economies. Assessment of the respective economic cycles will be considered using government statistics, including but not limited to, employment, housing, consumer spending, government spending, lending and investment trends. Fundamental earnings trends, valuations, and volatility expectations will be used to determine specific themes and investments within the various asset classes.

EBWM may use quantitative and qualitative methods of analysis (described below) to analyze investment alternatives in constructing model portfolios. This process may include the use of computer-based risk/return analysis, as well as other economic and statistical criteria. EBWM may retain third parties to provide software to assist in formulating investment recommendations, in addition to providing advice and guidance to its Investment Committee.

Quantitative methods utilized in the analysis of mutual funds, ETFs, SMAs and UMAs (collectively referred to as “investments”) may include:

- The performance history of the investment evaluated against that of its peers and other benchmarks
- An analysis of risk-adjusted returns
- An analysis of the investment manager’s contribution to the investment return standard deviation of returns over specific time periods, sector and style analysis
- The investment’s fee structure
- The relevant investment manager’s tenure

Qualitative criteria used in recommending investments include the investment objectives and/or management style and philosophy of the investment manager, the investment manager’s consistency of investment style, and investment manager and staff turnover.

In addition, investment managers are reviewed to determine the extent to which their investments reflect efforts to time the market, or evidence style drift such that their portfolios no longer accurately reflect the particular asset category attributed to the investment manager by EBWM.

EBWM will regularly review the activities of investments and investment managers. In addition, EBWM will review research material prepared by others, corporate filings, corporate rating services and a variety of financial publications.

## B. MATERIAL RISKS

Investing in securities and other financial instruments involves risk of loss that a client should be prepared to bear. The value of any security or instrument may fluctuate due to economic, political or other events that affect securities or other markets generally. Fluctuations in value may also occur due to the characteristics of a particular instrument or of the company that issues it.

A client may obtain from the client’s EBWM Wealth Management Adviser a copy of any prospectus containing a description of an applicable mutual fund’s or ETF’s investment objectives and related risks and a copy of any brochure describing an applicable SMA’s investment objectives and related risks.

EBWM structures the client’s portfolio based on the style and model portfolio agreed to by the client. These Portfolios are based upon the amount of risk and volatility the investor client is willing and able to assume. The riskier and more volatile the portfolio agreed to by the client, the greater the possibility is that the client may lose some or all of their investment. Each client should agree to a portfolio that is consistent with their investment objectives, investment experience, and time horizon, among other things.

Additional risks that may have an adverse effect on a client’s investments include the following:

**Equity Risks.** The risks of investing in an equity is that the price of the shares will decrease. This can be caused by a number of factors including, but not limited to: financial deterioration of the overall economy, financial deterioration of the particular company, change in governmental policies that affect that company’s sector, turnover in management, lawsuits or legal proceedings filed against the company, and other unfavorable publicity about the company. The sale

of equities can result in tax consequences to the investor. Some corporations pay a dividend to investors, which is a distribution of earnings to the shareholders. A company can elect to not pay dividends, which could also adversely affect the stock price of the company. Another risk in investing in equities is that some equities lack liquidity; that is, there is not a significant market demand for these shares or the shares are not readily transferable. Consequently, an investor of such equities may not be able to sell or transfer their interest, even if they need the money or the price of the equity is falling rapidly.

**Mutual Fund Risks.** The risks of investing in a mutual fund include the quality and experience of the portfolio management team and its ability to create fund value by investing in securities that have positive growth, the amount of individual company diversification, the type and amount of industry diversification, and the type and amount of sector diversification within specific industries. In addition, mutual funds tend to be tax inefficient and therefore investors may pay capital gains taxes on fund investments while not having yet sold the fund.

**Bond Risks.** The primary risk of investing in a bond, whether it is a government or corporate bond, is that the issuer will not be able to make its agreed-upon periodic payments (such as interest payments) and/or that it will not return the principal to the noteholder when it is due. An issuer could also fail to make timely and/or complete payments on the principal or agreed-upon periodic payments. Among other things, any failure to make payments could be due to the financial condition of the issuer. Another risk in corporate bonds is that noteholders do not have equity privileges in the issuer; rather, they are simply creditors of the issuer. Consequently, they cannot vote or otherwise affect corporate decisions.

