

**Item 1:       Cover Sheet**

**FORM ADV PART 2A:  
INFORMATIONAL BROCHURE**

**ECON WEALTH MANAGEMENT LLC**

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Harrisburg, PA 17112

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717-545-5870

[www.econwealth.com](http://www.econwealth.com)

**October 1, 2015**

**This brochure provides information about the qualifications and business practices of Econ Wealth Management LLC. If you have any questions about the contents of this brochure, please contact us at 717-545-5870 or via email at [sbeers@econwealth.com](mailto:sbeers@econwealth.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. Our registration does not imply a certain level of skill or training.**

**Additional information about Econ Wealth Management LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Item 2:           Statement of Material Changes**

Econ Wealth Management LLC is required to disclose any material changes to this ADV Part 2A here in Item 2. The material changes to report are as follows:

- 1) The Principals of the Firm are Steve Economopoulos and Bradley Sanders. Emilie Swayze is no longer a principal of the Firm.
- 2) Sarah Beers is now the Firm's Chief Compliance Officer.
- 3) The firm's new primary address is now 4755 Linglestown Road, Suite 204, Harrisburg, PA 17112.
- 4) The Firm has changed its primary telephone number to 717-545-5870.

**Item 3: Table of Contents**

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INFORMATIONAL BROCHURE  
ECON WEALTH MANAGEMENT LLC

**Item 4:        Advisory Business**

Econ Wealth Management LLC (“EWM”) has been in business since August, 2015. Steve Economopoulos and Brad Sanders are the firm’s principal owners.

EWM provides personalized asset management and financial planning services. We strive to build lasting relationships and create an exceptional experience that provides clients with individualized attention and a wealth plan tailored to their needs. Our belief is that making clients feel like they are part of the EWM family fosters a strong working relationship, with an added personal touch. We attempt to help build, maintain, and preserve the assets that clients have worked so hard to accumulate.

Asset Management

Our predominant service is asset management. When a client has at least \$250,000 (subject to our discretion to waive this minimum) we will invest their assets in a manner consistent with their investment objectives. To ascertain these objectives, the client experience begins with a thorough orientation process and continues as we attempt to learn about you and your family over the years.

EWM uses a team approach to help clients build and maintain wealth through investment strategies based on individual needs. Our asset management process is both disciplined and active and focuses on individualized attention and personalized advice. Our process includes managing assets on a discretionary basis. This means we make decisions and implement them without specific consultation with each client for each change. This does not mean communication is limited. Building client relationships is at the center of EWM’s approach, and our regular communications are designed to keep you connected and educated. In order for us to provide asset management services in accordance with your financial goals, consistent, meaningful, and frequent communications with you is required. This includes access to staff for requests and inquiries, regular meetings to review your portfolio, and other ongoing communication including update calls, newsletters, and communicating on an as needed basis with the client’s other professionals, such as attorneys and accountants.

Clients may at any time place reasonable restrictions such as the types of investments we may use, or on the allocations to each security type. You will receive written or electronic confirmations from your account custodian after any changes are made to your account. You will also receive statements at least quarterly from your account custodian. Clients engaging us on a discretionary basis will be asked to execute a Limited Power of Attorney (granting us the discretionary authority over the client accounts) as well as an Investment Management Agreement that outlines the responsibilities of both the client and EWM.

In very limited circumstances, clients may engage us to provide investment management services on a non-discretionary basis, and we monitor the accounts in the same way as for discretionary services. The difference is that changes to your account will not be made until we have confirmed with you (either verbally or in writing) that our proposed change is acceptable to you.

### Financial Planning

Financial planning is a process by which a client's current circumstances are reviewed, goals stated, and a plan is made to guide the client to those goals. In the information-gathering stage, the client will supply to EWM information including income, investments, savings, insurance, age and many other items that are helpful to the firm in assessing your financial goals. The information is typically provided during personal interviews and supplemented with written information. Once the information is received, we will discuss your financial needs and goals with you, and compare your current financial situation with the goals you state. Once these are compared, we will create a financial and/or investment plan to help you meet your goals.

