

# Capital Wealth Advisors Client Brochure

*This brochure provides information about the qualifications and business practices of CWA Asset Management Group, LLC d/b/a Capital Wealth Advisors. If you have any questions about the contents of this brochure, please contact us at (239) 434-7434 or by email at: [jeff@capitalwealthadvisors.com](mailto:jeff@capitalwealthadvisors.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 Capital Wealth Advisors is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Capital Wealth Advisors' CRD number is: 158940*

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*Registration does not imply a certain level of skill or training.*

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## **Item 2: Material Changes**

The material changes in this brochure from the last annual updating amendment of Capital Wealth Advisors on March 30, 2016 are described below. This list summarizes changes to policies, practices or conflicts of interests only.

- CWA has moved to a new address
- CWA offers investment management supervisory services to Pensions and Profit Sharing Plans, Charitable Organizations, and to Corporations and Other Business Entities (Item 7)
- CWA serves on the TD Ameritrade Institutional Operations Panel (Item 14.A)

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## **Item 4: Advisory Business**

### **A. Description of the Advisory Firm**

Capital Wealth Advisors is a Limited Liability Company organized in the state of Florida. This firm has been in business since August 2011, and the principal owners are Blaine Michael Ferguson, William Nick Beynon and Fundamental Global Investors.

### **B. Types of Advisory Services**

Capital Wealth Advisors (hereinafter “CWA”) offers the following services to advisory clients:

#### ***Investment Supervisory Services***

CWA offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. CWA creates an Investment Policy Statement for each client, which outlines the client’s current situation (income, tax levels, and risk tolerance levels) and then constructs a plan (the Investment Policy Statement) to aid in the selection of a portfolio that matches each client’s specific situation. Investment Supervisory Services include, but are not limited to, the following:

- Investment strategy
- Asset allocation
- Risk tolerance
- Personal investment policy
- Asset selection
- Regular portfolio monitoring

CWA evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. CWA will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

#### ***Family Office Services***

CWA provides family office services to Ultra high net worth clients. Services include oversight of investments, tax planning, estate planning, philanthropic planning and day to day administration and management of a family’s affairs.

#### ***Selection of Other Advisers***

CWA may direct clients to third-party investment advisers. Before selecting other advisers for clients, CWA will always ensure those other advisers are properly licensed or registered as investment adviser.

### ***Services Limited to Specific Types of Investments***

CWA generally limits its money management services to mutual funds, equities, bonds, fixed income, debt securities, ETFs, real estate, REITs, insurance products including annuities, and government securities. CWA may use other securities as well to help diversify a portfolio when applicable.

### **C. Client Tailored Services and Client Imposed Restrictions**

CWA offers the same suite of services to all of its clients. However, specific client financial plans and their implementation are dependent upon the client Investment Policy Statement which outlines each client's current situation (income, tax levels, and risk tolerance levels) and is used to construct a client specific plan to aid in the selection of a portfolio that matches restrictions, needs, and targets.

Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent CWA from properly servicing the client account, or if the restrictions would require CWA to deviate from its standard suite of services, CWA reserves the right to end the relationship.

### **D. Wrap Fee Programs**

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and any other administrative fees. CWA DOES NOT participate in any wrap fee programs.

### **E. Amounts Under Management**

CWA has the following approximate assets under management:

<b>Discretionary Amounts:</b>	<b>Non-discretionary Amounts:</b>	<b>Date Calculated:</b>
\$450,486,000	\$57,068,000	9/28/2016

<b>Total AUM:</b>	<b>Date Calculated:</b>
\$507,554,000	9/28/2016

## Item 5: Fees and Compensation

### A. Fee Schedule

#### *Investment Supervisory Services Fees*

Total Assets Under Management	Annual Fee
Up to \$1,000,000	Up to 1.75%
\$1,000,000 - \$10,000,000	Up to 1.25%
Next \$10,000,000 (\$10MM to \$20MM)	0.85%
Next \$10,000,000 (\$20MM to \$30MM)	0.75%
Next \$10,000,000 (\$30MM to \$40MM)	0.65%
Any Assets Over \$40,000,000	0.55%

