

**Form ADV Part 2A: *Firm Brochure***

**Item 1 – Cover Page**

**Executive Wealth Management, Ltd**

6940 "O" St., Suite 300

Lincoln, NE 68510

402-466-3400

<http://www.exec-wealth.com/>

Date of Disclosure Brochure: March 2017

---

This disclosure brochure provides information about the qualifications and business practices of Executive Wealth Management, Ltd (also referred to as we, us and Executive Wealth Management throughout this disclosure brochure). If you have any questions about the contents of this disclosure brochure, please contact Shannon Linder at 402-466-3400 or [shannon@exec-wealth.com](mailto:shannon@exec-wealth.com). The information in this disclosure brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Executive Wealth Management is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view our firm's information on this website by searching for Executive Wealth Management, Ltd or our firm's CRD number 281667.

\*Registration as an investment adviser does not imply a certain level of skill or training.

## **Item 2 – Material Changes**

Since filing the annual amendment to this brochure in March 2016, we have updated Items 4, 5, 10, and 12 to describe our new Retirement Plan Services, On-Going Investment Consulting services, Fixed Income Portfolios, contract with BAM Advisor Services LLC and current affiliation with LPL Financial and Fidelity Brokerage Services, LLC.

We will ensure that you receive a summary of any material changes to this and subsequent disclosure brochures within 120 days after our firm's fiscal year ends. Our firm's fiscal year ends on December 31, so you will receive the summary of material changes no later than April 30 each year. At that time we will also offer or provide a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes as necessary.

### Item 3 – Table of Contents

Item 1 – Cover Page .....	1
Item 2 – Material Changes .....	2
Item 3 – Table of Contents .....	3
Item 4 – Advisory Business .....	4
Description of Advisory Services .....	4
Financial Planning & Consulting Services .....	5
Referral of LPL Third-Party Money Manager Programs .....	6
Limits Advice to Certain Types of Investments .....	12
Tailor Advisory Services to Individual Needs of Clients .....	12
Client Assets Managed by Executive Wealth Management .....	12
Item 5 – Fees and Compensation .....	13
On-Going Investment Consulting Services .....	14
Financial Planning & Consulting Services .....	14
Referral of LPL Third-Party Money Manager Programs .....	15
Optimum Market Portfolios .....	16
Model Wealth Portfolios .....	17
Retirement Plan Services .....	19
Item 6 – Performance-Based Fees and Side-By-Side Management .....	20
Item 7 – Types of Clients .....	21
Minimum Investment Amounts Required .....	21
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	21
Methods of Analysis .....	21
Investment Strategies .....	22
Risk of Loss .....	22
Item 9 – Disciplinary Information .....	23
Item 10 – Other Financial Industry Activities and Affiliations .....	24
Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading .....	24
Code of Ethics Summary .....	24
Affiliate and Employee Personal Securities Transactions Disclosure .....	25
Item 12 – Brokerage Practices .....	25
Handling Trade Errors .....	26
Block Trading Policy .....	27
Agency Cross Transactions .....	27
Item 13 – Review of Accounts .....	27
Account Reviews and Reviewers .....	27
Statements and Reports .....	28
Item 14 – Client Referrals and Other Compensation .....	28
Item 15 – Custody .....	29
Item 16 – Investment Discretion .....	29
Item 17 – Voting Client Securities .....	30
Item 18 – Financial Information .....	30
Customer Privacy Policy Notice .....	30

#### **Item 4 – Advisory Business**

Executive Wealth Management is an investment adviser registered with the United States Securities and Exchange Commission (“SEC”) and is an S-Corporation formed under the laws of the State of Nebraska in October 2004.

- Executive Wealth Management is 100% owned by the Jeffrey C. Johnson Trust. Jeffrey C. Johnson is the trustee of the Jeffrey C. Johnson Trust and the President of Executive Wealth Management.
- Executive Wealth Management has been registered as an investment adviser in December 2015.

The investment advisory services of Executive Wealth Management are provided to you through an appropriately licensed and qualified individual who is an investment adviser representative of Executive Wealth Management (referred to as your investment adviser representative throughout this brochure).

#### **Description of Advisory Services**

The following are descriptions of the primary advisory services of Executive Wealth Management. Please understand that a written agreement, which details the exact terms of the service, must be signed by you and Executive Wealth Management before we can provide you the services described below.

We provide investment management services, including providing continuous investment advice to and making investments for you based on your individual needs. Through this service, we offer a customized and individualized investment program. A specific asset allocation strategy and suitability profile is crafted to focus on your specific goals and objectives. Your suitability information should be updated regularly, but at a minimum every 2 years.

