

**Item 1: Cover Sheet**

**FORM ADV PART 2A:**  
**INFORMATIONAL BROCHURE**  
ECON FINANCIAL SERVICES CORPORATION  
d/b/a



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**This brochure provides information about the qualifications and business practices of Econ Wealth Management. If you have any questions about the contents of this brochure, please contact us at 717-545-5870 or via email at [secon@econwealth.com](mailto:secon@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 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 is required to disclose any material changes to this ADV Part 2A here in Item 2.

- Steve Economopoulos now owns 100% of the firm.
- Steve Economopoulos is now the Chief Compliance Officer of the firm.

**Item 3: Table of Contents**

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**INFORMATIONAL BROCHURE**

**ECON WEALTH MANAGEMENT**

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

Econ Financial Services Corporation d/b/a Econ Wealth Management (“EWM”) has been in business since August, 2015. Steve Economopoulos is the firm’s principal owner.

EWM provides personalized investment 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.

##### Investment Management

Our predominant service is investment 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 investment 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 investment 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.

## Investment Management – Pilot Portfolio Series

For some accounts, we provide portfolio management services through the Pilot Portfolios Series. The Pilot Portfolio Series is an automated investment service used by EWM utilizing Institutional Intelligent Portfolios™, an automated, online investment management platform for use by independent investment advisors offered by software provider Schwab Performance Technologies (the “Program” and “SPT,” respectively). Through the Pilot Portfolio Series, we offer clients a range of investment strategies we have constructed and manage, each consisting of a portfolio of exchange traded funds (“ETFs”) and a cash allocation. Clients may instruct us to exclude up to three ETFs from their portfolio. Each client portfolio is held in a brokerage account opened by the client at SPT’s affiliate, Charles Schwab & Co., Inc. (“CS&Co”). We are independent of and not owned by, affiliated with, or sponsored or supervised by SPT, CS&Co or their affiliates (together, “Schwab”).

We, and not Schwab, are the client’s investment advisor and primary point of contact with respect to the Program. We are solely responsible, and Schwab is not responsible, for determining the appropriateness of the Program for the client, choosing a suitable investment strategy and portfolio for the client’s investment needs and goals, and managing that portfolio on an ongoing basis.

We have contracted with SPT to provide us with the technology platform and related trading and account management services for the Program. This platform enables us to make the Program available to clients online and includes a system that automates certain key parts of our investment process (the “System”). The System includes an online questionnaire that helps us determine the client’s investment objectives and risk tolerance and select an appropriate investment strategy and portfolio. Clients should note that we will recommend a portfolio via the System in response to the client’s answers to the online questionnaire. The client may then indicate an interest in a portfolio that is one level less or more conservative or aggressive than the recommended portfolio, but we then make the final decision and select a portfolio based on all the information we have about the client. The System also includes an automated investment engine through which we manage the client’s portfolio on an ongoing basis through automatic rebalancing and tax-loss harvesting (if the client is eligible and elects).

Clients do not pay fees to SPT in connection with the Program, but we charge clients a fee for our services as described below. Our fees are not set or supervised by Schwab. Clients do not pay brokerage commissions or any other fees to CS&Co as part of the Program. Schwab does receive other revenues in connection with the Program.

We do not pay SPT fees for the Platform so long as we maintain \$100 million in client assets in accounts at CS&Co that are not enrolled in the Program. If we do not meet this condition, then we pay SPT an annual licensing fee of 0.10% (10 basis points) on the value of our clients’ assets in the Program. This fee arrangement gives us an incentive to recommend or require that our clients with accounts not enrolled in the Program be maintained with CS&Co.

## 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 January 10, 2018, EWM has \$145,880,950 in assets under management in 1,043 accounts, of which \$4,836,066 are managed on a non-discretionary basis across 44 accounts.

### **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 investment 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.

#### Investment 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.

#### 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.

#### Investment 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 quarter. This means that if your annual fee is 1.00%, then each quarter we will multiply the value of your account by 1.00%, then divide by the number of days in that calendar year and multiply that number by the number of days in the applicable billing period to calculate our fee. Additionally, assets allocated to cash or a cash proxy, such as a money market account, will be included in the calculation of assets under management. 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 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 ETF or mutual fund manager. For complete discussion of expenses related to each ETF or 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.

As described in Item 4 above, clients do not pay fees to SPT or brokerage commissions or other fees to CS&Co as part of the Program. Schwab does receive other revenues in connection with the Program. Brokerage arrangements are further described in Item 12 below.