The plan is intended to be a suggested blueprint of how to meet your goals. Not every plan will be the same for every client. Each one is specific to the client who requested it. Because the plan is based on information supplied by you, it is very important that you accurately and completely communicate to us the information we need. We determine these objectives by reviewing new client questionnaires and then interviewing the client for additional background and clarity so we can gather a more complete picture of a client's needs. It is very important that you continually update us with any changes so that if the updates require changes to your plan, we can make those changes. Otherwise, your plan may no longer be accurate.

### Assets under Management

As of the date of this brochure, EWM is a newly formed business, and as such, we do not yet have any clients or assets we manage.

## **Item 5: Fees and Compensation**

### **A. Fees Charged**

All investment management clients will be required to execute an Investment Management Agreement that will describe the type of management services to be provided and the fees, among other items.

### Financial Planning

Financial planning fees can be either hourly or on a fixed fee basis. Our hourly charge is \$200 to \$400 per hour. Fixed fee rates vary from \$2,000 to \$15,000. The fee range stated is a guide. Fees may be higher or lower than this range, based on the nature of the engagement. Fees are negotiable,

and will depend on the anticipated complexity of your plan. Some clients may also engage EWM on a project basis to provide advice on isolated matters, such as an evaluation of a client's employer-sponsored retirement plan.

*Included with Other Services:* For some clients who are also engaging EWM to provide asset management or other services, fees for financial planning may be waived, and the preparation of the financial plan included with the costs of the other services.

#### Asset Management

Generally, fees vary from 0.60% to 2.00% per annum of the market value of a client's assets managed by EWM. The fee range stated is a guide. Fees are negotiable, and may be higher or lower than this range, based on the nature of the account. Factors affecting fee percentages include the size of the account, complexity of asset structures, and other factors. EWM's fee schedule is as follows:

<i>Assets Under Management</i>	<i>Annual Rate</i>
\$0-\$250,000	2.00%
\$250,000-\$500,000	1.75%
\$500,000-\$1,000,000	1.50%
\$1,000,000-\$3,000,000	1.10%
\$3,000,000 and above	1.00%

#### B. Fee Payment

##### Financial Planning

Generally, fifty percent (50%) of the anticipated financial planning fee will be payable upon signing the Financial Planning Agreement, with the remainder due upon completion of the financial plan. For hourly engagements, the final amount due will be based upon actual hours expended. For fixed fee engagements, the final amount due will be fifty percent (50%) of the fixed fee.

##### Asset Management

Investment advisory fees will be debited directly from each client's account. The advisory fee is paid quarterly, in advance, and the value used for the fee calculation is the net value as of the last market day of the previous month. This means that if your annual fee is 1.00%, then each month we will multiply the value of your account by 1.00% then divide by 4 to calculate our fee. Once the calculation is made, we will instruct your account custodian to deduct the fee from your account and remit it to EWM. While almost all of our clients choose to have their fee debited from their account, we will invoice clients upon request.

Clients whose fees are directly debited will provide written authorization to debit advisory fees from their accounts held by a qualified custodian chosen by the client. Each quarter, clients will receive a bill itemizing the fees to be debited, including the formula used to calculate the fee, the amount of

assets upon which the fee is based, and the time period covered by the fee. The invoice will also state that the fee was not independently calculated by the custodian. The client will also receive a statement from their account custodian showing all transactions in their account, including the fee.

C. Other Fees

There are a number of other fees that can be associated with holding and investing in securities. You will be responsible for fees including transaction fees for the purchase or sale of a mutual fund or Exchange Traded Fund, or commissions for the purchase or sale of a stock. Expenses of a fund will not be included in management fees, as they are deducted from the value of the shares by the mutual fund manager. For complete discussion of expenses related to each mutual fund, you should read a copy of the prospectus issued by that fund. EWM can provide or direct you to a copy of the prospectus for any fund that we recommend to you.

Please make sure to read Item 12 of this informational brochure, where we discuss broker-dealer and custodial issues.

D. *Pro-rata* Fees

If you become a client during a quarter, you will pay a management fee for the number of days left in that month. If you terminate our relationship during a quarter, you will be entitled to a refund of any management fees for the remainder of the quarter. Once your notice of termination is received, we will refund the unearned fees to you in whatever way you direct (check, wire back to your account).

E. Compensation for the Sale of Securities.

This item is not applicable.