**ETF Risks.** The performance of an ETF may not reflect the performance of the index or market segment it was created to track. ETFs, depending on the underlying portfolio and its size, can have wide price (bid and ask) spreads, thus diluting or negating any upward price movement of the ETF or enhancing any downward price movement. Also, ETFs require more frequent portfolio reporting by regulators and are thereby more susceptible to actions by hedge funds that could have a negative impact on the price of the ETF. Certain ETFs may employ leverage, which creates additional volatility and price risk depending on the amount of leverage utilized, the collateral and the liquidity of the supporting collateral. Further, the use of leverage (i.e., employing the use of margin) generally results in additional interest costs to the ETF. Certain ETFs are highly leveraged and therefore have additional volatility and liquidity risk. Volatility and liquidity can negatively impact the price of the ETF's underlying portfolio securities, thereby causing significant price fluctuations of the ETF.

**SMA and UMA Risks.** The risks of investing through a SMA or UMA include the quality and experience of the portfolio management team and its ability to create value by investing in securities that have positive growth.

**Foreign Currency Risks.** The primary risk of holding a foreign currency is that the value of the currency will decrease relative to other currencies, or the currency ceases to exist and immediately lose all value. The currencies market is particularly volatile and subject to wide fluctuations in value based upon a variety of microeconomic and macroeconomic factors, including, but not limited to, government restrictions, wars, insurrections, and economic conditions in the foreign country or in the United States. There is a risk that a government may impose foreign exchange controls or prohibit transactions in its currency. These exchange controls could prevent EverBank or another custodian from converting the currency to U.S. dollars, determining an exchange rate, or continuing to hold foreign currencies on your behalf. Transactions in the currencies of emerging market countries are considered particularly high risk because the economies and political systems of those countries are less developed than those of more industrialized countries, and may be more likely to experience economic, political, and social instability, which in turn leads to substantial fluctuations in currency values. Foreign countries have experienced devaluations, exchange controls, changes in government and the repudiation of debt, each of which can have an adverse effect on the value of the currency. Another risk of foreign currencies is that they do not trade on a centralized exchange, and as such the exchange rates could be more susceptible to manipulation. Also, certain foreign currencies are not deliverable, meaning that you will not be able to gain physical possession of the foreign currency and will be required to convert the currency to U.S. dollars before gaining access to the funds or transferring the funds to another custodian.

**Commodity (Precious Metal) Risks.** The primary risk of acquiring and holding commodities such as precious metals is that the value of the commodity will decrease. Commodities provide no interest or yield so prices must rise during the holding period to realize a return equal to that of income-producing assets. The commodities market is particularly volatile and subject to wide fluctuations in value based upon a variety of microeconomic and macroeconomic factors. Additional risks include the method of ownership in the metals and where the metals are stored. The precious metals positions acquired

by EBWM may be held by the custodian in an allocated or unallocated account, also known as a pooled account, in which the custodian holds on your behalf an undivided interest in a pool of precious metals maintained by a third party for the benefit of a group. Risks related to this method of ownership include the location, solvency and creditworthiness of the third party responsible for the pooled account.

**Interest-Rate Risk.** Fluctuations in interest rates may cause investment prices to fluctuate. For example, if interest rates rise, yields on existing bonds become less attractive, which typically causes the market values of existing bonds to decline.

**Inflation Risk.** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.

**Business Risk.** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, which is a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

**Financial Risk.** Excessive borrowing to finance a business' operations increases the risk that a business will be unprofitable, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

**Concentrated Holdings Risk.** There is an inherent risk for clients who have their investment portfolios heavily concentrated in a single security, industry or sector, geographic location, investment manager, or instrument. Clients who have diversified portfolios, as a general rule, incur less volatility and therefore less fluctuation in portfolio value than those who have concentrated holdings. Concentrated holdings may offer the potential for higher gain, but also offer the potential for significant loss.

**Risks Related to Certain Investment Strategies.** Client investments may be made through third party managers who follow alternative strategies, such as option trading, hedging and derivatives, that may involve specific risks. Clients will receive the prospectus or brochure of any such third party investment managers before such strategies are implemented.