Executive Wealth Management will typically create a portfolio of no-load mutual funds, and will generally use model portfolios if the models match the client's investment profile. We will allocate the client's assets among various investments taking into consideration the overall management style selected by the client. We primarily recommend portfolios consisting of mutual funds which follow a passive asset class investment philosophy with low holdings turnover. Other funds may be recommended as appropriate. Client portfolios may also include some individual equity securities. Separate accounts are maintained for you, and you retain all rights of ownership of your accounts (e. g., the right to withdraw securities or cash, exercise, or delegate proxy voting, and receive transaction confirmations).

Executive Wealth Management manages client portfolios on a discretionary basis. We may limit our discretion with respect to your account and the securities eligible to be purchased for your account.

*(See, Limits Advice to Certain Types of Investments under Item 4 - Advisory Business, relative to possible securities and investments utilized. See Item 16 - Investment Discretion, for information concerning discretionary authority.)*

During any month that there is activity in the Executive Wealth Management Advisory Program, you receive a monthly account statement from your custodian showing account activity as well as positions held in the account at month end. You also receive a detailed quarterly report showing performance, positions, and activity.

As part of the Advisory program, we may provide various wealth management services including retirement planning, charitable gift planning, college planning, tax planning, risk management counsel, establishment of and counsel on retirement plans and assistance with assets outside Executive Wealth Managements direct management.

### ***On-Going Investment Consulting Services***

You may retain our firm for our On-going Investment Consulting Service. Through this service we offer on-going reviews, consulting and recommendations for the investment accounts you'd like us to review. This service is appropriate for accounts that cannot be managed by our firm through the Strategic Wealth Management Program or Third-Party Money Managers program. For example, clients that have retirement plan accounts and accounts that cannot be moved to LPL may consider this service if they'd like us to provide reviews of the account.

We are available to meet with you to discuss any changes you may have in your financial or personal situation that requires a change. Accounts are reviewed based upon your specific needs and desires for future financial goals and/or objectives. General or specific recommendations are provided and the service offers continuous and regular consultations provided on a periodic basis as agreed to with each client.

Through this service, we will **not** have any authority or responsibility to implement our recommendations. All final decisions to accept our advice and implement our advice are your sole responsibility. **If you have accounts reviewed by our firm and are unable to implement our investment recommendations, it is important to notify us so that we can properly adjust future recommendations.**

You are always responsible for notifying Executive Wealth Management of any changes to your financial situation or investment objectives. We will meet with you as often as needed to determine your financial situation and investment objectives and to find out if you would like to impose and/or modify any reasonable restrictions on your accounts.

It is important that you understand that Executive Wealth Management provides investment advice to other clients and may give them advice or take actions for them or for our personal accounts that is different from the advice we provide to you. We are not obligated in any way to recommend to you any security or other investment that we may buy, sell or recommend for any other clients or for our own accounts.

### ***Financial Planning & Consulting Services***

Executive Wealth Management offers financial planning services which may or may not involve preparing a written financial plan incidental to the management of client accounts for a separate fee. Fees explained in Item 5 - Fees and Compensation. When providing financial planning and consulting services, the role of your investment adviser representative is to find ways to help you understand your overall financial situation and help you set financial objectives.

We also offer a one-time consultation, which covers mutually agreed upon areas of concern related to investments or financial planning. Under a "one-time" consultation, it will be incumbent upon you to identify those particular issues for which you are seeking our advice or consultation on. Our financial planning and consulting services may include one or more of the following topics or areas of focus.

- ✓ Retirement planning
- ✓ Divorce planning

- ✓ Small business retirement plan and succession planning
- ✓ Tax planning
- ✓ Education planning
- ✓ Insurance needs analysis
- ✓ Cash-flow needs
- ✓ Debt analysis
- ✓ Estate planning
- ✓ Asset allocation
- ✓ Investment recommendations and reviews

Specific topics or areas of focus will be agreed upon and detailed in each client's agreement for services. Our financial planning and consulting services do not involve implementing any transaction on your behalf or the active and ongoing monitoring or management of your investments or accounts. You have the sole responsibility for determining whether to implement our financial planning and consulting recommendations. To the extent that you would like to implement any of our investment recommendations through Executive Wealth Management or retain Executive Wealth Management to actively monitor and manage your investments, you must execute a separate written agreement with Executive Wealth Management for our asset management services.

While some associates of Executive Wealth Management may be licensed attorneys or accountants, Executive Wealth Management does not provide any legal or accounting advice. Clients should seek the counsel of a qualified accountant and/or attorney when necessary.

### ***Referral of LPL Third-Party Money Manager Programs***

Executive Wealth Management offer advisory services by referring some clients to third-party money managers offering asset management and other investment advisory services. The third-party managers are responsible for continuously monitoring client accounts and making trades in client accounts when necessary.

Under this program, we assist you with identifying your risk tolerance and investment objectives. We recommend third-party money managers in relation to your stated investment objectives and risk tolerance, and you may select a recommended third-party money manager or model portfolio based upon your needs. You must enter into an agreement directly with the third-party money manager who provides your designated account with asset management services. We are available to answer questions that you may have regarding your account and act as the communication conduit between you and the third-party money manager.