**Item 6: Performance-Based Fees**

EWM will not charge performance based fees.

**Item 7: Types of Clients**

Clients advised may include individuals, families, trusts, charitable organizations and foundations, pensions and corporations. EWM requires each client to place at least \$250,000 with the firm. This minimum may be waived in the discretion of EWM.

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

It is important for you to know and remember that all investments carry risks. **Investing in securities involves risk of loss that clients should be prepared to bear.**

EWM's investment selection process combines a top down macro approach with bottom up security selection to guide us in constructing portfolios. The top down approach includes taking a macroeconomic view of the market, looking at market indicators, trends, seasonality, and breadth of the market. The bottom up approach starts with idea generation through the use of third party research and screens. We utilize technical analyses, which means that we will review the past behaviors of the security and the markets in which it trades for signals as to what might happen in the future. Using fundamental analysis, we base our conclusions on predominantly publicly available research, such as regulatory filings, press releases, competitor analyses, and in some cases research we receive from our custodian or other market analyses. Using the top down and bottom up approaches simultaneously, EWM is able to narrow down the menu of investment opportunities available to clients.

The specific securities we recommend for your account will depend on market conditions and our research at the time. Generally, we recommend a mix of ETFs, stocks, and mutual funds. Specific funds are chosen based on where its investment objective fits into the asset allocation recommended by EWM, its risk parameters, past performance, peer rankings, fees, expenses, and any other aspects of the fund EWM deems relevant to that particular fund.

As each client comes to EWM, we assist in developing a plan to transition to EWM's approach. For most clients, this means evaluating goals and risk tolerance and placing each account in one of our four management categories:

**Conservative** – This category is best suited for defensive investors or those usually with a short-term investment horizon. The portfolio usually is allocated to lean toward a heavier fixed income allocation and a lesser allocation to equities. The main goal is to provide investors with capital preservation, and help keep pace with inflation.

**Balanced** – This category is best suited for moderate investors or those usually with a short to medium term investment horizon. The portfolio usually is allocated evenly between fixed income and equities. The main goal is to provide investors with growth and income while expecting a little more volatility to maximize returns.

**Growth** - This category is best suited for investors who are willing to assume more volatility or those with a longer-term investment horizon. The portfolio is usually allocated to lean toward a heavier equity allocation and a lesser allocation to fixed income. This category typically may include 5 to 10 individual stocks and may experience periods of volatility. Its main goal is to provide investors with growth commensurate with the risk, and fluctuations are expected.

**Aggressive Growth** - This category is best suited for clients with a long-term investment horizon who are willing to assume greater risk in the pursuit of greater risk. The portfolio is usually



allocated mainly to equities with a small allocation to fixed income. This category will experience the greatest volatility and will usually include the highest number of individual stock selections. The main goal to provide investors with the greatest opportunity for growth over a long investment horizon.

The investment categories are not investment products. Clients may have different needs than others within the same investment category. Accordingly, not all clients in each investment category will have the exact same percentages of each underlying investment. Further, a single client with multiple accounts can have accounts in more than one category.

The investment categories that we recommend are based on the needs of the client as compared with the results of our investment process and investment screens, as well as current market conditions, the client's current financial situation (including assets that may be managed by another advisor), financial goals, and the timeline to meet those goals. Because we develop an investment strategy based on your personal situation and financial goals, your asset allocations may be similar to or different from another client.

It is important to remember that because market conditions can vary greatly, your asset allocation guidelines are not necessarily strict rules. Rather, we review accounts individually, and may deviate from the guidelines as we believe necessary.

When EWM makes changes to an investment category, these changes may not be made simultaneously. Rather, some accounts may be modified before others. This may result in accounts being traded earlier inadvertently having an advantage over accounts traded later.

