

# Withum Wealth Management

## Brochure

**Dated: September 22, 2017**

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**This Brochure provides information about the qualifications and business practices of Withum Wealth Management. If you have any questions about the contents of this Brochure, please contact us at (212) 652-3235 or [cdavino@pwm-nj.com](mailto:cdavino@pwm-nj.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 Withum Wealth Management is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**References herein to Withum Wealth Management as a "registered investment adviser" or any reference to being "registered" does not imply a certain level of skill or training.**

## **Item 2           Material Changes**

Since our last Annual Amendment filing on March 24, 2016, Withum Wealth Management has begun offering Financial Planning and Consulting Services to address a wider array of financial planning issues. However, the addition of this new level of financial planning and consulting services is not considered a material change. Therefore, there have been no material changes to our Brochure since our last Annual Amendment filing on March 24, 2016.

**ANY QUESTIONS: Withum Wealth Management’s Chief Compliance Officer, Carmine D’Avino, remains available to address any questions that an existing or prospective client may have regarding this Brochure.**

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

- A. Withum Wealth Management is a limited liability company formed on May 23, 2011 in the State of New Jersey. Withum Wealth Management became an SEC registered investment advisor firm on August 12, 2011. Withum Wealth Management is principally owned by Pinnacle Capital Management, LLC. James F. Ferrare is Withum Wealth Management's Managing Member.
- B. As discussed below, Withum Wealth Management offers to its clients (individuals, investment companies, investment limited partnerships, pension and profit sharing plans, business entities, trusts, estates and charitable organizations, etc.) investment advisory services and to the extent specifically requested by the client, financial planning and related consulting services.

#### **INVESTMENT ADVISORY SERVICES**

The client can determine to engage Withum Wealth Management to provide discretionary investment advisory services on a *fee-only* basis. Withum Wealth Management's annual investment advisory fee is based upon a percentage (%) of the market value of the assets placed under Withum Wealth Management's management, generally between negotiable and 1.25%.

#### **RETIREMENT CONSULTING**

Withum Wealth Management also provides non-discretionary pension consulting services, pursuant to which it assists sponsors of self-directed retirement plans with the selection and/or monitoring of investment alternatives (generally open-end mutual funds) from which plan participants shall choose in self-directing the investments for their individual plan retirement accounts. In addition, to the extent requested by the plan sponsor, Withum Wealth Management may also provide participant education designed to assist participants in identifying the appropriate investment strategy for their retirement plan accounts. The terms and conditions of the engagement shall generally be set forth in a *Retirement Plan Consulting Agreement* between Withum Wealth Management and the plan sponsor.

#### **FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)**

Withum Wealth Management may be engaged to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone separate fee basis. Withum Wealth Management's planning and consulting fees are negotiable, but generally range from \$500 to \$15,000 on a fixed fee basis and from \$125 to \$325 on an hourly basis, depending upon the level, complexity, and scope of the service(s) required and the professional(s) rendering the service(s). Prior to engaging Withum Wealth Management to provide planning or consulting services, clients are generally required to enter into a *Financial Planning and Consulting Agreement* with Withum Wealth Management setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to Withum Wealth Management commencing services. If requested by the client,

Withum Wealth Management may recommend the services of other professionals for implementation purposes.

The client is under no obligation to engage the services of any such recommended professionals. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Withum Wealth Management. **Please Also Note:** It remains the client's responsibility to promptly notify Withum Wealth Management if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Withum Wealth Management's previous recommendations and/or services.

## MISCELLANEOUS

**Limitations of Financial Planning and Non-Investment Consulting/Implementation Services.** As indicated above, to the extent requested by a client, Withum Wealth Management may provide financial planning and related consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Withum Wealth Management does not serve as an attorney, accountant or insurance agent, and no portion of its services should be construed as legal, accounting or insurance services. Accordingly, Withum Wealth Management does not prepare estate planning documents or tax returns. To the extent requested by a client, Withum Wealth Management may recommend the services of other professionals for certain non-investment implementation purpose (i.e. attorneys, accountants, insurance agents, etc.). The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Withum Wealth Management and/or its representatives.