The third-party money manager may take discretionary authority to determine the securities to be purchased and sold for your account. We do not have any trading authority with respect to your designated account managed by the third-party money manager.

Any third-party investment advisors recommended by us must be registered or exempt from registration in the state where you reside. You are advised that our representatives may have a conflict of interest by only offering those third party investment advisors that have agreed to pay a portion of their advisory fee to us. You are advised that there may be other third party managed programs that may be suitable to you and that may be more or less costly. No guarantees can be made that your financial goals or objectives will be achieved. Further, no guarantees of performance can be offered. Investments involve risk, including the possible loss of principal.

### ***Optimum Market Portfolios***

The Optimum Market Portfolios (OMP) program offers clients the ability to participate in a professionally managed asset allocation program designed by LPL Financial. Executive Wealth Management will obtain the necessary financial data from each client and then select the proper fund portfolio program. While Executive Wealth Management selects the proper portfolio program, LPL Financial will manage the underlying Optimum Funds on a discretionary basis consistent with the portfolio program objectives. LPL Financial does not directly manage fund assets on behalf of any particular client.

LPL follows an asset allocation investment style in constructing portfolios for the Program. Asset allocation methodology is implemented by combining investments representing various asset classes that react differently to varying market conditions. Thus, if one asset class reacts negatively to certain market events, the potential exists for another asset class to react positively. As with any investment strategy, there is no guarantee that the use of an asset allocation strategy will produce favorable results. Executive Wealth Management is responsible for educating the client about this investment style in advance of opening the Account by explaining the various asset classes (e.g., large cap growth, large cap value, etc.) being used within the selected portfolio. This educational process continues throughout the time that the client maintains the account.

OMP is one of several portfolio platforms centrally managed by LPL Financial. OMP enables advisors of Executive Wealth Management to manage client assets through diversified asset allocation models, professional money management, automatic rebalancing, and online marketing and sales support.

A minimum account value of \$15,000 is required for OMP.

### ***Model Wealth Portfolios***

MWP offers clients a professionally managed mutual fund asset allocation program. Executive Wealth Management investment advisor representatives will obtain the necessary financial data from the client, assist the client in determining the suitability of the MWP program and assist the client in setting an appropriate investment objective. The Advisor will initiate the steps necessary to open an MWP account and have discretion to select a model portfolio designed by LPL's Research Department consistent with the client's stated investment objective. LPL's Research Department is responsible for selecting the mutual funds within a model portfolio and for making changes to the mutual funds selected.

The client will authorize LPL to act on a discretionary basis to purchase and sell mutual funds including in certain circumstances exchange traded funds and to liquidate previously purchased securities. The client will also authorize LPL to effect rebalancing for MWP accounts.

In the future, the MWP program may make available model portfolios designed by strategists other than LPL's Research Department. If such models are made available, Advisor will have discretion to choose among the available models designed by LPL or outside strategists.

A minimum account value of \$25,000 is required for MWP.

### ***Manager Select Program***

Manager Access Select provides clients access to the investment advisory services of professional portfolio management firms for the individual management of client accounts. Advisor will assist client in identifying a third party portfolio manager (Portfolio Manager) from a list of Portfolio Managers made

available by LPL. The Portfolio Manager manages client's assets on a discretionary basis. Advisor will provide initial and ongoing assistance regarding the Portfolio Manager selection process.

A minimum account value of \$100,000 is required for Manager Access Select, however, in certain instances, the minimum account size may be lower or higher.

### **Fixed Income Portfolios**

Executive Wealth Management may also recommend fixed income portfolios to advisory clients, which consist of discretionary managed accounts of individual bonds. Executive Wealth Management will request discretionary authority from advisory clients to manage fixed income portfolios, including the discretion to retain a third party fixed income manager. Executive Wealth Management will prepare a separate Fixed Income Investment Policy Statement for any client qualifying for separate fixed income portfolio services.

The fixed income securities manager will be provided with the discretionary authority to invest client assets in fixed income securities consistent with the clients' Fixed Income Investment Policy Statement or other investment parameters. The manager will also monitor the account for changes in credit ratings, security call provisions, and tax loss harvesting opportunities (to the extent the manager is provided with cost basis information). The manager will obtain Executive Wealth Management's consent prior to the sale of any client fixed income securities.