These fees are negotiable depending upon the needs of the client and complexity of the situation, and the final fee schedule is attached to each client's Investment Advisory Contract. Fees are paid quarterly in advance, and clients may terminate their contracts with thirty days' written notice. Refunds are given on a prorated basis, based on the number of days remaining in a quarter at the point of termination. Fees that are collected in advance will be refunded based on the prorated amount of work completed up to the day of termination within the quarter terminated. The fee refunded will be the balance of the fees collected in advance minus the daily rate\* times the number of days in the quarter up to and including the day of termination. (\*The daily rate is calculated by dividing the quarterly AUM fee by the number of days in the termination quarter). Clients may terminate their contracts without penalty, for full refund, within 5 business days of signing the advisory contract. Advisory fees are withdrawn directly from the client's accounts with client written authorization.

#### *Family Office Services Fees*

The wealth management portion of the family office services adhere to the above fee schedule entitled investment supervisory services fees. Additional fees are negotiated with each family office depending on the needs of the client for services that include tax planning, estate planning, philanthropic planning and day to day administration and management of the family's affairs.



### ***Selection of Other Advisers Fees***

CWA may direct clients to a third-party investment advisers. CWA will be compensated via a fee share from the advisers to which it directs those clients. This relationship will be memorialized in each contract between CWA and each third-party adviser. The fees shared will not exceed any limit imposed by any regulatory agency. The notice of termination requirement and payment of fees for third-party investment advisers will depend on the specific third-party adviser selected.

## **B. Payment of Fees**

### ***Payment of Investment Supervisory Fees***

Advisory fees are withdrawn directly from the client's accounts with client written authorization. Fees are paid quarterly in advance. Clients may not select the method in which they are billed.

### ***Payment of Family Office Fees***

Wealth Management fees are withdrawn directly from the client's accounts with client written authorization. Fees are paid quarterly in advance. Additional fees for services provided to the family office are billed directly to the client on a monthly or quarterly basis depending on client preference.

### ***Payment of Selection of Other Advisers Fees***

Fees for selection of other advisers are withdrawn directly from the client's accounts with client written authorization. Fees are paid quarterly in advance.

## **C. Clients Are Responsible For Third Party Fees**

Clients are responsible for the payment of all third party fees (i.e. custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by CWA. Please see Item 12 of this brochure regarding broker/custodian.

## **D. Prepayment of Fees**

CWA collects fees in advance. Fees that are collected in advance will be refunded based on the prorated amount of work completed at the point of termination and the total days during the billing period. Fees will be deposited back into client's account within fourteen days. The fee refunded will be the balance of the fees collected in advance minus the daily rate\* times the number of days in the quarter up to and including the

day of termination. (\*The daily rate is calculated by dividing the quarterly AUM fee by the number of days in the termination quarter).

### **E. Outside Compensation For the Sale of Securities to Clients**

Neither CWA nor its supervised persons accept any compensation for the sale of securities or other investment products, including asset-based sales charges or services fees from the sale of mutual funds.

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

CWA does not charge performance-based fees.

## **Item 7: Types of Clients**

CWA generally provides management supervisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Family Offices
- ❖ Pensions and Profit Sharing Plans
- ❖ Charitable Organizations
- ❖ Corporations and Other Business Entities

### ***Minimum Account Size***

There is no account minimum for separately managed accounts.

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

### **A. Methods of Analysis and Investment Strategies**

#### ***Methods of Analysis***

CWA's methods of analysis include charting analysis, fundamental analysis, technical analysis, and cyclical analysis.

*Charting analysis* involves the use of patterns in performance charts. CWA uses this technique to search for patterns used to help predict favorable conditions for buying and/or selling a security.

*Fundamental analysis* involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

*Technical analysis* involves the analysis of past market data; primarily price and volume.

*Cyclical analysis* involved the analysis of business cycles to find favorable conditions for buying and/or selling a security.

### ***Investment Strategies***

CWA uses long term trading strategies.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **B. Material Risks Involved**

### ***Methods of Analysis***

**Charting analysis** strategy involves using and comparing various charts to predict long and short term performance or market trends. The risk involved in solely using this method is that only past performance data is considered without using other methods to crosscheck data. Using charting analysis without other methods of analysis would be making the assumption that past performance will be indicative of future performance. This may not be the case.