**Private Investment Funds.** One of Withum Wealth Management's Members, Pinnacle Associates Ltd. ("Pinnacle Associates"), currently serves as investment adviser and/or General Partner of certain investment limited partnerships (the "*Partnerships*"). To the extent certain of Withum Wealth Management's individual advisory clients qualify, they will be eligible to participate as limited partners of the *Partnerships*. All relevant information, terms and conditions relative to the *Partnerships*, including the compensation to be received by Pinnacle Associates as the General Partner, suitability, risk factors, and potential conflicts of interest, are set forth in the Confidential Private Offering Memorandum, Limited Partnership Agreement and Subscription Agreement, which each limited partner is required to receive and/or execute prior to being accepted as a limited partner of any of the *Partnerships*.

**Please Note:** Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike liquid investments that a client may maintain, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

**Please Also Note: Valuation.** In the event that Withum Wealth Management references private investment funds owned by the client on any supplemental account reports prepared by Withum Wealth Management, the value(s) for all such private investment funds shall reflect either the initial purchase and/or the most recent valuation provided by the fund sponsor. If the valuation reflects the initial purchase price (and/or a value as of a previous date), the current value(s) (to the extent ascertainable) could be **significantly more or less** than the original purchase price.

**Please Also Note:** Because Withum Wealth Management's Member, Pinnacle Associates, *may* receive compensation from the *Partnerships* that may exceed the compensation that it is entitled to receive as a result of distributions attributable to its ownership interest in Withum Wealth Management, the recommendation that a client become a *Partnerships* investor presents a **conflict of interest**. No client is under any obligation to become a *Partnerships* investor. **Withum Wealth Management's Chief Compliance Officer, Carmine D'Avino, remains available to address any questions regarding this conflict of interest.**

**Sub-Advisory Arrangements.** Withum Wealth Management may engage sub-advisors for the purpose of assisting Withum Wealth Management with the management of its client accounts. The sub-advisor(s) shall have discretionary authority for the day-to-day management of the assets that are allocated to it by Withum Wealth Management. The sub-advisor shall continue in such capacity until such arrangement is terminated or modified by Withum Wealth Management. Withum Wealth Management shall pay a portion of the investment advisory fee received for these allocated assets to the sub-advisor for its sub-advisory services. Specifically, Withum Wealth Management has a sub-advisory agreement with one of its Members, Pinnacle Associates Ltd. (*See* Item 10.C below.). Withum Wealth Management's Chief Compliance Officer, Carmine D'Avino, remains available to address any questions concerning Withum Wealth Management's sub-advisory arrangements.

**Retirement Plan Rollovers-No Obligation/Conflict of Interest.** A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If Withum Wealth Management recommends that a client roll over their retirement plan assets into an account to be managed by Withum Wealth Management, such a recommendation creates a conflict of interest if Withum Wealth Management will earn an advisory fee on the rolled over assets. **No client is under any obligation to roll over retirement plan assets to an account managed by Withum Wealth Management. Withum Wealth Management's Chief Compliance Officer, Carmine D'Avino, remains available to address any questions that a client or prospective client may have regarding the potential for conflict of interest presented by such rollover recommendation.**

**Administrative Support.** Withum Wealth Management has entered into a contractual relationship with Pinnacle Associates Ltd. to assist Withum Wealth Management with administrative support services.

**Please Note: Cash Positions.** At any specific point in time, depending upon perceived or anticipated market conditions/events (there being **no guarantee** that such anticipated market conditions/events will occur), Withum Wealth Management *may* maintain cash positions for defensive or other purposes. All cash positions (money markets, etc.) shall be included as part of assets under management for purposes of calculating Withum Wealth Management's advisory fee.