## ITEM 9: DISCIPLINARY INFORMATION

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There are no current legal or disciplinary events that are material to a client's or prospective client's evaluation of EBWM's advisory business or the integrity of its management.

## ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES & AFFILIATIONS

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### A. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

**Parent Affiliation.** EBWM is a wholly owned subsidiary of EverBank and an indirect wholly-owned subsidiary of EFC. EFC is a holding company that is also the parent company of banking and brokerage companies offering financial services to private and public sectors. As such, some of the principal executive officers of EBWM may be employed by or predominantly engaged in the activities of the holding company or its other subsidiaries. More than 50% of these officers' time may be spent on the activities of related firms.

**Bank and Broker-Dealer Affiliation.** EverBank, a federal savings association, is also a wholly-owned subsidiary of EFC. EverTrade Direct Brokerage, Inc., a brokerage firm ("EverTrade"), is wholly-owned by EverBank. Investment adviser representatives of EBWM may act as registered representatives of EverTrade for clients that are not advisory clients of EBWM. As such, these EverTrade employees may receive salaries, commissions or other forms of compensation in relation to products sold to, or services performed for, non-advisory clients in connection with this affiliation. In no event, however, will an investment adviser representative of EBWM receive both a fee and a commission from advisory clients with respect to advisory client securities transactions.

EverBank is regulated primarily by the Office of the Comptroller of the Currency (OCC). Certain EBWM employees who also perform bank functions would likewise be regulated by, and subject to the jurisdiction of, the OCC.

EverTrade is regulated by the Securities and Exchange Commission (SEC), the Financial Industry Regulatory Authority (FINRA) and each state in which it has clients or otherwise does business. Any EBWM employee who also performs functions for EverTrade would be deemed to be an associated person of EverTrade, and subject to the jurisdiction of the SEC, FINRA and the states.

## **B. MATERIAL RELATIONSHIPS MAINTAINED BY EBWM AND POTENTIAL CONFLICTS OF INTEREST**

As part of their other business activities, EBWM advisory personnel may also serve as representatives of EverTrade and effect securities transactions for clients of EverTrade. EBWM may receive a fee for investment advice in advisory accounts, and EverTrade representatives may receive a commission for any transactions effected in EverTrade brokerage accounts (which are not EBWM or advisory accounts). EBWM advisory personnel will not receive both a fee and a commission from an advisory client relating directly to the same transaction.

Advisory clients may be solicited to invest excess cash balances of their assets in products sponsored or managed by one of EBWM's affiliates. EBWM would be economically incented to recommend securities sponsored or managed by its affiliate. Any such investments may be prohibited for Employee Retirement Income Security Act (ERISA) governed plans engaged by EBWM for the provision of investment advisory services. To the extent such proprietary investment products are recommended to such ERISA-governed plans, EBWM will waive its investment advisory fee. EBWM, in its sole discretion, in lieu of waiving its investment advisory fee, may decide that it will not offer such proprietary investment products to its advisory clients.

EBWM advisory personnel may also provide information, advice or recommendations to clients regarding EverBank products, but unless the client names EverBank as a custodian or EBWM otherwise agrees in writing with a client, (a) any EverBank products the client holds would not be considered assets under EBWM's management or be subject to EBWM's advisory fees, and (b) the client will maintain full authority and control over the client's EverBank bank account and products. EBWM would have no discretionary authority over the client's EverBank products or any obligation to monitor or reallocate the client's EverBank products.

## **C. RECOMMENDATION OR SELECTION OF OTHER INVESTMENT ADVISERS**

Other than as described in Item 14 and other than as a result of its corporate ownership structure, EBWM does not receive any remuneration from advisers, investment managers, or other service providers that it recommends to clients.

# **ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS & PERSONAL TRADING**

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## **A. CODE OF ETHICS**

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

- The requirement that investment advisory personnel conduct business with high ethical standards consistent with the principle that EBWM and its employees owe a fiduciary duty to clients
- The obligation of EBWM advisory personnel to comply with all applicable legal requirements
- The requirement that all personal securities transactions be conducted in compliance with the Code
- The requirement that advisory personnel avoid improper disclosure or misuse of confidential client information

EFC also has a Code of Conduct that defines the business procedures and practices that reflect the EverBank corporate family's values, including how to deal with any conflict of interest. Any person associated with EBWM is subject to the Code of Ethics and Code of Conduct.