*Fundamental analysis* concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

*Technical analysis* attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not work long term.

*Cyclical analysis* assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are two-fold: 1) the markets do not always repeat cyclical patterns and 2) if too many investors begin to implement this strategy, it changes the very cycles they are trying to take advantage of.

## ***Investment Strategies***

Long term trading is designed to capture market rates of both return and risk. Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### **C. Risks of Specific Securities Utilized**

CWA generally seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. They can be of bond “fixed income” nature (lower risk) or stock “equity” nature.

**Equity** investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry market conditions and general economic environments.

**Fixed income** investments generally pay a return on a fixed schedule, though the amount of the payments can vary and include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best known type of fixed income security. In general the fixed income market is volatile, and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.

**Exchange Traded Funds (ETFs):** An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest, and the possibility of inadequate regulatory compliance. Precious Metal ETFs (e.g., Gold, Silver, or Palladium Bullion backed “electronic shares” not physical metal) specifically may be negatively impacted by several unique factors, among them (1) large sales by the official sector which own a significant portion of aggregate world holdings in gold and other precious metals, (2) a significant increase in hedging activities by producers of

gold or other precious metals, (3) a significant change in the attitude of speculators and investors.

**Real Estate** funds (including REITs) face several kinds of risk that are inherent in the real estate sector, which historically has experienced significant fluctuations and cycles in performance. Revenues and cash flows may be adversely affected by: changes in local real estate market conditions due to changes in national or local economic conditions or changes in local property market characteristics; competition from other properties offering the same or similar services; changes in interest rates and in the state of the debt and equity credit markets; the ongoing need for capital improvements; changes in real estate tax rates and other operating expenses; adverse changes in governmental rules and fiscal policies; adverse changes in zoning laws; the impact of present or future environmental legislation and compliance with environmental laws.

**Hedge Funds** often engage in leveraging and other speculative investment practices that may increase the risk of investment loss; can be highly illiquid; are not required to provide periodic pricing or valuation information to investors; May involve complex tax structures and delays in distributing important tax information; are not subject to the same regulatory requirements as mutual funds; and often charge high fees. In addition, hedge funds may invest in risky securities and engage in risky strategies.

**Private placements** carry a substantial risk as they are subject to less regulation than publicly offered securities, the market to resell these assets under applicable securities laws may be illiquid, due to restrictions, and liquidation may be taken at a substantial discount to the underlying value or result in the entire loss of the value of such assets.

**Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There are no criminal or civil actions to report.

### **B. Administrative Proceedings**

There are no administrative proceedings to report.

### **C. Self-regulatory Organization (SR) Proceedings**

There are no self-regulatory organization proceedings to report.

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

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Neither CWA nor its representatives are registered as or have pending applications to become a broker/dealer or as representatives of a broker/dealer.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither CWA nor its representatives are registered as or have pending applications to become a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor.

### **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Certain advisory affiliates of CWA are licensed insurance agents with Capital Wealth Advisors, Inc. From time to time, they will offer clients advice or products from these activities. Clients should be aware that these services pay a commission and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. CWA always acts in the best interest of the client; including the sale of commissionable products to advisory clients. Clients are in no way required to implement the plan through any representative of CWA in their capacity as an insurance agent.

Mr. Ferguson and Mr. Beynon are part owners and investment adviser representatives of Capital Consulting Group, LLC (CCG). Representatives of CWA will not offer any advice, products or services to clients of CCG. Because CWA will not offer any product or service to CWA clients through CCG, there is no conflict of interest.

Certain representatives of CWA are investment adviser representatives of TCG Naples, LLC. From time to time, they may offer clients advice or products from those activities and may involve a conflict of interest, CWA always acts in the best interest of the client. Clients are in no way required to implement the plan through any representative of CWA in their capacity as an investment adviser representative with another RIA.

As further disclosed in each investment advisor representative's respective Form ADV Part 2B, certain representatives of CWA may engage in various outside business activities that could involve a conflict of interest. CWA always acts in the best interest of the client. Clients are in no way required to utilize the outside business services of any representative of CWA.