**Use of Dimensional Fund Advisors Mutual Funds:** While Withum Wealth Management may recommend allocating investment assets to mutual funds that are not available directly to the public, Withum Wealth Management may also recommend that clients allocate investment assets to publically-available mutual funds that the client could obtain without engaging Withum Wealth Management as an investment adviser. However, if a client or prospective client determines to allocate investment assets to publically-available mutual funds without engaging Withum Wealth Management as an investment advisor, the client or prospective client would not receive the benefit of Withum Wealth Management's initial and ongoing investment advisory services. Others mutual funds, such as those issued by Dimensional Fund Advisors ("DFA"), are generally only available through registered investment advisers. Withum Wealth Management may allocate client investment assets to DFA mutual funds. Therefore, upon the termination of Withum Wealth Management's services to a client, restrictions regarding transferability and/or additional purchases of, or reallocation among DFA funds will apply. **Withum Wealth Management's Chief Compliance Officer, Carmine D'Avino, remains available to address any questions that a client or prospective client may have regarding the above.**

**Client Obligations.** In performing its services, Withum Wealth Management shall not be required to verify any information received from the client or from the client's other professionals, and is expressly authorized to rely thereon. Moreover, each client is advised that it remains their responsibility to promptly notify Withum Wealth Management if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Withum Wealth Management's previous recommendations and/or services.

**Disclosure Statement.** A copy of Withum Wealth Management's written Brochure as set forth on Part 2A of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the *Investment Advisory Agreement*.

- C. Withum Wealth Management shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, Withum Wealth Management shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at anytime, impose reasonable restrictions, in writing, on Withum Wealth Management's services.
- D. Withum Wealth Management does not participate in a wrap fee program.
- E. As of December 31, 2016, Withum Wealth Management had \$284,000,000 in assets under management on a discretionary basis.

## Item 5 Fees and Compensation

A.

### INVESTMENT ADVISORY SERVICES

If a client determines to engage Withum Wealth Management to provide discretionary investment advisory services on a *fee-only* basis, Withum Wealth Management's annual investment advisory fee shall be based upon a percentage (%) of the market value and type of assets placed under Withum Wealth Management's management (between negotiable and 1.25%) as follows:

<u>Assets Under Management</u>	<u>Range of Fees (Annual)</u>
Initial \$5 Million	1.25%
Next \$10 Million	0.75%
Next \$20 Million	0.50%
All additional assets	0.25%

### FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)

Withum Wealth Management provides financial planning and consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone fee basis. Withum Wealth Management's planning and consulting fees are negotiable, but generally range from \$500 to \$15,000 on a fixed fee basis and from \$125 to \$325 on an hourly basis, depending upon the level, complexity and scope of the service(s) required and the professional(s) rendering the service(s).

- B. Clients may elect to have Withum Wealth Management's advisory fees deducted from their custodial account. Both Withum Wealth Management's *Investment Advisory Agreement* and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of Withum Wealth Management's investment advisory fee and to directly remit that management fee to Withum Wealth Management in compliance with regulatory procedures. In the limited event that Withum Wealth Management bills the client directly, payment is due upon receipt of Withum Wealth Management's invoice. Withum Wealth Management shall deduct fees and/or bill clients quarterly in advance or arrears, based upon the market value of the assets on the last business day of the previous quarter.
- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, Withum Wealth Management shall generally recommend that Charles Schwab and Co., Inc. ("*Schwab*"), Fidelity Investments ("*Fidelity*") and/or TD Ameritrade serve as the broker-dealer/custodian for client investment management assets. Withum Wealth Management participates in the institutional advisor program (the "*Program*") offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC/NFA ("*Ameritrade*"), an unaffiliated SEC-registered broker-dealer and FINRA member. Broker-dealers such as *Schwab*, *Fidelity* and *Ameritrade* charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). In addition to Withum Wealth Management's investment management fee, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the

fund level (e.g. management fees and other fund expenses. When beneficial to the client, individual fixed-income and/or equity transactions may be effected through broker-dealers with whom Withum Wealth Management and/or the client have entered into arrangements for prime brokerage clearing services, including effecting certain client transactions through other SEC registered and FINRA member broker-dealers (in which event, the client generally will incur both the transaction fee charged by the executing broker-dealer and a “tradeaway” fee charged by *Schwab, Fidelity* and/or *Ameritrade*).

- D. Withum Wealth Management's annual investment advisory fee shall be prorated and paid quarterly, in advance or arrears, as the case may be, based upon the market value of the assets on the last business day of the previous quarter. The *Investment Advisory Agreement* between Withum Wealth Management and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the *Investment Advisory Agreement*. Upon termination, Withum Wealth Management shall either refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter or debit or separately bill the account for the pro-rated portion of the unpaid advanced advisory fee based upon the number of days that services were provided during the billing quarter, as the case may be.
- E. Neither Withum Wealth Management, nor its representatives accept compensation from the sale of securities or other investment products.