EBWM will provide a copy of the Code of Ethics and Code of Conduct to any client or prospective client upon request.

## **B. PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS**

EBWM does not engage in principal trading (i.e., the practice of selling stock to advisory clients from a firm's inventory or buying stocks from advisory clients into a firm's inventory). In addition, other than as described in Item 10, EBWM does not recommend any securities to advisory clients in which it has some material financial, proprietary or ownership interest. However, EBWM's sister company, EverTrade, and EBWM's parent company, EverBank, may serve as clients'

broker-dealer and custodian, respectively, for investment portfolio assets, resulting in benefits that would not be realized if an unaffiliated broker-dealer or custodian were used. See Items 12A and 12B.

#### C. PERSONAL TRADING

EBWM and its representatives may engage in personal securities transactions or may hire an adviser to engage in personal securities transactions on their behalf. The personal securities transactions of EBWM and its representatives may raise potential conflicts of interest when such persons trade in a security that is (a) owned by a client, or (b) considered for purchase or sale for a client.

EBWM has adopted policies and procedures that are intended to ensure that transactions are effected for clients in a manner that is consistent with the fiduciary duty and in accordance with applicable law. Persons who wish to purchase or sell securities of the types purchased or sold for clients may do so only in a manner consistent with EBWM's policies and procedures. Each EBWM associated and related person is required to provide to EBWM information regarding their personal securities accounts. EBWM attempts, consistent with its policies and procedures, to identify any transactions in which EBWM or its associated or related persons have a conflict with any transaction recommended to a client.

#### D. CONCURRENT SECURITIES TRANSACTIONS AND POTENTIAL CONFLICTS OF INTEREST

EBWM, its affiliates, employees and their families, trusts, estates, charitable organizations and retirement plans established by it may make securities transactions for their own accounts that differ from those recommended or effected for other of the firm's clients. EBWM will make a reasonable attempt to trade securities in client accounts at or prior to trading the securities in its affiliate, corporate, employee or employee-related accounts. Trades executed the same day will likely be subject to an average pricing calculation. It is the policy of EBWM to place the clients' interests, including but not limited to, ensuring the client receives the most favorable price for a transaction, above those of the firm and its employees.

EBWM's advice to certain clients and the action of EBWM for those and other clients are frequently premised not only on the merits of a particular investment, but also on the suitability of that investment for the particular client in light of his or her investment objective, guidelines and circumstances. Thus, any action of EBWM with respect to a particular investment may, for a particular client, differ or be opposed to the recommendation, advice or actions of EBWM to or on behalf of other clients.

### ITEM 12: BROKERAGE & CUSTODIAN PRACTICES

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#### A. EBWM'S RECOMMENDATION OF EVERTRADE DIRECT BROKERAGE, INC. AS BROKER-DEALER

**Recommendation of EverTrade as Broker-Dealer.** EBWM typically recommends that clients establish brokerage accounts with its sister company, EverTrade Direct Brokerage, Inc., a registered broker-dealer, and a member of FINRA and the Securities Investor Protection Corporation (SIPC). EverTrade's clearing firm will be the custodian for those client assets in which EverTrade is the broker-dealer. For custody of Managed Currency and the Managed Currency with Metals portfolios EBWM recommends EverBank as custodian – See Item 12B. EverTrade is a wholly owned subsidiary of EBWM's parent company, EverBank.

When EverTrade serves as broker-dealer, EverTrade's clearing firm (and not EverTrade or EBWM) would maintain custody of funds and other assets, but EBWM, by virtue of its relationship with EverTrade, which is its sister company, may be deemed to have custody under SEC rules. EverTrade does not charge EBWM clients separately for broker-dealer services, but is compensated by account holders through commissions and other transaction-related fees for securities trades that are executed through or that settle into EverTrade accounts.