Kyle Cerminara and Lewis Johnson (owners of Fundamental Global Investors, which in turn is an owner of CWA) are (i) Members of Fundamental Global Partners GP LLC, the general partner of Fundamental Global Partners LP, a hedge fund, (ii) Directors of Fundamental Global Partners Offshore Fund, Ltd., a hedge fund, (iii) Managers of FG Partners GP LLC, the general partner of Fundamental Global Partners QP, LP, a hedge fund, (iv) Directors of FGI Global Asset Allocation Fund Ltd. a hedge fund, (v) Directors of FGI Global Asset Allocation Offshore Fund Ltd., a hedge fund, (vi) Managers of FGI Global Asset Allocation GP, LLC, the general partner of FGI Global Asset Allocation Fund, LP, a hedge fund, and (vii) Managers of both FGI International USVI, LLC and FGI Funds Management, LLC. In addition, Mr. Beynon and Mr. Ferguson are (i) members of FG Partners GP LLC, the general partner of Fundamental Global Partners QP LP, a hedge fund, (ii) members of FGI Global Asset Allocation GP LLC, the general partner of FGI Global Asset Allocation Fund LP, a hedge fund, and (iii) Members of both FGI International USVI, LLC and FGI Funds Management, LLC. Fundamental Global Investors acts as investment manager to these hedge funds (the funds). These hedge funds will be recommended to CWA clients for whom such investment would be suitable, appropriate, and in the client's best interest. No CWA client will be required to invest in these private funds and CWA will always act in their clients' best interests.

Jeff Sutton is the Chief Operating Officer of Fundamental Global Investors and Founder/President of ValueTree Investments, registered investment adviser firms. From time to time, he may offer clients advice or products from those activities and clients should be aware that these services may involve a conflict of interest. CWA always acts in the best interest of the client and clients are in no way required to use the services of any representative of CWA in connection with such individual's activities outside of CWA.

#### **D. Selection of Other Advisors or Managers and How This Adviser is Compensated for Those Selections**

CWA may direct clients to third-party investment advisers. CWA will be compensated via a fee share from the advisers to which it directs those clients. This relationship will be memorialized in each contract between CWA and each third-party advisor. The fees shared will not exceed any limit imposed by any regulatory agency. This creates a conflict of interest in that CWA has an incentive to direct clients to the third-party investment advisers that provide CWA with a larger fee split. CWA will always act in the best interests of the client, including when determining which third-party investment adviser to recommend to clients. CWA will ensure that all recommended advisers are licensed or notice filed in the states in which CWA is recommending them to clients.



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

### **A. Code of Ethics**

We have a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Our Code of Ethics is available free upon request to any client or prospective client.

### **B. Recommendations Involving Material Financial Interests**

CWA does not typically recommend that clients buy or sell any security in which a related person to CWA or CWA has a material financial interest.

Fundamental Global Investors, an owner of CWA, sponsors several investments including hedge funds that may or may not be recommended to CWA clients. No Fundamental Global investments will be recommended to CWA clients which are not suitable, appropriate, and in the client's best interest. No CWA client will be required to invest in Fundamental Global investments. CWA will always act in their clients' best interests.

### **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of CWA may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of CWA to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. CWA will always document any transactions that could be construed as conflicts of interest and will always transact client business before their own when similar securities are being bought or sold.

### **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of CWA may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives



of CWA to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. CWA will always transact client's transactions before its own when similar securities are being bought or sold.

## **Item 12: Brokerage Practices**

### **A. Factors Used to Select Custodians and/or Broker/Dealers**

The custodians, TD Ameritrade Institutional, a Division of TD Ameritrade, Inc., member FINRA/SIPC ("TD Ameritrade") and Schwab Institutional, a division of Charles Schwab & Co., Inc. (CRD # 5393), were chosen based on their relatively low transaction fees and access to mutual funds and ETFs. CWA will never charge a premium or commission on transactions, beyond the actual cost imposed by the custodian.