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

Neither Withum Wealth Management nor any supervised person of Withum Wealth Management accepts performance-based fees.

## **Item 7            Types of Clients**

Withum Wealth Management's clients shall generally include individuals, investment companies, investment limited partnerships, pension and profit sharing plans, business entities, trusts, estates and charitable organizations. Withum Wealth Management generally requires a \$1,000,000 minimum asset level for investment advisory services. Withum Wealth Management, in its sole discretion, may reduce its investment management fee and/or reduce or waive its minimum asset requirement based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.).

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

- A. Withum Wealth Management may utilize the following methods of security analysis:
- Charting - (analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices)
  - Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
  - Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)



- Cyclical – (analysis performed on historical relationships between price and market trends, to forecast the direction of prices)

Withum Wealth Management may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Trading (securities sold within thirty (30) days)
- Options (contract for the purchase or sale of a security at a predetermined price during a specific period of time)

**Please Note: Investment Risk.** Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Withum Wealth Management) will be profitable or equal any specific performance level(s). **Please Also Note:** Investing in securities involves risk of loss that clients should be prepared to bear.

- B. Withum Wealth Management's methods of analysis and investment strategies do not present any significant or unusual risks.

However, every method of analysis has its own inherent risks. To perform an accurate market analysis Withum Wealth Management must have access to current/new market information. Withum Wealth Management has no control over the dissemination rate of market information; therefore, unbeknownst to Withum Wealth Management, certain analyses may be compiled with outdated market information, limiting the value of Withum Wealth Management's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

Withum Wealth Management's primary investment strategies - Long Term Purchases, Short Term Purchases, and Trading - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy. Trading, an investment strategy that requires the purchase and sale of securities within a thirty (30) day investment time period, involves a very short investment time period but will incur higher transaction costs when compared to a short term investment strategy and substantially higher transaction costs than a longer term investment strategy.

In addition to the fundamental investment strategies discussed above, Withum Wealth Management may also utilize certain options transactions.

**Covered Call Writing.** Covered call writing is the sale of in-, at-, or out-of- the money call option against a long security position held in a client portfolio. This type of transaction is used to generate income. It also serves to create downside protection in the event the security position declines in value. Income is received from the proceeds of the

option sale. Such income may be reduced to the extent it is necessary to buy back the option position prior to its expiration. This strategy may involve a degree of trading velocity, transaction costs and significant losses if the underlying security has volatile price movement. Covered call strategies are generally suited for companies with little price volatility. In light of these enhanced risks, client may direct Withum Wealth Management, in writing, not to employ any or all such strategies for their accounts.

- C. Currently, Withum Wealth Management primarily allocates client investment assets among various individual equity (stocks), debt (bonds) and fixed income securities, mutual funds and/or exchange traded funds (“ETFs”) on a discretionary basis in accordance with the client’s designated investment objective(s).

## **Item 9           Disciplinary Information**

Withum Wealth Management has not been the subject of any disciplinary actions.

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

- A. Neither Withum Wealth Management, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither Withum Wealth Management, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. **Accounting Firm.** Withum Wealth Management does not render accounting advice or tax preparation services to its clients. Rather, to the extent that a client requires accounting advice and/or tax preparation services, Withum Wealth Management may recommend the services of a Certified Public Accountant, all of which services shall be rendered independent of Withum Wealth Management pursuant to a separate agreement between the client and the Certified Public Accountant. Withum Wealth Management shall not receive any of the fees charged by any recommended Certified Public Accountant, referral or otherwise. Specifically, one of Withum Wealth Management’s Members, WS + B Financial Services Group, LLC (“WS + B”), is owned by WithumSmith + Brown, P.C. a certified public accounting firm (“WS+B, CPA”). Specifically, to the extent that WS+B, CPA provides accounting and/or tax preparation services to any clients, including clients of Withum Wealth Management, all such services shall be performed by WS+B, CPA, in its separate professional capacity, independent of Withum Wealth Management, for which services Withum Wealth Management shall not receive any portion of the fees charged by WS+B, CPA, referral or otherwise. It is expected that the members of WS+B, CPA, solely incidental to their respective practices as Certified Public Accountants with WS+B, CPA, shall recommend Withum Wealth Management’s services to certain of WS+B, CPA’s clients. WS+B, CPA is not involved in providing investment advice on behalf of Withum Wealth Management, nor does WS+B, CPA hold itself out as providing investment advisory services on behalf of Withum Wealth Management. The recommendation by Withum Wealth Management that a client use the services of WS+B, CPA’s presents a ***conflict of***

*interest.* No client of Withum Wealth Management is required to use the services of *WS+B, CPA*.