The final determination to engage a broker-dealer or custodian shall be made by and in the sole discretion of the client. In certain instances, a client might select another broker-dealer and/or custodian, based on the needs of the individual client, taking into consideration the nature of the services required, the experience of the broker-dealer or custodian, the cost and quality of the services, and the reputation of the broker-dealer or custodian. Any client who selects his or her own broker-dealer or custodian should recognize that broker-dealers and/or custodians have different cost and fee structures and trade execution capabilities. As a result, there may be disparities with respect to the cost of services and/or the transaction prices for securities transactions executed on behalf of the client. Clients are responsible for assessing the commissions and other costs charged by broker-dealers and/or custodians.



EBWM periodically reviews, and reviews at least annually, its fee structure and arrangement with EverTrade. Among other things, EBWM evaluates whether the price EverTrade charges for services is reasonable, given the entirety of the services EverTrade provides.

**Institutional Trading and Custody Services Provided by EverTrade; Conflict of Interest.** For investment portfolio assets other than the Managed Currency and Managed Currency With Metals portfolios (for those portfolios, EBWM recommends EverBank as custodian), EBWM will typically recommend that its sister company, EverTrade (a subsidiary of EBWM's parent company, EverBank) serve as the broker-dealer. To the extent that EverTrade is the broker-dealer, it will execute transactions as instructed by EBWM on the client's behalf and will directly charge the client for the transactions that EverTrade executes at EBWM's direction. The charges and fees that will apply are disclosed in the client's account agreement with EverTrade. These fees, charges, revenues and income earned by EverTrade as broker-dealer may benefit EBWM as EverTrade and EBWM are affiliated companies, and these benefits would not be realized if an unaffiliated broker-dealer were used.

In addition, as part of their other business activities, EBWM's advisory employees may also serve as representatives of EverTrade and effect securities transactions for clients of EverTrade. EBWM will receive a fee for the investment advice for investment portfolios, and EverTrade representatives may receive a commission for any transactions effected in an EverTrade brokerage account that is not a part of an investment portfolio. EBWM's advisory personnel will not receive both a fee and a commission from a client relating to the same transaction.

**Affiliate Relationship and Conflict of Interest.** EverTrade is a subsidiary of EBWM's parent company, EverBank, and as such EBWM may be influenced in recommending that clients establish or maintain an account with EverTrade as broker-dealer. EBWM's recommendation that a client use EverTrade as broker-dealer may be based in part on benefits to EBWM and EverTrade, and not solely on the nature, cost or quality of execution services provided by EverTrade. Also, EBWM may be influenced to conduct more trades or other commissionable activity on its client's behalf, bringing additional fees and revenues to its sister company EverTrade, than might otherwise exist if the broker-dealer was not EBWM's affiliate. By using EverTrade as the broker-dealer for the account, a client may receive fewer services, and pay higher costs, than if another broker-dealer were used.

**Other Products and Services Provided by EverTrade; Conflict of Interest.** EverTrade makes available to EBWM other products and services that benefit EBWM but may not directly benefit clients' accounts. Some of these other products and services assist EBWM in managing and administering clients' investment portfolios. The products and services include software and other technology that:

- Provide access to client account data (such as trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide research, pricing and other market data
- Facilitate payment of EBWM's fees from its clients' investment accounts
- Assist with back-office support, record-keeping and client reporting

Because of these benefits, EBWM may be influenced in recommending that clients establish or maintain an account with EverTrade as broker-dealer.

Some of these benefits may be used to service all or a substantial number of EBWM's clients' investment accounts. Many of these benefits are for EBWM and may not benefit the client or the client's investment account. One such benefit is that EBWM's sister company, EverTrade, will receive revenues and profits from trading activity and other activity in a client's investment account, which will either directly or indirectly benefit EBWM.

When EBWM places trades for a client's investment account, it does so subject to its duty of best execution and other fiduciary duties. EverTrade's execution quality may be different than other institutions.