#### ***1. Research and Other Soft-Dollar Benefits***

CWA receives research, products, or other services from its broker-dealer or another third-party in connection with client securities transactions ("soft dollar benefits"). However, there is no minimum client number or dollar number that CWA must meet in order to receive free research from the custodian or broker/dealer. CWA receives a benefit because it does not have to pay for or produce the research, services, or products and therefore CWA might have an incentive to recommend a custodian based on its interest rather than their clients. Additionally, Joseph H. Moglia is an indirect owner of CWA and Chairman of TD Ameritrade. Therefore, CWA might have an incentive to recommend TD Ameritrade based on Mr. Moglia's relationship with and financial interest in the custodian. Despite these potential conflicts of interest, CWA always acts in the best interest of the client, including the recommendation of custodians/broker-dealers. The first consideration when recommending broker/dealers to clients is best execution and clients are in no way required to select the custodians/broker-dealers recommended by CWA.

#### ***2. Brokerage for Client Referrals***

CWA receives research, products, or other services from its broker-dealer or another third-party in connection with client securities transactions ("soft dollar benefits"). There is no minimum client number or dollar number that CWA must meet in order to receive free research from the custodian or broker/dealer. CWA does not select or recommend broker/dealers based solely on whether or not it may receive client referrals from a broker/dealer or third party. Nevertheless, CWA does participate in a client referral program with TD Ameritrade which may provide an incentive for CWA to recommend TD Ameritrade. (See Item 14 below for further discussion of this referral program). Despite this potential conflict of interest, CWA always acts in the best interest of the client, including the recommendation of custodians or

broker/dealers. The first consideration when recommending broker/dealers to clients is best execution.

### ***3. Clients Directing Which Broker/Dealer/Custodian to Use***

CWA allows clients to direct brokerage. CWA may be unable to achieve most favorable execution of client transactions if clients choose to direct brokerage. This may cost clients' money because without the ability to direct brokerage CWA may not be able to aggregate orders to reduce transactions costs resulting in higher brokerage commissions and less favorable prices. Not all investment advisers allow their clients to direct brokerage.

#### **B. Aggregating (Block) Trading for Multiple Client Accounts**

CWA maintains the ability to block trade purchases across accounts. Block trading may benefit a large group of clients by providing CWA the ability to purchase larger blocks resulting in smaller transaction costs to the client. Declining to block trade can cause more expensive trades for clients.

## **Item 13: Reviews of Accounts**

#### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

Client accounts are reviewed at least quarterly by Blaine Michael Ferguson, Managing Member or other assigned CWA principal. Blaine Michael Ferguson is the chief advisor and is instructed to review or oversee the review of all clients' accounts with regards to their investment policies and risk tolerance levels.

#### **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

#### **C. Content and Frequency of Regular Reports Provided to Clients**

Each client will receive at least quarterly from the custodian, a written report that details the client's account including assets held and asset value which will come from the custodian.

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

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

CWA may receive compensation from third-party advisers to which it directs clients. In addition, CWA 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 (“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. CWA receives some benefits from TD Ameritrade through its participation in the Program.

As disclosed above, CWA participates in TD Ameritrade’s institutional customer program and CWA may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between CWA’s participation in the program and the investment advice it gives to its Clients, although CWA receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving CWA 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 CWA by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by CWA’s related persons. Some of the products and services made available by TD Ameritrade through the program may benefit CWA but may not benefit its Client accounts. These products or services may assist CWA in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help CWA manage and further develop its business enterprise. The benefits received by CWA or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, CWA endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by CWA or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Advisor’s choice of TD Ameritrade for custody and brokerage services.

In addition, CWA serves on the TD Ameritrade Institutional Operations Panel (“Panel”). The Panel consists of approximately twenty-four independent investment advisors that

advise TD Ameritrade Institutional ("TDA Institutional") on issues relevant to the independent advisor and their experience with TD Ameritrade's service, technology and products. The Panel meets in person on average three to four times per year and conducts periodic conference calls on an as needed basis. Investment advisors are appointed to serve on the Panel for three year terms by TDA Institutional sales, service and senior management. An investment advisor may serve longer than three years if appointed to additional terms by TDA Institutional senior management. At times, Panel members are provided confidential information about TDA Institutional initiatives. Panel members are required to sign confidentiality agreements. TD Ameritrade, Inc. ("TD Ameritrade") does not compensate Panel members. However, TD Ameritrade may pay or reimburse CWA for the travel, lodging and meal expenses that CWA may incur in attending Panel meetings. The benefits received by CWA or its personnel by serving on the Panel 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 CWA or its related persons in and of itself creates a potential conflict of interest and may indirectly influence CWA's recommendation of TD Ameritrade for custody and brokerage services.