#### Risk of Loss

There are always risks to investing. **Clients should be aware that all investments carry various types of risk including the potential loss of principal that clients should be prepared to bear.** It is impossible to name all possible types of risks. Among the risks are the following:

- **Political Risks.** Most investments have a global component, even domestic stocks. Political events anywhere in the world may have unforeseen consequences to markets around the world.
- **General Market Risks.** Markets can, as a whole, go up or down on various news releases or for no understandable reason at all. This sometimes means that the price of specific securities could go up or down without real reason, and may take some time to recover any lost value. Adding additional securities does not help to minimize this risk since all securities may be affected by market fluctuations.
- **Currency Risk.** When investing in another country using another currency, the changes in the value of the currency can change the value of your security value in your portfolio.
- **Regulatory Risk.** Changes in laws and regulations from any government can change the value of a given company and its accompanying securities. Certain industries are more susceptible to government regulation. Changes in zoning, tax structure or laws impact the return on these investments.
- **Tax Risks Related to Short Term Trading:** Clients should note that EWM may engage in

short-term trading transactions. These transactions may result in short term gains or losses for federal and state tax purposes, which may be taxed at a higher rate than long term strategies. EWM endeavors to invest client assets in a tax efficient manner, but all clients are advised to consult with their tax professionals regarding the transactions in client accounts.

- **Purchasing Power Risk.** Purchasing power risk is the risk that your investment's value will decline as the price of goods rises (inflation). The investment's value itself does not decline, but its relative value does, which is the same thing. Inflation can happen for a variety of complex reasons, including a growing economy and a rising money supply.
- **Business Risk.** This can be thought of as certainty or uncertainty of income. Management comes under business risk. Cyclical companies (like automobile companies) have more business risk because of the less steady income stream. On the other hand, fast food chains tend to have steadier income streams and therefore, less business risk.
- **Financial Risk.** The amount of debt or leverage determines the financial risk of a company.
- **Default Risk.** This risk pertains to the ability of a company to service their debt. Ratings provided by several rating services help to identify those companies with more risk. Obligations of the U.S. government are said to be free of default risk.
- **Margin Risk.** "Margin" is a tool used to maximize returns on a given investment by using securities in a client account as collateral for a loan from the custodian to the client. The proceeds of that loan are then used to buy more securities. In a positive result, the additional securities provide additional return on the same initial investment. In a negative result, the additional securities provide additional losses. Margin therefore carries a higher degree of risk than investing without margin. Any client account that will use margin will do so in accordance with Regulation T. EWM may utilize margin on a limited basis for clients with higher risk tolerances.
- **Short Sales.** "Short sales" are a way to implement a trade in a security EWM feels is overvalued. In a "long" trade, the investor is hoping the security increases in price. Thus in a long trade, the amount of the investor's loss (without margin) is the amount paid for the security. In a short sale, the investor is hoping the security decreases in price. However, unlike a long trade where the price of the security can only go from the purchase price to zero, in a short sale, the price of the security can go infinitely upwards. Thus in a short sale, the potential for loss is unlimited and unknown, where the potential for loss in a long trade is limited and knowable. EWM utilizes short sales only when the client's risk tolerances permit.
- **Information Risk.** All investment professionals rely on research in order to make conclusions about investment options. This research is always a mix of both internal (proprietary) and external (provided by third parties) data and analyses. Even an adviser who says they rely solely on proprietary research must still collect data from third parties. This data, or outside research is chosen for its perceived reliability, but there is no guarantee that the data or research will be completely accurate. Failure in data accuracy or research will translate to a compromised ability by the adviser to reach satisfactory investment conclusions.
- **Small Companies.** Some investment opportunities in the marketplace involve smaller issuers. These companies may be starting up, or are historically small. While these companies sometimes have potential for outsized returns, they also have the potential for losses because the reasons the company is small are also risks to the company's future. For example, a company's management may lack experience, or the company's capital for growth may be restricted. These small companies also tend to trade less frequently than larger companies, which can add to the risks associated with

their securities because the ability to sell them at an appropriate price may be limited compared to the markets as a whole. Not only do these companies have investment risk, if a client is invested in such small companies and requests immediate or short term liquidity, these securities may require a significant discount to value in order to be sold in a shorter time frame.

- **Concentration Risk.** While EWM selects individual securities, including mutual funds, for client portfolios based on an individualized assessment of each security, this evaluation comes without an overlay of general economic or sector specific issue analysis. This means that a client's equity portfolio may be concentrated in a specific sector, geography, or sub-sector (among other types of potential concentrations), so that if an unexpected event occurs that affects that specific sector or geography, for example, the client's equity portfolio may be affected negatively, including significant losses.