### **Retirement Plan Services**

Executive Wealth Management offers retirement plan services to retirement plan sponsors and to individual participants in retirement plans. For a corporate sponsor of a retirement plan, our retirement plan services can include, but are not limited to, the following services:

#### Fiduciary Consulting Services

Executive Wealth Management provides the following Fiduciary Retirement Plan Consulting Services:

- Investment Policy Statement Preparation. Executive Wealth Management will help you develop an investment policy statement. The investment policy statement establishes the investment policies and objectives for the Plan. You will have the ultimate responsibility and authority to establish such policies and objectives and to adopt and amend the investment policy statement.
- Non-Discretionary Investment Advice. Executive Wealth Management will provide you with general, non-discretionary investment advice regarding assets classes and investment options, consistent with your Plan's investment policy statement.
- Investment Selection Services. Executive Wealth Management will provide you with recommendations of investment options consistent with ERISA section 404(c).
- Investment Due Diligence Review. Executive Wealth Management will provide you with periodic due diligence reviews of the Plan's reports, investment options and recommendations.
- Investment Monitoring. Executive Wealth Management will assist in monitoring investment options by preparing periodic investment reports that document investment performance, consistency of fund management and conformation to the guidelines set forth in the investment



policy statement and Executive Wealth Management will make recommendations to maintain or remove and replace investment options.

- Default Investment Alternative Advice. Executive Wealth Management will provide you with non-discretionary investment advice to assist you with the development of qualified default investment alternative(s) ("QDIA"), as defined in DOL Reg. Section 2550.404c-5(e)(4)(i), for participants who are automatically enrolled in the Plan or who otherwise fail to make an investment election. You will retain the sole responsibility to provide all notices to participants required under ERISA section 404(c)(5).
- Individualized Participant Advice. Upon request, Executive Wealth Management will provide one-on-one advice to Plan participants regarding their individual situations.

For Fiduciary Consulting Services, all recommendations of investment options and portfolios will be submitted to you for your ultimate approval or rejection. The retirement plan sponsor client or the plan participant who elects to implement any recommendations made by us is solely responsible for implementing all transactions.

Fiduciary Consulting Services are not management services and Executive Wealth Management does not serve as administrator or trustee of the plan. Executive Wealth Management does not act as custodian for any client account or have access to client funds or securities (with the exception of, some accounts, having written authorization from the client to deduct our fees).

Executive Wealth Management acknowledges that in performing the Fiduciary Consulting Services listed above that it is acting as a "fiduciary" as such term is defined under Section 3(21)(A)(ii) of Employee Retirement Income Security Act of 1974 ("ERISA") for purposes of providing non-discretionary investment advice only. Executive Wealth Management will act in a manner consistent with the requirements of a fiduciary under ERISA if, based upon the facts and circumstances, such services cause Executive Wealth Management to be a fiduciary as a matter of law. However, in providing the Fiduciary Consulting Services, Executive Wealth Management (a) has no responsibility and will not (i) exercise any discretionary authority or discretionary control respecting management of Client's retirement plan, (ii) exercise any authority or control respecting management or disposition of assets of Client's retirement plan, or (iii) have any discretionary authority or discretionary responsibility in the administration of Client's retirement plan or the interpretation of Client's retirement plan documents, (b) is not an "investment manager" as defined in Section 3(38) of ERISA and does not have the power to manage, acquire or dispose of any plan assets, and (c) is not the "Administrator" of Client's retirement plan as defined in ERISA.

#### Fiduciary Management Services

Executive Wealth Management provides clients with the following Fiduciary Retirement Plan Management Services:

- Discretionary Management Services. Executive Wealth Management will provide you with continuous and ongoing supervision over the designated retirement plan assets. Executive Wealth Management will actively monitor the designated retirement plan assets and provide advice regarding buying, selling, reinvesting or holding securities, cash or other investments of the Plan. We have discretionary authority to make all decisions to buy, sell or hold securities, cash or other investments for the designated retirement plan assets in the our sole discretion without first consulting with you. We also have the power and authority to carry out these

decisions by giving instructions, on your behalf, to brokers and dealers and the qualified custodian(s) of the Plan for our management of the designated retirement plan assets.

- Discretionary Investment Selection Services. Executive Wealth Management will monitor the investment options of the Plan and add or remove investment options for the Plan. Executive Wealth Management will have discretionary authority to make all decisions regarding the investment options that will be made available to Plan participants.
- Default Investment Alternative Management. Executive Wealth Management will develop and actively manage qualified default investment alternative(s) ("QDIA"), as defined in DOL Reg. Section 2550.404c-5(e)(4)(i), for participants who are automatically enrolled in the Plan or who otherwise fail to make an investment election.
- Investment Management via Model Portfolios. Executive Wealth Management will provide discretionary management via model portfolios. Executive Wealth Management manages Model Portfolios which are investment options available to Plan participants. If a Plan has elected to include Executive Wealth Management's Model Portfolios as available options for the qualified retirement plan, then each Plan participant will have the option to elect or not elect the Model Portfolios managed by Executive Wealth Management and will be allowed to impose reasonable restrictions upon the management of each account by written instructions to Executive Wealth Management.