EverTrade may also offer other services intended to help EBWM manage and further develop its business enterprise. These services may be provided by EverTrade, or by its clearing firm in coordination with EverTrade, and these services may include the following:

- Compliance, legal and business consulting



- Publications and conferences on practice management and business succession

EverTrade may also provide other benefits such as educational events or occasional business entertainment of EBWM personnel. These benefits may be provided by EverTrade, or by its clearing firm in coordination with EverTrade. In evaluating whether to suggest that clients select EverTrade as their broker-dealer, EBWM may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers and not solely the nature, cost or quality of brokerage services provided by EverTrade, which may create a potential conflict of interest.

**EverTrade's Provision of Services through Independent Third Parties.** EverTrade may make available, arrange and/or pay third-party vendors for the types of services rendered to EBWM. EverTrade may discount or waive fees it would otherwise charge for some of these services, or all or a part of the fees of a third party providing these services to EBWM.

## **B. EBWM'S RECOMMENDATION OF EVERBANK AS CUSTODIAN FOR THE MANAGED CURRENCY AND METALS PORTFOLIOS**

**Recommendation of EverBank as Custodian.** EBWM recommends that clients establish accounts with its parent company EverBank for the custody of assets contained in the Managed Currency and the Managed Currency With Metals portfolios. When EverBank serves as custodian, EverBank (and not EBWM) would maintain physical custody of any acquired assets but EBWM may be deemed to have custody under SEC rules by virtue of EBWM's subsidiary relationship with EverBank.

**Institutional Trading and Custody Services Provided by EverBank; Conflict of Interest.** When investing in either the Managed Currency or the Managed Currency With Metals portfolios, EBWM will typically recommend EverBank as the custodian. EverBank will not serve as custodian for any other portfolios or asset classes other than currency or metals. EverBank provides EBWM with access to its institutional trading and operations services related to foreign currencies and precious metals, not generally available to EverBank retail clients. To the extent EverBank is custodian, it will execute transactions as instructed by EBWM on the client's behalf. EverBank will directly charge EBWM clients for those transactions, most notably including (a) a 1% (or less) fee built into an exchange rate for every time a currency is exchanged into another currency, and (b) a .75% (or less) commission for each purchase and a .75% (or less) commission for each sale of an unallocated interest in precious metals. In each of these transactions, EverBank will also earn interest and other income on the foreign currencies to which it serves as custodian, which may not be paid to the client. Other charges and fees will apply and are disclosed in the client's account agreement with EverBank. These fees, charges, revenues and income earned by EverBank as custodian will benefit EBWM as its corporate subsidiary, and would not be realized if an unaffiliated custodian was used for foreign currency and precious metals transactions.

**EverBank Acting as Principal and Conflict of Interest.** To the extent EverBank is custodian and executing transactions at the direction of EBWM, EverBank will be acting as principal, meaning that EverBank will be selling a currency or metal to you, or purchasing it from you, for its own account. Principal transactions create conflicts of interest such as the opportunity to charge too much for sales to a client and to pay too little for purchases from a client. EBWM is not required to and does not seek client consent for principal transactions in currencies and metals. EBWM has implemented procedures reasonably designed to ensure that the terms of transactions with clients in metals/currencies are fair to the client taking into account the circumstances of a particular transaction.

**Affiliate Relationship and Conflict of Interest.** EverBank is the parent company of EBWM, and as such EBWM may be influenced in recommending that clients establish or maintain an account with EverBank as custodian, or in recommending that clients consider investing in either the Managed Currency or the Managed Currency With Metals portfolios. EBWM's recommendation that you use EverBank as custodian or place assets in the Managed Currency or the Managed Currency With Metals portfolios may be based in part on benefits to EBWM and not solely on the nature, cost or quality of custody and execution services provided by EverBank. Also, EBWM may be influenced to conduct more trades or other commissionable activity on its client's behalf, bringing additional fees and revenues to its parent company EverBank, than might otherwise exist if the custodian was not EBWM's parent company.