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 quarter. 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.

Additionally, the minimum investment required to open an account in the Institutional Intelligent Portfolios Program is \$5,000. The minimum account balance to enroll in the tax-loss harvesting feature is \$50,000. Clients eligible to enroll in the Program include individuals, IRAs, and revocable living trusts. Clients that are organizations (such as corporations and partnerships) or government entities, and clients that are subject to the Employee Retirement Income Security Act of 1974, are not eligible for the Program.

**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. For mutual fund transactions, we evaluate the appropriate share class to purchase based on the expected holding period, internal expenses and transaction costs in an attempt to minimize the overall cost to our clients. The share class that is purchased can vary based upon this analysis, but is not limited to institutional share classes.

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 three management objectives. The management objectives represent a starting point to help determine the asset allocations and type of securities used in building your portfolio. The management objectives are:

**Growth** -This objective is best suited for investors who are willing to assume more volatility or those with a longer-term investment horizon. The portfolios are usually allocated to lean toward a heavier equity allocation and a lesser allocation to fixed income. This category will experience the greatest volatility. Its main goal is to provide investors with growth commensurate with the risk, and fluctuations are expected.

**Income** -This objective is best suited for investors who need income. The portfolios are allocated with interest from fixed income and/or dividends from equities as the primary focus. The main goal is to provide income while expecting some volatility to maximize returns.

**Preservation** -This objective 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.

Based on the agreed upon management objective, each client's portfolio will be constructed with either one or a combination of proprietary EWM developed portfolios that are aimed to work in

tandem with one another. Clients may often be invested in more than one portfolio, while still focusing on the target rate of return for the household.

**Strategic Portfolios:** For our strategic investors who feel a ‘buy and adjust’ investment strategy would be suitable for their goals and objectives. The team offers a few portfolios that seek to remain invested through market volatility but have a slight tactical component and look to adjust strategic holdings among asset classes or growth/value style objectives as well as concentrating on various sectors that appear strong based on the Top Down Macro investment cycle.

**Conservative:** This solution is designed for investors with a lower level risk tolerance and prefer less volatility while accepting the potential of lower returns compared to equity portfolios. The program may have a larger allocation to bonds in general but also include equity positions that pay dividends. The equity positions are intended to provide some income while providing opportunity for growth to help keep pace with inflation. There is a small tactical aspect within in the program to provide a potential for higher return over time and help reduce downside risk. These adjustments are made based on our investment selection process. The ‘buy and adjust’ philosophy suggests that trades can occur at any time but the process would lean towards remaining invested with the majority of assets in the portfolio at all times. As will every portfolio, cash is an important component but will not be used as a longer term holding. The strategic allocation goal of this portfolio is 35% equity and 65% fixed income.

**Balanced:** This solution is intended to provide a moderate level of risk and return over time. The program will typically be invested in mix of equities and bonds that will fluctuate based on our investment selection process providing tactical positioning. The tactical positioning is designed to take advantage of favorable market conditions to help increase returns while also providing some downside protection in unfavorable market conditions. This program is best suited for investors seeking a steady return over time while reducing risk, typically for those nearing retirement or in retirement who are not in need of income. There is less stress on chasing equity index returns within this portfolio and more focus on managing for downside risk. Cash is an important component and could be used in larger amounts during times of uncertainty as dictated by our top down Macro process. The strategic allocation goal of this portfolio is 65% equity and 35% fixed income.

**Growth:** This solution is best suited for clients who are seeking a greater return and willing to take on higher levels of risk, typically with a longer investment time horizon. The program will be weighted towards equity investments over bonds and at times being fully invested in equity positions based on our investment management process and tactical positioning. The goal is to provide investors the greatest opportunity for growth over time within the strategic programs. Although a greater emphasis will be placed on managing the equity portion, the bond portion will prevent a true return to compare with a fully invested equity index. Stress is placed on managing for downside risk protection so cash is an important part of the portfolio and could represent a large portion at times, albeit temporary, based on our top down Macro process. The strategic allocation goal of this portfolio is 85% equity and 15% fixed income.

**Aggressive:** This solution is weighted towards equity with a buy and hold objective. Emphasis will be holding equity investments. This option allows longer term investors an ability to own a portfolio with a smaller total number of holdings that are selected to be strategically diversified without a

tactical component. This will provide further market growth options to investors over the growth option. The strategic allocation goal of this portfolio is 96% equity and 4% fixed income.