If you elect to utilize any of Executive Wealth Management's Fiduciary Management Services, then Executive Wealth Management will be acting as an Investment Manager to the Plan, as defined by ERISA section 3(38), with respect to our Fiduciary Management Services, and Executive Wealth Management hereby acknowledges that it is a fiduciary with respect to its Fiduciary Management Services.

#### Non-Fiduciary Services

Although an investment adviser is considered a fiduciary under the Investment Advisers Act of 1940 and required to meet the fiduciary duties as defined by the Advisers Act, the services listed here as non-fiduciary should not be considered fiduciary services for the purposes of ERISA since Advisor is not acting as a fiduciary to the Plan as the term "fiduciary" is defined in Section 3(21)(A)(ii) of ERISA. The exact suite of services provided to a client will be listed and detailed in the Qualified Retirement Plan Agreement.

Executive Wealth Management provides clients with the following Non-Fiduciary Retirement Plan Consulting Services:

- Participant Education. Executive Wealth Management will provide education services to Plan participants about general investment principles and the investment alternatives available under the Plan. Executive Wealth Management's assistance in participant investment education will be consistent with and within the scope of DOL Interpretive Bulletin 96-1. Education presentations will not take into account the individual circumstances of each participant and individual recommendations will not be provided unless otherwise agreed upon. Plan participants are responsible for implementing transactions in their own accounts.

- Participant Enrollment. Executive Wealth Management will assist you with group enrollment meetings designed to increase retirement plan participation among employees and investment and financial understanding by the employees.
- Qualified Plan Development. Executive Wealth Management will assist you with the establishment of a qualified plan by working with you and a selected Third Party Administrator. If you have not already selected a Third Party Administrator, we shall assist you with the review and selection of a Third Party Administrator for the Plan.
- Due Diligence Review. Executive Wealth Management will provide you with periodic due diligence reviews of your Plan's fees and expenses and your Plan's service providers.
- Fiduciary File Set-up. Executive Wealth Management will help you establish a "fiduciary file" for the Plan which contains trust documents, custodial/brokerage statements, investment performance reports, services agreements with investment management vendors, the investment policy statement, investment committee minutes, asset allocation/asset liability studies, due diligence fields on funds/money managers and monitoring procedures for funds and/or money managers.
- Benchmarking. Executive Wealth Management will provide you benchmarking services and will provide analysis concerning the operations of the Plan.

We can also meet with individual participants to discuss their specific investment risk tolerance, investment time frame and investment selections.

#### General Disclosures

Securities and other types of investments all bear different types and levels of risk. Those risks are typically discussed with clients in defining the investment policies and objectives that will guide investment decisions for their qualified plan accounts. Upon request, as part of our retirement plan services, we can discuss those investments and investment strategies that we believe may tend to reduce these risks for a particular client's circumstances and plan participants.

Clients and plan participants must realize that obtaining higher rates of return on investments entails accepting higher levels of risk. Based upon discussions with the client, we will attempt to identify the balance of risks and rewards that is appropriate and comfortable for the client and other employees. It is still the clients' responsibility to ask questions if the client does not fully understand the risks associated with any investment. All plan participants are strongly encouraged to read prospectuses, when applicable, and ask questions prior to investing.

We strive to render our best judgment for clients. Still, Executive Wealth Management cannot assure that investments will be profitable or assure that no losses will occur in their portfolios. Past performance is an important consideration with respect to any investment or investment advisor, but it is not necessarily an accurate predictor of future performance.

Executive Wealth Management will disclose, to the extent required by ERISA Regulation Section 2550.408b-2(c), to you any change to the information that we are required to disclose under ERISA Regulation Section 2550.408b-2(c)(1)(iv) as soon as practicable, but no later than sixty (60) days from the date on which we are informed of the change (unless such disclosure is precluded due to extraordinary circumstances beyond our control, in which case the information will be disclosed as soon as practicable).

In accordance with ERISA Regulation Section 2550.408b-2(c)(vi)(A), we will disclose within thirty (30) days following receipt of a written request from the responsible plan fiduciary or Plan Administrator (unless such disclosure is precluded due to extraordinary circumstances beyond our control, in which case the information will be disclosed as soon as practicable) all information related to the Qualified Retirement Plan Agreement and any compensation or fees received in connection with the Agreement that is required for the Plan to comply with the reporting and disclosure requirements of Title 1 of ERISA and the regulations, forms and schedules issued thereunder.

If we make an unintentional error or omission in disclosing the information required under ERISA Regulation Section 2550.408b-2(c)(1)(iv) or (vi), we will disclose to you the correct information as soon as practicable, but no later than thirty (30) days from the date on which we learn of such error or omission.

### **Limits Advice to Certain Types of Investments**

Executive Wealth Management provides investment advice on the following types of investments:

- Mutual Funds
- Exchange-listed Securities
- Securities Traded Over-the-Counter
- Certificates of Deposit
- Municipal Securities
- Variable Annuities
- U.S. Government Securities
- Corporate Bonds

Although we generally provide advice only on the products previously listed, we reserve the right to offer advice on any investment product that may be suitable for each client's specific circumstances, needs, goals and objectives.