**Other Investment Advisers.** *WS + B* and/or *WS+B, CPA* provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.). If Withum Wealth Management's clients require and/or request the above financial planning and/or consulting services, Withum Wealth Management may recommend the services of *WS + B*, and/or *WS+B, CPA* thereby creating a **conflict of interest**. Because *WS + B* is a Member of Withum Wealth Management, Withum Wealth Management may have an incentive to recommend *WS + B's* and/or *WS+B, CPA's* services to Withum Wealth Management's clients. No client of Withum Wealth Management is under any obligation to engage *WS + B* and/or *WS+B, CPA* for such financial planning services. **Please Note:** In the event that a client of Withum Wealth Management engages the services of *WS + B* and/or *WS+B, CPA* to provide financial planning and/or consulting services, all such services shall be provided by *WS + B* and/or *WS+B, CPA*, independent of Withum Wealth Management, for which Withum Wealth Management will not receive any portion of the fee for such services, referral or otherwise. **Please Also Note:** Withum Wealth Management has entered into a separate written agreement with *WS + B*, whereby *WS + B* may receive compensation that is above and beyond the compensation *WS + B* may receive as a result of its ownership interest in Withum Wealth Management, as a result of client referrals to Withum Wealth Management.

**Other Investment Adviser.** Withum Wealth Management provides investment management services to its clients through one of its Members, Pinnacle Associates, an SEC registered investment adviser. (See Sub-Advisory Arrangements above).

- D. Withum Wealth Management does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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

- A. Withum Wealth Management maintains an investment policy relative to personal securities transactions. This investment policy is part of Withum Wealth Management's overall Code of Ethics, which serves to establish a standard of business conduct for all of Withum Wealth Management's representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request.

In accordance with Section 204A of the Investment Advisers Act of 1940, Withum Wealth Management also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by Withum Wealth Management or any person associated with Withum Wealth Management.

- B. Neither Withum Wealth Management nor any related person of Withum Wealth Management recommends, buys, or sells for client accounts, securities in which Withum Wealth Management or any related person of Withum Wealth Management has a material financial interest.
- C. Withum Wealth Management and/or representatives of Withum Wealth Management

may buy or sell securities that are also recommended to clients. This practice may create a situation where Withum Wealth Management and/or representatives of Withum Wealth Management are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as “scalping” (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if Withum Wealth Management did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, “front-running” (i.e., personal trades executed prior to those of Withum Wealth Management’s clients) and other potentially abusive practices.

Withum Wealth Management has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of Withum Wealth Management’s “Access Persons”. Withum Wealth Management’s securities transaction policy requires that an Access Person of Withum Wealth Management must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person’s current securities holdings at least once each twelve (12) month period thereafter on a date Withum Wealth Management selects; provided, however that at any time that Withum Wealth Management has only one Access Person, he or she shall not be required to submit any securities report described above.

- D. Withum Wealth Management and/or representatives of Withum Wealth Management may buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where Withum Wealth Management and/or representatives of Withum Wealth Management are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11.C, Withum Wealth Management has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Withum Wealth Management’s Access Persons.