#### **B. Compensation to Non – Advisory Personnel for Client Referrals**

CWA will compensate third-party solicitors for client referrals. In addition, CWA may receive client referrals from TD Ameritrade through its participation in TD Ameritrade AdvisorDirect. In addition to meeting the minimum eligibility criteria for participation in AdvisorDirect, CWA may have been selected to participate in AdvisorDirect based on the amount and profitability to TD Ameritrade of the assets in, and trades placed for, client accounts maintained with TD Ameritrade. TD Ameritrade is a discount broker-dealer independent of and unaffiliated with CWA and there is no employee or agency relationship between them. TD Ameritrade has established AdvisorDirect as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisors. TD Ameritrade does not supervise CWA and has no responsibility for CWA's management of client portfolios or CWA's other advice or services. CWA pays TD Ameritrade an on-going fee for each successful client referral. This fee is usually a percentage (not to exceed 25%) of the advisory fee that the client pays to CWA ("Solicitation Fee"). CWA will also pay TD Ameritrade the Solicitation Fee on any advisory fees received by CWA from any of a referred client's family members, including a spouse, child or any other immediate family member who resides with the referred client and hired CWA on the recommendation of such referred client. CWA will not charge clients referred through AdvisorDirect any fees or costs higher than its standard fee schedule offered to its clients or otherwise pass Solicitation Fees paid to TD Ameritrade to its clients. For information regarding additional or other fees paid directly or indirectly to TD Ameritrade, please refer to the TD Ameritrade AdvisorDirect Disclosure and Acknowledgement Form.

CWA's participation in AdvisorDirect raises potential conflicts of interest. TD Ameritrade will most likely refer clients through AdvisorDirect to investment advisors

that encourage their clients to custody their assets at TD Ameritrade and whose client accounts are profitable to TD Ameritrade. Consequently, in order to obtain client referrals from TD Ameritrade, CWA may have an incentive to recommend to clients that the assets under management by CWA be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. In addition, CWA has agreed not to solicit clients referred to it through AdvisorDirect to transfer their accounts from TD Ameritrade or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. CWA's participation in AdvisorDirect does not diminish its duty to seek best execution of trades for client accounts.

### **Item 15: Custody**

CWA, with client written authority, has limited custody of client's assets through direct fee deduction of CWA's Fees only. If the client chooses to be billed directly by TD Ameritrade Institutional, a Division of TD Ameritrade, Inc., member FINRA/SIPC or Schwab Institutional, a division of Charles Schwab & Co., Inc., CRD # 5393, then CWA would have constructive custody over that account and must have written authorization from the client to do so. Clients will receive all required account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy.

CWA provides family office services to Ultra high net worth clients. Bill payment is one of the services provided in the management of the family's day to day operations. An independent CPA audits the accounts of the family office annually and files the requisite form ADV-E for each family office that bill payment services are provided to.

### **Item 16: Investment Discretion**

For those client accounts where CWA provides ongoing supervision, the client has given CWA written discretionary authority over the client's accounts with respect to securities to be bought or sold and the amount of securities to be bought or sold. Details of this relationship are fully disclosed to the client before any advisory relationship has commenced. The client provides CWA discretionary authority via a limited power of attorney in the Investment Advisory Contract and in the contract between the client and the custodian.

### **Item 17: Voting Client Securities (Proxy Voting)**

CWA will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

## **Item 18: Financial Information**

### **A. Balance Sheet**

CWA does not require nor solicit prepayment of more than \$1200 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither CWA nor its management have any financial conditions that are likely to reasonably impair our ability to meet contractual commitments to clients.

### **C. Bankruptcy Petitions in Previous Ten Years**

CWA has not been the subject of a bankruptcy petition in the last ten years.