It is not our typical investment strategy to attempt to time the market, but we may increase cash holdings modestly as deemed appropriate based on your risk tolerance and our expectations of market behavior. We may modify our investment strategy to accommodate special situations such as low basis stock, stock options, legacy holdings, inheritances, closely held businesses, collectibles, or special tax situations.

*(Please refer to Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss for more information.)*

### **Tailor Advisory Services to Individual Needs of Clients**

Executive Wealth Management's advisory services are always provided based on your individual needs. We work with you on a one-on-one basis through interviews and questionnaires to determine your investment objectives and suitability information. We will not enter into an investment adviser relationship with a prospective client whose investment objectives may be considered incompatible with our investment philosophy or strategies or where the prospective client seeks to impose unduly restrictive investment guidelines.

### **Client Assets Managed by Executive Wealth Management**

As of January 18, 2017, the amount of client assets managed by our firm is \$307,909,301. The entire portion is managed on a discretionary basis. Please refer to Item 15 for an explanation of our discretionary authorization.

## **Miscellaneous**

**Financial Planning and Non-Investment Consulting/Implementation Services.** Executive Wealth Management *may* provide consulting services regarding non-investment related matters, such as estate planning, retirement planning, tax planning, insurance, etc. Executive Wealth Management does not serve as an attorney, accountant, or insurance agent, and no portion of Executive Wealth Management's services should be construed as same. To the extent requested by a client, Executive Wealth Management may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.), including representatives of. You retain absolute discretion over all such implementation decisions and are free to accept or reject any recommendation from Executive Wealth Management and/or its investment adviser representatives.

**Please Note:** If you engage any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional.

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

### **Item 5 – Fees and Compensation**

In addition to the information provided in *Item 4 – Advisory Business*, this section provides additional details regarding our firm's services along with descriptions of each service's fees and compensation arrangements. It should be noted that lower fees for comparable service may be available from other sources. The exact fees and other terms will be outlined in the agreement between you and Executive Wealth Management. Executive Wealth Management has contracted with BAM Advisor Services, LLC (BAM), for services including trade processing, collection of management fees, record maintenance, report preparation, marketing assistance, and research. Executive Wealth Management has also contracted with BAM for sub-advisory services with respect to clients' fixed income accounts. The fee charged by Executive Wealth Management to its clients includes all sub-advisory fees charged by BAM.

The annual investment advisory fee charged will vary between 0.00% and 2.00% of the assets held in the account and is negotiable depending on the market value of the account, types of securities held in your account, complexity of your portfolio and financial planning needs, your investment adviser representative and the time and effort necessary to advise and manage your account.

The annual fee is divided and paid quarterly in advance through a direct debit to your account. Executive Wealth Management will request authority from the client to receive quarterly payments directly from the client's account held by and independent custodian. Clients may provide written limited authorization to Executive Wealth Management to its designated service provider, BAM Advisor Services, to withdraw fees from the account. However, certain their party administration service providers for participant-directed plans may calculate the fee based on their record and remit such fee to Executive Wealth Management. Administrators may use varying billing date and billing periods. Fees are based on the account's asset value as of the last business day of the prior calendar quarter. Fees for accounts opened at any time other than the beginning of the quarter are prorated based on the number of days remaining in the initial quarter.

Prior to engaging Executive Wealth Management to provide investment management services, you are required to enter into a formal investment advisory agreement with us setting forth the terms and conditions, including the amount of investment advisory fees, under which we manage your assets and also a separate custodial/clearing agreement.

You may incur certain charges imposed by third parties other than Executive Wealth Management in connection with investments made through the account including, but not limited to, transaction fees, 12b-1 fees and surrender charges, and IRA and qualified retirement plan fees. Our management fees are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to you. A description of these fees and expenses are available in each investment company security's prospectus.

Either party may terminate the agreement for services at any time. If services are terminated within five business days of executing the agreement, services are terminated without penalty and a full refund of all fees paid in advance is provided. If services are terminated after the initial five day period, we provide you with a prorated refund of fees paid in advance. The refund is based on the number of days service is actually provided during the final billing period. Termination is effective from the time the other party receives written notification or such other time as may be mutually agreed upon, subject to the settlement of transactions in progress and the final refund of advisory fees. There is no penalty charge on termination.

#### **On-Going Investment Consulting Services**

We do not charge a separate or additional fee reviewing accounts under our On-Going Investment Consulting Services. However, this service is only available to clients that have accounts managed through Strategic Wealth Management Program or our Third-Party Money Manager program. This service is considered complimentary to those services.

#### **Financial Planning & Consulting Services**

If you have an account through one or more of the other investment advisors services detailed in this brochure, we may provide financial planning and consulting services on a complimentary basis by waiving our standard hourly or fixed fee.