**Other Products and Services Provided by EverBank.** EverBank makes available to EBWM other services that benefit EBWM, but may not directly benefit clients' accounts. Many of these services may be used to service all or some substantial number of EBWM accounts that are invested in the Managed Currency or the Managed Currency With Metals portfolios. EverBank also makes available to EBWM its managing and administering software and other technology that:

- Provide access to client account data (such as trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide research, pricing and other market data
- Facilitate payment of EBWM's fees from its clients' accounts
- Assist with back-office functions, record-keeping and client reporting

As a parent company of EBWM, EverBank also provides other services intended to help EBWM manage and further develop its business enterprise. These services include:

- Compliance, legal and business management support
- Access to employee benefits providers, insurance providers, business consultants
- Access to shared service functions such as technology, human resources, accounting services, facilities services, corporate governance and record-keeping, and other functions.

EverBank may also make soft dollar payments to broker-dealers who provide services to EverBank. These services may include brokerage or research products and services that assist EverBank in making investment decisions about its own portfolio. EBWM employees who are also employees of EverBank may indirectly benefit from these arrangements.

EBWM may take into account the availability of some of the foregoing services and other arrangements as part of the total mix of factors it considers and not solely the nature, cost or quality of custody and transaction services provided by EverBank.

**EverBank's Provision of Services through Independent Third Parties.** EverBank may make available, arrange and/or pay third-party vendors for the types of services rendered to EBWM, EverBank may discount or waive fees it would otherwise charge for some of these services, or all or a part of the fees of a third party providing these services to EBWM.

#### C. DIRECTED BROKERAGE

EBWM typically recommends its sister company, EverTrade, as broker-dealer for clients' funds and investments and to execute transactions on its clients' behalf. Occasionally, a client may direct EBWM to use a particular broker-dealer other than EverTrade and/or to execute portfolio transactions for the client's account or request that certain types of securities not be purchased for the client's account. Clients who designate the use of a particular broker-dealer other than EverTrade should be aware that they will lose any possible advantage EBWM derives from aggregating transactions executed through EverTrade. Such client trades are typically effected after the trades of clients who have not directed the use of a particular broker-dealer. EBWM loses the ability to aggregate trades with other EBWM advisory clients, potentially subjecting the client to inferior trade execution prices as well as higher commissions.

#### D. ORDER AGGREGATION

Orders for the same security or other instrument entered on behalf of more than one client may be aggregated (i.e., blocked or bunched) subject to the aggregation being in the best interests of all participating clients. Subsequent orders for the same instrument entered during the same trading day may be aggregated with any previously unfilled orders. Subsequent orders may also be aggregated with filled orders if the market price for the instrument has not materially changed and the aggregation does not cause any unintended duration exposure. All clients participating in each aggregated order will receive the average price and, subject to minimum ticket charges and possible step outs, pay a pro rata portion of commissions.

#### E. BROKERAGE FOR CLIENT REFERRALS

EBWM will recommend that its sister company, EverTrade Direct Brokerage, Inc. serve as broker-dealer; however, EBWM does not engage in the practice of directing brokerage commissions in exchange for the referral of advisory clients.

## ITEM 13: REVIEW OF ACCOUNTS

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### A. PERIODIC REVIEW

Each EBWM advisory account is reviewed at least annually.

The CEO or his designee(s), must review and approve the opening of each new advisory relationship and oversee annual reviews of client accounts. The CEO or his designee(s) is also responsible for ensuring that any significant change in a client's investment strategy or in the concentration of a client's assets is appropriate for and has been reviewed with the client.

### B. AD HOC REVIEWS

EBWM may perform ad hoc reviews if there have been material changes in the client's investment objectives or risk tolerance or capacity, or a material change in how EBWM formulates investment advice or material changes in general market conditions.

### C. CONTENT AND FREQUENCY OF PERFORMANCE REPORTS

EBWM may deliver a written report to each client, on a quarterly basis or at some other interval agreed to with the client, which will detail information on purchases and sales, contributions and withdrawals in the client's investment portfolio and the performance of the client's portfolio measured against appropriate pre-established goals or benchmarks.

The client's custodian independently provides regular account statements directly to the client. The custodian's statement is the official record of the client's account and supersedes any statements or reports created on behalf of the client by EBWM.