## **Item 12      Brokerage Practices**

- A. In the event that the client requests that Withum Wealth Management recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct Withum Wealth Management to use a specific broker-dealer/custodian), Withum Wealth Management generally recommends that investment management accounts be maintained at *Schwab*, *Fidelity* and/or *Ameritrade*. Prior to engaging Withum Wealth Management to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with Withum Wealth Management setting forth the terms and conditions under which Withum Wealth Management shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that Withum Wealth Management considers in recommending *Schwab*, *Fidelity* and/or *Ameritrade* or any other broker-dealer/custodian to clients) include historical

relationship with Withum Wealth Management, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Withum Wealth Management's clients shall comply with Withum Wealth Management's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where Withum Wealth Management determines, in good faith, that the commission/transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Withum Wealth Management will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Withum Wealth Management's investment management fee. Withum Wealth Management's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

1. TD Ameritrade Institutional Customer Program

Withum Wealth Management participates in the institutional advisor program (the "*Program*") offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC/NFA ("*TD Ameritrade*"), an unaffiliated SEC-registered broker-dealer and FINRA member. *TD Ameritrade* offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Withum Wealth Management receives some benefits from *TD Ameritrade* through its participation in the *Program*.

There is no direct link between Withum Wealth Management's participation in the *Program* and the investment advice it gives to its clients, although Withum Wealth Management receives economic benefits through its participation in the *Program* that are not typically available to *TD Ameritrade* retail investors. These benefits include the following products and services (provided without cost or at a discount): duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving advisor 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 Withum Wealth Management by third party vendors. *TD Ameritrade* may also have paid for business consulting and professional services received by Withum Wealth Management. Some of the products and services made available by *TD Ameritrade* through the *Program* may benefit Withum Wealth Management but may not benefit its client accounts. These products or services may assist Withum Wealth Management in managing and administering client accounts, including accounts not maintained at *TD Ameritrade*. Other services made available by *TD Ameritrade* are intended to help Withum Wealth Management manage and further develop its business enterprise. *TD Ameritrade* may also pay or reimburse expenses (including travel, lodging, meals and

entertainment expenses) for Withum Wealth Management's representatives to attend conferences or meetings relating to the *Program* or to *TD Ameritrade's* advisor custody and brokerage services generally. The benefits received by Withum Wealth Management or its representatives through participation in the *Program* do not depend on the amount of brokerage transactions directed to *TD Ameritrade*. Clients should be aware, however, that the receipt of economic benefits by Withum Wealth Management or its representatives in and of itself creates a potential conflict of interest and may indirectly influence Withum Wealth Management's recommendation of *TD Ameritrade* for custody and brokerage services.

**Withum Wealth Management's Chief Compliance Officer, Carmine D'Avino, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.**

#### Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Withum Wealth Management may receive from *Schwab*, *Fidelity* and/or *Ameritrade* (or another broker-dealer/custodian) without cost (and/or at a discount) support services and/or products, certain of which assist Withum Wealth Management to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by Withum Wealth Management may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Withum Wealth Management in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that *may* be received may assist Withum Wealth Management in managing and administering client accounts. Others do not directly provide such assistance, but rather assist Withum Wealth Management to manage and further develop its business enterprise.

Withum Wealth Management's clients do not pay more for investment transactions effected and/or assets maintained at *Schwab*, *Fidelity* and/or *Ameritrade* as a result of this arrangement. There is no corresponding commitment made by Withum Wealth Management to *Schwab*, *Fidelity* and/or *Ameritrade* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

**Withum Wealth Management's Chief Compliance Officer, Carmine D'Avino, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.**

2. Withum Wealth Management does not receive referrals from broker-dealers.

3. Withum Wealth Management will accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Withum Wealth Management will not seek better execution services or prices from other broker-dealers or be able to “batch” the client's transactions for execution through other broker-dealers with orders for other accounts managed by Withum Wealth Management. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

**Please Note:** In the event that the client directs Withum Wealth Management to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Withum Wealth Management. Higher transaction costs adversely impact account performance. **Please Also Note:** Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts.

**Withum Wealth Management's Chief Compliance Officer, Carmine D'Avino, remains available to address any questions that a client or prospective client may have regarding the above arrangement.**

- B. To the extent that Withum Wealth Management provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless Withum Wealth Management decides to purchase or sell the same securities for several clients at approximately the same time. Withum Wealth Management may (but is not obligated to) combine or “bunch” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among Withum Wealth Management's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. Withum Wealth Management shall not receive any additional compensation or remuneration as a result of such aggregation.