**Moderate:** This solution is provides a weighting of half fixed income and half equity with a buy and hold objective. This option allows longer term investors an ability to own a portfolio a smaller total number of holdings that are selected to be strategically diversified without a tactical component. This will provide further market growth options to investors over the Conservative allocation option. The strategic allocation goal of this portfolio is 50% equity and 50% fixed income.

**Managed Bond:** Investors that are seeking a fixed income portfolio that is primarily invested in municipal income securities will find this solution an option to compliment other equity strategies. Emphasis will be to hold a fully invested mix of tax free municipal bond investments from a mix of mutual funds and/or ETF products. Taxable fixed income is permitted within this allocation based on the market environment as determined by our Investment Selection Process. This solution provides an opportunity to give investors an alternate to equity correlation but will be impacted more directly by interest rates. The portfolio is reviewed regularly and adjusted a few times each year. The strategic allocation goal of this portfolio is 0% equity and 100% fixed income.

**Short Term:** This solution provides an alternative to investors looking to hold a cash-type allocation in something other than a fixed account. The strategy seeks to maintain up to 50% in cash with the remaining portion invested among short term fixed income ETF investments. The main purpose of the account often suits investors who seek an income stream to supplement needs as part of an overall financial plan. Adjustments to the holdings are made regularly coincident with client needs and the market environment. The strategic allocation goal of this portfolio is 0% equity and 100% fixed income.

**Pilot Portfolio Series – Independent Investor:** In order to appease a growing population of “Do it Yourself” (DIY) investors, we offer a suite of portfolios that are geared towards having access to our longer term allocation strategies of our investment selection process.

Clients participating in the Pilot Portfolio Series will be placed in one of EWM’s Pilot Portfolios, based on the client’s investment objectives and risk tolerance as measured by the results of the online questionnaire. The programs each consist of a portfolio of exchange traded funds (“ETFs”) and a cash allocation. Clients may instruct us to exclude up to three ETFs from their portfolio.

**PPS Aggressive:** This program from our series is intended for the investor seeking a higher return by taking on more risk, typically with a longer investment time frame. It will be invested mainly in equities with a lower percentage allocated to bonds. Based on our investment process, the program could hold all equities in favorable conditions as part of our tactical positioning. The program could be a great fit for investors looking to build long-term wealth while being able to tolerate the volatility of the equity market. The strategic allocation goal of this portfolio is 96% equity and 4% fixed income.

**PPS Growth:** This program is designed to provide growth with less risk than an aggressive portfolio. It will be weighted towards equities but will also include bonds. Using a tactical approach, the ratio between equities and bonds will vary based on our investment selection process. However,

the program will always hold bonds investments and never be fully allocated to equities. Investors should expect volatility based on remaining invested through various market conditions that impact both stocks and bonds. The strategic allocation goal of this portfolio is 75% equity and 25% fixed income.

**PPS Moderate:** Generally a 50/50 Mix of Equity to Fixed Income – Trades based on market conditions but a rebalance review performed 4x per year. This program is designed for the conservative investor with a lower risk tolerance. Generally the program will seek to provide total return without taking on too much risk or concern for general equity market index returns. The investments will generally be weighted towards bonds but our investment selection process will determine the percentage held in equities but always be less than 60% of the program and will not invest in riskier asset classes in equities. The strategic allocation goal of this portfolio is 50% equity and 50% fixed income.

**PPS Income:** This program is intended for those seeking income. It will invest in bonds and dividend-paying equities to provide an income and seek to provide some potential growth to help keep pace with inflation. The investments can be weighted towards bonds or equity investments based on market conditions expected over the following 12-18 months. The risk of this portfolio is subject to both fluctuating equity and fixed income prices in the market place but allows for a combination of both to generate tax advantaged income over the long term. The strategic allocation goal of this portfolio is 35% equity and 65% fixed income.

**PPS Tax Advantaged:** This program seeks to provide a tax-advantaged investment option for our clients. The program invests entirely in municipal bond investments that provide an income stream that may be federally tax free. With the low interest rates on traditional bank products, this may be an alternative for extra cash to earn a higher yield. Conservative investors in a higher income tax bracket may benefit from this program as well as an investment for income or savings. The strategic allocation goal of this portfolio is 0% equity and 100% fixed income.

The investment portfolios are not investment products. Clients may have different needs than others within the same portfolio. Accordingly, the EWM portfolios within client accounts may not have the exact same percentages of each underlying investment.

The investment portfolios 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 with similar investment objectives.

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.