- **Transition risk.** As assets are transitioned from a client's prior advisers to EWM there may be securities and other investments that do not fit within the asset allocation strategy selected for the client. Accordingly, these investments will need to be sold in order to reposition the portfolio into the asset allocation strategy selected by EWM. However, this transition process may take some time to accomplish. Some investments may not be unwound for a lengthy period of time for a variety of reasons that may include unwarranted low share prices, restrictions on trading, contractual restrictions on liquidity, or market-related liquidity concerns. In some cases, there may be securities or investments that are never able to be sold. The inability to transition a client's holdings into recommendations of EWM may adversely affect the client's account values, as EWM's recommendations may not be able to be fully implemented.

- **Restriction Risk.** Clients may at all times place reasonable restrictions on the management of their accounts. However, placing these restrictions may make managing the accounts more difficult, thus lowering the potential for returns.

- **Risks Related to Investment Term & Liquidity.** Securities do not follow a straight line up in value. All securities will have periods of time when the current price of the security is not an accurate measure of its value. If you require us to liquidate your portfolio during one of these periods, you will not realize as much value as you would have had the investment had the opportunity to regain its value. Further, some investments are made with the intention of the investment appreciating over an extended period of time. Liquidating these investments prior to their intended time horizon may result in losses.

- **REITs.** EWM may recommend that significant portions of client portfolios be allocated to real estate investment trusts, otherwise known as "REITs". A REIT is an entity, typically a trust or corporation, that accepts investments from a number of investors, pools the money, and then uses that money to invest in real estate through either actual property purchases or mortgage loans. While there are some benefits to owning REITs, which include potential tax benefits, income and the relatively low barrier to invest in real estate as compared to directly investing in real estate, REITs also have some increased risks as compared to more traditional investments such as stocks, bonds, and mutual funds. First, real estate investing can be highly volatile. Second, the specific REIT chosen may have a focus such as commercial real estate or real estate in a given location. Such investment focus can be beneficial if the properties are successful, but lose significant principal if the properties are not successful. REITs may also employ significant leverage for the purpose of purchasing more investments with fewer investment dollars, which can enhance returns but also enhances the risk of loss. The success of a REIT is highly dependent upon the manager of the REIT.

Clients should ensure they understand the role of the REIT in their portfolio.

- **MLPs.** EWM may recommend that significant portions of client portfolios be allocated to master limited partnerships, otherwise known as “MLPs”. An MLP is a publicly traded entity that is designed to provide tax benefits for the investor. In order to preserve these benefits, the MLP must derive most, if not all, of its income from real estate, natural resources and commodities. While MLPs may add diversification and tax favored treatment to a client’s portfolio, they also carry significant risks beyond more traditional investments such as stocks, bonds and mutual funds. One such risk is management risk-the success of the MLP is dependent upon the manager’s experience and judgment in selecting investments for the MLP. Another risk is the governance structure, which means the rules under which the entity is run. The investors are the limited partners of the MLP, with an affiliate of the manager typically the general partner. This means the manager has all of the control in running the entity, as opposed to an equity investment where shareholders vote on such matters as board composition. There is also a significant amount of risk with the underlying real estate, resources or commodities investments. Clients should ask EWM any questions regarding the role of MLPs in their portfolio.

#### **Item 9: Disciplinary Information**

There are no disciplinary items to report.

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

##### **A. Broker-dealer**

Neither the principal of EWM, nor any related persons are registered, or have an application pending to register, as a broker dealer or as an associated person of the foregoing entities.

##### **B. Futures Commission Merchant/Commodity Trading Advisor**

Neither the principal of EWM, nor any related persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

##### **C. Relationship with Related Persons**

Certain professionals of EWM are separately licensed as independent insurance agents. As such, these professionals may conduct insurance product transactions for EWM clients, in their capacity as licensed insurance agents, and will receive customary commissions for these transactions in addition to any compensation received in his capacity as employees of EWM. Commissions from the sale of insurance products will not be used to offset or as a credit against advisory fees. These professionals therefore have incentive to recommend insurance products based on the compensation to be received, rather than on a client’s needs. The receipt of additional fees for insurance commissions is therefore a conflict of interest, and clients should be

aware of this conflict when considering whether to engage EWM or utilize these professionals to implement any insurance recommendations. EWM attempts to mitigate this conflict of interest by disclosing the conflict to clients, and informing the clients that they are always free to purchase insurance products through other agents that are not affiliated with EWM, or to determine not to purchase the insurance product at all. EWM also attempts to mitigate the conflict of interest by requiring employees to acknowledge in the firm's Code of Ethics, their individual fiduciary duty to the clients of EWM, which requires that employees put the interests of clients ahead of their own.