## ITEM 14: CLIENT REFERRALS & OTHER COMPENSATION

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EBWM may enter into agreements with solicitors who will refer prospective advisory clients to EBWM in return for a portion of the ongoing investment advisory fee. Such arrangements will comply with the cash solicitation requirements of Rule 206(4)-3 under the Investment Advisers Act of 1940. Generally, these requirements require the solicitor to have a written agreement with EBWM. When required by the rule, the solicitor must provide the prospective client with a disclosure document describing the fees it receives from EBWM, whether those fees represent an increase in fees that EBWM would otherwise charge the client, and whether an affiliation exists between EBWM and the solicitor.

Certain EBWM employees may participate in incentive programs that may compensate them for attracting new assets and clients and meeting production criteria. EBWM may also compensate EFC-affiliated companies for referrals of possible clients to EBWM. Referral compensation will be paid based on a percentage of the value of assets or fees generated. The EFC-affiliated companies may choose to pay all or a portion of this compensation to its employees who make the referrals.

## ITEM 15: CUSTODY

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Clients will receive, at least quarterly, account statements directly from their custodian containing a description of all activity, cash balances and portfolio holdings in the client's investment account. EBWM urges clients to compare the account balance(s) shown on any performance or other report provided by EBWM with the quarter-end balance(s) on their custodian's monthly (or other periodic) statement. It is possible for the quarter end market value balance on the report provided by EBWM to differ slightly from the corresponding custodian statement. A difference may exist due to accounting methods for reflecting dividends declared by the underlying securities before the quarter end that are posted to your account after quarter end. The custodian's statement is the official record of the account.

If EBWM's sister company, EverTrade (a subsidiary of EBWM's parent company, EverBank), serves as broker-dealer, EverTrade's clearing firm, and not EverTrade or EBWM would maintain custody of those funds and other assets, but EBWM, by virtue of its relationship with EverTrade, may be deemed to have custody under SEC rules. EverTrade, as broker-dealer, will ensure that its custodian sends statements to clients, at least quarterly, in accordance with legal requirements. Similarly, EBWM's parent company, EverBank, is typically custodian with respect to the Currency and Metals Portfolios, and EverBank will serve as custodian only with respect to the Currency and Metals Portfolios. In such a situation EverBank, and not EBWM would maintain physical custody of those products, but EBWM may be deemed to have custody under SEC

rules by virtue of its relationship with EverBank. EverBank, as custodian, will send statements to clients, at least quarterly, in accordance with legal requirements. Clients should compare any statements received from EverTrade's custodian or EverBank, or both, with the statements provided by EBWM, if any.

## **ITEM 16: INVESTMENT DISCRETION**

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A client may agree to give EBWM investment discretion. If a client grants EBWM such investment discretion, that authority will be granted through the EverBank Wealth Management Agreement and a limited power of attorney provided by the client's custodian. In those cases, EBWM will exercise full discretion as to the nature and type of securities to be purchased and sold and the amount of securities for such transactions. Investment limitations may be designated by the client as outlined in the EverBank Wealth Management Agreement.

## **ITEM 17: VOTING CLIENT SECURITIES**

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EBWM will not take any action with respect to voting of proxies solicited by, or with respect to, the issuers of securities in which a client's assets may be invested. On occasion, EBWM may provide advice to clients on the voting proxies; however, the ultimate responsibility for such voting rests with the client, and clients should receive their proxies directly from the custodian. All proxy-related materials received directly by EBWM will be forwarded to the client for direct action. Electronic mail is acceptable where appropriate and where the client has authorized contact in this manner.

From time to time, securities held in the accounts of clients will be the subject of class action lawsuits. EBWM has no obligation to determine if securities held by the client are subject to a pending or resolved class action lawsuit. EBWM 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, EBWM 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 EBWM receives written or electronic notice of a class action lawsuit, settlement or verdict effecting 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 where the client has authorized contact in this manner.

## **ITEM 18: FINANCIAL INFORMATION**

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EBWM is not aware of any financial condition that is reasonably likely to impair EBWM's ability to meet its contractual commitments to its clients. EBWM is not required to provide a balance sheet because it does not require the prepayment of any fees.

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<b>Are Not FDIC Insured</b>	<b>Are Not Bank Guaranteed</b>	<b>May Lose Value</b>
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Foreign investing involves special risks such as currency, economic, political and social instability in addition to varying accounting and disclosure standards. Be sure you understand these risks prior to investing.