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

- A. For those clients to whom Withum Wealth Management provides investment supervisory services, account reviews are conducted on an ongoing basis by Withum Wealth Management's Principals and/or representatives. All investment supervisory clients are advised that it remains their responsibility to advise Withum Wealth Management of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with Withum Wealth Management on an annual basis.

- B. Withum Wealth Management may conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. Withum Wealth Management may also provide a written periodic report summarizing account activity and performance.

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

- A. As referenced in Item 12.A.1 above, Withum Wealth Management receives an economic benefit from *Schwab, Fidelity* and/or *Ameritrade*. Withum Wealth Management, without cost (and/or at a discount), may receive support services and/or products from *Schwab, Fidelity* and/or *Ameritrade*.

Withum Wealth Management's clients do not pay more for investment transactions effected and/or assets maintained at *Schwab, Fidelity* and/or *Ameritrade* as a result of this arrangement. There is no corresponding commitment made by Withum Wealth Management to *Schwab, Fidelity* and/or *Ameritrade* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

- B. If a client is introduced to Withum Wealth Management by either an unaffiliated or an affiliated solicitor, Withum Wealth Management *may* pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from Withum Wealth Management's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to Withum Wealth Management by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of Withum Wealth Management's written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between Withum Wealth Management and the solicitor, including the compensation to be received by the solicitor from Withum Wealth Management.

#### **Item 15      Custody**

Withum Wealth Management shall have the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. Withum Wealth Management may also provide a written periodic report summarizing account activity and performance.

**Please Note:** To the extent that Withum Wealth Management provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by Withum Wealth Management with the account statements received



from the account custodian. **Please Also Note:** The account custodian does not verify the accuracy of Withum Wealth Management's advisory fee calculation.

## **Item 16 Investment Discretion**

The client can determine to engage Withum Wealth Management to provide investment advisory services on a discretionary basis. Prior to Withum Wealth Management assuming discretionary authority over a client's account, the client shall be required to execute an *Investment Advisory Agreement*, naming Withum Wealth Management as the client's attorney and agent in fact, granting Withum Wealth Management full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage Withum Wealth Management on a discretionary basis may, at anytime, impose restrictions, **in writing**, on Withum Wealth Management's discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe Withum Wealth Management's use of margin, etc.).

## **Item 17 Voting Client Securities**

Withum Wealth Management utilizes the services of two (2) outside proxy firms, Proxy Edge and ISS Proxy, for domestic and international proxies, respectively. In addition, Withum Wealth Management may utilize a third-party service to assist it in voting client proxies. Unless the client directs otherwise in writing, Withum Wealth Management is responsible for voting client proxies (**However**, the client shall maintain exclusive responsibility for all legal proceedings or other type events pertaining to the account assets, including, but not limited to, class action lawsuits.). Withum Wealth Management shall vote proxies in accordance with its Proxy Voting Policy, a copy of which is available upon request. Withum Wealth Management shall monitor corporate actions of individual issuers and investment companies consistent with Withum Wealth Management's fiduciary duty to vote proxies in the best interests of its clients. Although the factors which Withum Wealth Management will consider when determining how it will vote differ on a case by case basis, they may, but are not be limited to, include the following: a review of recommendations from issuer management, shareholder proposals, cost effects of such proposals, effect on employees and executive and director compensation. With respect to individual issuers, Withum Wealth Management may be solicited to vote on matters including corporate governance, adoption or amendments to compensation plans (including stock options), and matters involving social issues and corporate responsibility. With respect to investment companies (e.g., mutual funds), Withum Wealth Management may be solicited to vote on matters including the approval of advisory contracts, distribution plans, and mergers. Withum Wealth Management shall maintain records pertaining to proxy voting as required pursuant to Rule 204-2(c)(2) under the Advisers Act. Copies of Rules 206(4)-6 and 204-2(c)(2) are available upon written request. In addition, information pertaining to how Withum Wealth Management voted on any specific proxy issue is also available upon written request. Requests should be made by contacting Withum Wealth Management's Chief Compliance Officer, Carmine D'Avino.

**Item 18      Financial Information**

- A. Withum Wealth Management does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. Withum Wealth Management is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. Withum Wealth Management has not been the subject of a bankruptcy petition.

**ANY QUESTIONS: Withum Wealth Management's Chief Compliance Officer, Carmine D'Avino, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**