**Tactical Portfolio Strategies:** For our tactical investors who find a more active trading objective would be suitable for their goals and objectives, we offer a few different portfolio strategies. Timing

the market is a consideration but not primary driver. Bottom up stock and ETF selection that seeks individual investments that appear to have technical aspects on their stock chart that appear to offer a positive risk to reward ratio according to our investment selection process are constantly reviewed, allocated, and traded among the following portfolios with each offering a unique level of risk as described.

Prior to participating in a particular strategy, each client will receive a complete description of the strategy as part of the engagement to provide advisory services.

**Tactical Dividend Strategy:** This strategy is best suited for clients who can accept a level of dividend income and who are willing to assume greater risk in the pursuit of greater return. The portfolio is usually allocated to equities and equity investments that produce a dividend and appear to provide a tactical opportunity for growth over the coming 12 months. This category can experience volatility and will include a number of individual stock and ETF selections. The main goal is to provide investors with the greatest opportunity for growth and income over a long investment horizon. This program will be rebalanced regularly based on our investment selection process.

**Technical Trader Strategy:** This strategy is intended to be an active portfolio that invests in tactically based securities based on the results of a strict technical analysis process. Holdings are purchased with a short-term time horizon, but could be 3 to 12 months or longer. Swing trading, which intends to hold a position up to a few days, may also be considered. Although day trading is not a goal for positions entered, it could be a component based on the strategy used. This strategy is designed for those seeking higher risk with the potential for higher return and the ability to own various equity asset classes. Investors in this strategy must be willing to accept a high degree of volatility while seeking assets that could be less correlated to overall market action. Investments include, but are not limited to stocks, ETF's, or stock options. Options strategies include call writing, naked calls, and naked puts. The recommended minimum for this strategy is \$100,000.

**Chart Trader Strategy:** This strategy is intended to be an active portfolio that invests in tactically based securities based on the results of a strict technical analysis process. Holdings are purchased with a short-term time horizon. Swing trading, which intends to hold a position up to a few days, serves as the main objective of the securities purchased but may be maintained longer term based on monitored progress of the trade goals and objectives. Although day trading is not a goal for positions entered, it could be a component based on the strategy used. This strategy is designed for those seeking higher risk with the potential for higher return and the ability to own various equity asset classes. Investors in this strategy must be willing to accept a high degree of volatility, including loss of value in certain positions, while seeking assets that could be less correlated to overall market action. Investments include, but are not limited to stocks, ETF's, or stock options. Options strategies include call writing, naked calls, and naked puts. Acceptance of this type of account is subject to compliance and financial planning review and the amount invested should be a minority investment (less than 20%) of an overall client portfolio.

All client accounts in a tactical strategy are managed on a *pari passu* basis. In other words, all accounts managed within each strategy are managed in a like manner, side by side with one another,

and not individually considered. When EWM wishes to make a change to the investments in the accounts participating in a strategy, EWM implements a single change, as if EWM were only managing one account. The individual participating accounts are then allocated their share of the investment purchase or sale.

Accordingly, while a client may request limitations on EWM's discretionary authority, some requested limitations may not be possible to achieve within the given strategy. In this case, the client and the firm will mutually agree to either terminate the engagement, accept the asset allocations in the strategy, or not put the client in the strategy.

### 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.
- **Strategy Risk.** When investments are made through a strategy, rather than individualized investment considerations, there is always the possibility that individualized investment choices would have produced a more positive result for a client than an approach where investments are made for a group of individuals with common characteristics.
- **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.
- **Options.** The use of options transactions as an investment strategy involves a high level of inherent risk. Although the intent of many of the options-related transactions implemented by EWM is to hedge against principal risk, certain of the options-related strategies (i.e., straddles, short positions, etc.), may in and of themselves, produce principal volatility and/or risk. Thus, a client must be willing to accept these enhanced volatility and principal risks associated with such strategies. In light of these enhanced risks, client may direct EWM, in writing, not to employ any or all such strategies for his/her/their/its accounts. Clients participating in an options strategy should *carefully* consider all information regarding the strategy and its risks prior to participating.
- **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 as 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 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 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.
- **International Investing.** Investing outside of the United States, especially in emerging markets, can have special or enhanced risks. The most obvious are political risk (changes in local politics can have a vast impact on the markets in that country as well as regulations affecting given issuers) and currency risk (changes in exchange rates between the dollar and the local denominations can materially affect the value of the security even if the underlying fundamentals and market price are stagnant). There are other risks, including enhanced liquidity risk, meaning that while domestic equities and mutual funds are generally easily liquidated (though there may be a risk of loss due to the timing of the sale), equities in other jurisdictions may be subject to the circumstances of lower overall market volume and fewer companies on an emerging exchange. In addition, there may be less information and less transparency in a foreign market or from a foreign company. Foreign markets impose different rules than domestic markets, which may not be to an investor's advantage. Also, companies in foreign jurisdictions are generally able to avail themselves of local laws and venues, meaning that legal remedies for U.S. investors may not be as easily obtained as in the U.S.