Fees for financial planning and consulting services can be charged on either a fixed or hourly basis as determined jointly by you and Executive Wealth Management. Hourly fees range between \$100 and \$400 depending on the firm's personnel delivering services. Fixed fees range from \$500 to \$10,000. Both hourly and fixed fees are negotiable based upon the actual services requested, the complexity of your situation and the representative providing the services.

If fees are charged on an hourly basis, we will provide an estimate of the hours needed to complete the requested plan. If more time is needed to complete the plan than the original estimate, we will request your permission prior to proceeding with any additional work. You are charged for the actual time expended on the plan.

You may be required to pay up to ½ (one-half) of the fixed fee or estimated hourly fee at the time you execute an engagement for services with the remaining amount due upon presentation of the plan or completion of services and we provide you with a detailed billing statement.

One-time services terminate thirty (30) days following the delivery of the written financial plan or completion of all consultations. On-going services may be terminated by either you or Executive Wealth Management by providing the other party with written notice.

If you terminate the financial planning services, you will be responsible for immediate payment of any financial planning services performed by Executive Wealth Management prior to the receipt by Executive Wealth Management of your notice. For financial planning services performed by Executive Wealth Management under a fixed fee arrangement, you will pay a pro-rated fixed fee equivalent to the percentage of work we have completed as determined by Executive Wealth Management. For financial planning services performed by Executive Wealth Management under an hourly fee arrangement, you will pay a pro-rated fee equivalent to the number of hours of work we have completed at the agreed upon hourly rate. In the event that there is a remaining balance of any fees paid in advance after the deduction of fees from the final invoice, those remaining proceeds will be refunded by Executive Wealth Management to you.

You may pay the fees owed for the financial planning services by submitting payment directly to us by check. You should notify Executive Wealth Management within ten (10) days of receipt of an invoice if you have questions about or dispute any billing entry.

The standard billing dates and events for on-going services are the following: (1) the first business day of each calendar quarter; (2) the date or thereafter that Executive Wealth Management substantially provides the agreed upon services; and (3) the date the engagement is terminated by either you or Executive Wealth Management. Upon presentment of the invoice to you, Executive Wealth Management will deduct the hourly fees due Executive Wealth Management against your current retainer balance and you are required to pay immediately any outstanding balance of hourly fees due.

All fees paid to Executive Wealth Management for advisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees and expenses are described in each mutual fund's prospectus. These fees will generally include a management fee, other fund expenses and a possible distribution fee. If the fund also imposes sales charges, you may pay an initial or deferred sales charge.

All fees paid to Executive Wealth Management for financial planning services are separate and distinct from the commissions charged by a broker-dealer or asset management fees charged by an investment adviser to implement such recommendations.

A conflict exists between the interests of our firm and your interests. This is because if you choose to implement advice provided in our plans through one of the other programs we offer or through our investment advisor representatives' individual capacities as LPL registered representatives or insurance agents, compensation will be received by us in addition to the financial planning fees we charge. You are under no obligation to act upon our financial planning recommendations. If you choose to act on any of our recommendations, you are under no obligations to effect transactions through our firm or through our investment advisor representatives' individual capacities as LPL Financial registered representatives or insurance agents.

#### **Referral of LPL Third-Party Money Manager Programs**

Executive Wealth Management offers advisory services by referring some clients to a third-party money manager offering asset management and other investment advisory services.

## ***Optimum Market Portfolios***

LPL requires a minimum investment amount of \$15,000 to establish an OMP account. The maximum annual fee charged through the program is 2.5% of the total value of assets held in your account(s). Fees are negotiable depending on the market value of the account, asset types, your financial situation and trading activity. The annual fees are divided and paid quarterly in advance through a direct debit in your account. LPL is responsible for calculating and debiting all fees from your accounts. You must provide LPL written authorization to debit advisory fees from your account(s) and pay those fees to us. The account quarter begins on the first day of the month in which the account is accepted. Annual fees are divided and billed quarterly in advance by LPL. If you participate in OMP, you must execute the OMP Market Portfolios Client Agreement. There may be other fees and expenses related to the management of OMP accounts. Full details of all fees are provided in the OMP Form ADV Part 2 Appendix 1, a copy of which is provided to all clients participating in OMP.

We receive up to 97.5% of the total fee charged to you.

The fee charged may be negotiable based on the how the assets are invested. Fees are negotiable depending on the market value of the account, asset types, your financial situation and trading activity. We may also receive other compensation for participating in OMP such as bonuses, awards, or other things of value offered by LPL. The amount of this compensation may be more or less than if you had participated in our other advisory programs or if you paid separately for investment advice, brokerage and other client services. Therefore, we may have an incentive to recommend OMP over other programs.