D. Recommendations of other Advisers

EWM does not utilize nor select other advisers or third party managers. All assets are managed by EWM.

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

A. A copy of our Code of Ethics is available upon request. Our Code of Ethics includes discussions of our fiduciary duty to clients, political contributions, gifts, entertainment, and trading guidelines.

B. Not applicable. EWM does not recommend to clients that they invest in any security in which EWM or any principal thereof has any financial interest.

C. On occasion, an employee of EWM may purchase for his or her own account securities which are also recommended for clients. Our Code of Ethics details rules for employees regarding personal trading and avoiding conflicts of interest related to trading in one's own account. To avoid placing a trade before a client (in the case of a purchase) or after a client (in the case of a sale), all employee trades must be reviewed by the Compliance Officer. All employee trades must either take place in the same block as a client trade or sufficiently apart in time from the client trade so the employee receives no added benefit. Employee statements are reviewed to confirm compliance with the trading procedures.

D. On occasion, an employee of EWM may purchase for his or her own account securities which are also recommended for clients at the same time the clients purchase the securities. Our Code of Ethics details rules for employees regarding personal trading and avoiding conflicts of interest related to trading in one's own account. To avoid placing a trade before a client (in the case of a purchase) or after a client (in the case of a sale), all employee trades must be reviewed by the Compliance Officer. All employee trades must either take place in the same block as a client trade or sufficiently apart in time from the client trade so the employee receives no added benefit. Employee statements are reviewed to confirm compliance with the trading procedures.

## **Item 12: Brokerage Practices**

### **A. Recommendation of Broker-Dealer**

EWM does not maintain custody of client assets, though EWM may be deemed to have custody if a client grants EWM authority to debit fees directly from their account (see Item 15 below). Assets will be held with a qualified custodian, which is typically a bank or broker-dealer. EWM recommends that investment accounts be held in custody by Schwab Advisor Services (“Schwab”), which is a qualified custodian. EWM is independently owned and operated and is not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when EWM instructs them to, which EWM does in accordance with its agreement with you. While EWM recommends that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. EWM does not open the account for you, although EWM may assist you in doing so. Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account as described below (see “Your brokerage and custody costs”).

### **How we select brokers/custodians**

We seek to recommend a custodian/broker that will hold your assets and execute transactions on terms that are, overall, most advantageous when compared with other available providers and their services. We consider a wide range of factors, including both quantitative (Ex: costs) and qualitative (execution, reputation, service) factors. We do not consider whether Schwab or any other broker-dealer/custodian, refers clients to EWM as part of our evaluation of these broker-dealers.

### **Your brokerage and custody costs**

For our clients’ accounts that Schwab maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. In addition to commissions, Schwab charges you a flat dollar amount as a “prime broker” or “trade away” fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account. We have determined that having Schwab execute most trades is consistent with our duty to seek “best execution” of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see “How we select brokers/custodians”).

### **Products and services available to us from Schwab**

Schwab Advisor Services™ (formerly called Schwab Institutional®) is Schwab’s business serving independent investment advisory firms like EWM. They provide EWM and our clients with access to its institutional brokerage services (trading, custody, reporting, and related services), many of which

are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help EWM manage or administer our clients' accounts, while others help EWM manage and grow our business. Schwab's support services are generally available on an unsolicited basis (we don't have to request them) and at no charge to EWM. Following is a more detailed description of Schwab's support services:

*Services that benefit you*

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

*Services that may not directly benefit you.*

Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

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

*Services that generally benefit only us.*

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

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

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

### **Our interest in Schwab's services**

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services. These services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. We may have an incentive to recommend that you maintain your account with Schwab, based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see "How we select brokers/custodians") and not Schwab's services that benefit only us.

We do not consider whether Schwab or any other broker-dealer/custodian, refers clients to EWM as part of our evaluation of these broker-dealers.