**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 insurance agents of Diversified Insurance Planning, LLC (“DIP”), an affiliated insurance agency. 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 their capacity as employees of EWM. Additionally, when a client is introduced to DIP by EWM, DIP shares 20% of insurance commissions generated from that client with EWM as compensation for the referral. Commissions from the sale of insurance products will not be used to offset or as a credit against advisory fees. EWM therefore has an incentive to recommend that clients utilize DIP for insurance services 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 DIP 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 agencies 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 Charles Schwab & Co., Inc. ("CS&Co."), 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 CS&Co. as custodian/broker, you will decide whether to do so and will open your account with CS&Co. 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. For accounts not managed through the Program, even though your account is maintained at CS&Co., we can still use other brokers to execute trades for your account as described below (see "Your brokerage and custody costs").

Client accounts enrolled in the Program are maintained at, and receive the brokerage services of, CS&Co, a broker-dealer registered with the Securities and Exchange Commission and a member of FINRA and SIPC. While clients are required to use CS&Co as custodian/broker to enroll in the Program, you will decide whether to do so and will open your account with CS&Co. by entering into an account agreement directly with them. We do not open the account for you. If you do not wish to place your assets with CS&Co, then we cannot manage your account through the Program. CS&Co may aggregate purchase and sale orders for ETFs across accounts enrolled in the Program, including both accounts for our clients and accounts for clients of other independent investment advisory firms using the Program.

### **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 are not managed through the Program and 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. Through Schwab Advisor Services, CS&Co provides us and our clients, both those enrolled in the Program and our clients not enrolled in the Program, with access to its institutional brokerage services – trading, custody, reporting and related services – many of which are not typically available to CS&Co retail customers. CS&Co also makes available various support services. Some of those services help us manage or administer our clients' accounts while others help us manage and grow our business. CS&Co's support services described below are generally available on an unsolicited basis (we don't have to request them) and at no charge to us. The availability to us of CS&Co's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients. Here is a more detailed description of CS&Co's support services:

#### *Services that benefit you*

CS&Co.'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 CS&Co. include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. CS&Co.'s services described in this paragraph generally benefit you and your account.

#### *Services that may not directly benefit you.*

CS&Co. 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 CS&Co.'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 CS&Co. In addition to investment research, CS&Co. 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.*

CS&Co. 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

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

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

The availability of services from CS&Co benefits us because we do not have to produce or purchase them. We don't have to pay for these services, and they are not contingent upon us committing any specific amount of business to CS&Co in trading commissions or assets in custody. With respect to the Program, as described above under Item 4 Advisory Business, we do not pay SPT fees for its services in connection with the Program so long as we maintain \$100 Million in client assets in accounts at CS&Co that are not enrolled in the Program. In light of our arrangements with Schwab, we may have an incentive to recommend that our clients maintain their accounts with CS&Co based on our interest in receiving Schwab's services that benefit our business rather than based on the client's interest in receiving the best value in custody services and the most favorable execution of transactions. This is a potential conflict of interest. We believe, however, that our selection of CS&Co as custodian and broker is in the best interests of our clients. It is primarily supported by the scope, quality and price of CS&Co's services 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, execute 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.

Upon request, clients are provided with quarterly performance reports, and portfolio and asset allocations are reviewed with clients during review meetings. All clients will receive statements and confirmations of trades directly from Schwab. 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.**

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us. These products and services, how they benefit us, and the related conflicts of interest are described above in Item 12. The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

**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**

There are two avenues through which EWM has custody of client funds; by directly debiting its fees from client accounts pursuant to applicable agreements granting such right, and potentially by permitting clients to issue standing letters of authorization (“SLOAs”). SLOAs permit a client to issue one document that directs EWM to make distributions out of the client’s account(s).

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 statement from their account custodian showing all transactions in their account, including the fee. This is the case for accounts in the Program as well.

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.

In addition to the account custodian’s custody procedures, clients issuing SLOAs will be requested to confirm, in writing, that the accounts to which funds are distributed are parties unrelated to EWM.

**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.