#### **B. Aggregating Trades**

Commission costs per client may be lower on a particular trade if all clients in whose accounts the trade is to be made are executed at the same time. This is called aggregating trades. Instead of placing a number of trades for the same security for each account, we will, when appropriate, executed one trade for all accounts and then allocate the trades to each account after execution. If an aggregate trade is not fully executed, the securities will be allocated to client accounts on a *pro rata* basis, except where doing so would create an unintended adverse consequence (For example, if a *pro rata* division would result in a client receiving a fraction of a share, or a position in the account of less than 1%.)

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

All accounts will be reviewed by a senior professional on at least an annual basis. However, it is expected that market conditions, changes in a particular client's account, or changes to a client's circumstances will trigger a review of accounts.

The annual report in writing provided by EWM is intended to review asset allocation. All clients will receive statements and confirmations of trades directly from Schwab. Additionally, all clients will receive quarterly itemized bills from EWM. Please refer to Item 15 regarding Custody.

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

#### **A. Economic Benefit Provided by Third Parties for Advice Rendered to Client.**

*Please refer to Item 12, where we discuss recommendation of Broker-Dealers.*



**B. Compensation to Non-Advisory Personnel for Client Referrals.**

Clients may be introduced to EWM via other third parties. In the event that EWM compensates any party for the referral of a client to EWM, any such compensation will be paid by EWM, and not the client. If the client is introduced to EWM by an unaffiliated third party, that third party will disclose to the client the referral arrangement with EWM, including the compensation for the referral, and provide the client a copy of EWM's ADV Part 2A and 2B. The referral source will also provide a written disclosure to the client regarding the relationship between EWM and the referral source, including the fact that referral fees will be paid.

**Item 15: Custody**

EWM deducts fees from client accounts, but would not have custody of client funds otherwise. Clients will receive statements directly from Schwab, and copies of all trade confirmations directly from Schwab.

Clients whose fees are directly debited will provide written authorization to debit advisory fees from their accounts held by a qualified custodian chosen by the client. Each quarter, clients will receive a bill itemizing the fees to be debited, including the formula used to calculate the fee, the amount of assets the fee is based, and the time period covered by the fee. The invoice will also state that the fee was not independently calculated by the custodian. The client will also receive a statement from their account custodian showing all transactions in their account, including the fee.

We encourage clients to carefully review the statements and confirmations sent to them by their custodian, and to compare the information on your quarterly report prepared by EWM against the information in the statements provided directly from Schwab. Please alert us of any discrepancies.

**Item 16: Investment Discretion**

When EWM is engaged to provide asset management services on a discretionary basis, we will monitor your accounts to ensure that they are meeting your asset allocation requirements. If any changes are needed to your investments, we will make the changes. These changes may involve selling a security or group of investments and buying others or keeping the proceeds in cash. You may at any time place restrictions on the types of investments we may use on your behalf, or on the allocations to each security type. You may receive at your request written or electronic confirmations from your account custodian after any changes are made to your account. You will also receive monthly statements from your account custodian. Clients engaging us on a discretionary basis will be asked to execute a Limited Power of Attorney (granting us the discretionary authority over the client accounts) as well as an Investment Management Agreement that outlines the responsibilities of both the client and EWM.

When a client engages EWM to provide investment management services on a non-discretionary basis, the accounts are monitored by EWM. The difference is that changes to your account will not

be made until EWM has confirmed with you (either verbally or in writing) that the proposed change is acceptable to you.

**Item 17:      Voting Client Securities**

Copies of our Proxy Voting Policies are available upon request.

From time to time, shareholders of stocks, mutual funds, exchange traded funds or other securities may be permitted to vote on various types of corporate actions. Examples of these actions include mergers, tender offers, or board elections. Clients are required to vote proxies related to their investments, or to choose not to vote their proxies. EWM will not accept authority to vote client securities. Clients will receive their proxies directly from the custodian for the client account. EWM will, upon request, give clients advice on how to vote proxies.

**Item 18:      Financial Information**

EWM does not require the prepayment of fees more than six (6) months or more in advance and therefore has not provided a balance sheet with this brochure.

There are no material financial circumstances or conditions that would reasonably be expected to impair our ability to meet our contractual obligations to our clients.