You may also incur certain charges imposed by LPL or third parties other than us in connection with investments made through OMP accounts, including among others, the following types of charges: mutual fund management fees and administrative servicing fees, omnibus processing fees, sub-transfer agent fees, networking fees, other transaction charges and service fees, IRA and Qualified Retirement Plan fees, administrative servicing fees for trust accounts, and other charges required by law. LPL may receive a certain portion of these third party fees. Further information regarding charges and fees assessed by the OMP Funds are available in the appropriate prospectus.

LPL serves as a sub-services agent with respect to OMP accounts. As such, LPL provides all sub-accounting and shareholder recordkeeping with respect to OMP Fund shares and provides certain administrative services. LPL receives administrative servicing fees from the service agent of the OMP Funds. Further, LPL provides investment consulting services to us regarding the OMP Funds. These services include assistance in selecting sub-advisors to the OMP Funds, providing quarterly fact sheets about the OMP Funds, meeting with sub-advisors of the OMP Funds to discuss performance, and assisting the investment advisor of the OMP Funds for making recommendations on sub-advisors to the Board of Trustees. LPL receives an investment consulting compensation from the investment advisor to the OMP Funds.

You can terminate an OMP account by providing written notice to LPL. Upon termination, you are entitled to a prorated refund of any pre-paid quarterly fees based on the number of days remaining in the quarter after termination. If you close the account within the first six months as a result of withdrawals bringing the account value below the required minimum, we, along with LPL, reserve the right to retain the pre-paid quarterly fees for the current quarter in order to cover the administrative cost of establishing an OMP account. These fees may include costs to transfer positions into and out of the account, data entry costs to open the account, costs associated with reconciling positions in order to issue quarterly performance reports and the cost of re-registering positions.



This section is intended as a summary of OMP. If you contract for OMP services, you receive the OMP Form ADV Part 2A Appendix 1 which provides detailed information regarding OMP.

### ***Model Wealth Portfolios***

The maximum annual fee charged through the program is 2.5% of the total value of assets held in your account(s). Fees are negotiable depending on the market value of the account, asset types, your financial situation and trading activity. The annual fees are divided and paid quarterly in advance through a direct debit in your account(s). LPL is responsible for calculating and debiting all fees from your accounts. You must provide LPL written authorization to debit advisory fees from your account(s) and pay those fees to us. Fees are based on the account's asset value as of the last business day of the prior calendar quarter. Fees for accounts opened at any time other than the beginning of a quarter are prorated based on the number of days remaining in the initial quarter. If you participate in MWP, you must execute the MWP Client Agreement.

We receive up to 85% of the fee charged to you. The portion we receive is based on the fees that LPL charges and they consider the amount of money in the program and the costs of trading and other internal expenses. Fees are not negotiable. We may also receive other compensation for participating in MWP such as bonuses, awards, or other things of value offered by LPL. The amount of this compensation may be more or less than if you had participated in our other advisory programs or if you paid separately for investment advice, brokerage and other client services. Therefore, we may have an incentive to recommend MWP over other programs.

You may also incur certain charges imposed by LPL or third parties other than us in connection with investments made through MWP accounts, including among others, the following types of charges: mutual fund management fees and administrative servicing fees, omnibus processing fees, sub-transfer agent fees, networking fees, other transaction charges and service fees, IRA and Qualified Retirement Plan fees, administrative servicing fees for trust accounts, and other charges required by law. LPL and our representatives, in their capacity as LPL registered representatives, may receive a portion of these third party fees.

You may incur certain charges imposed by third parties other than us in connection with investments made through the account, including but not limited to, mutual fund sales loads, 12b-1 fees and surrender charges. Our representatives, in their separate capacities as registered representatives of LPL, may retain 12b-1 fees paid. However, unless otherwise stated in the MWP client agreement, advisory fees charged in retirement accounts are reduced by 12b-1 fees paid to LPL and our representatives in their capacity as LPL registered representatives.

You can terminate an MWP account by providing written notice to LPL. Upon termination, you are entitled to a prorated refund of any pre-paid quarterly fees based upon the number of days remaining in the quarter after termination. If you close the account within the first six months as a result of withdrawals bringing the account value below the required minimum, both Executive Wealth Management and LPL reserve the right to retain the pre-paid quarterly fees for the current quarter in order to cover the administrative cost of establishing an MWP account. The fees may include costs to transfer positions into and out of the account, data entry costs to open the account, costs associated with reconciling positions in order to issue quarterly performance reports and the cost of re-registering positions.

This section is intended as a summary of MWP. If you contract for MWP services, you will receive the MWP Form ADV Part 2A Appendix 1 providing detailed information regarding MWP.

### ***Manager Select Program***

You are required to execute a Manager Select client agreement and establish a brokerage account through LPL who provides you with quarterly account statements (provided monthly when activity occurs), confirmations and performance reports. Third party investment advisors seek to obtain the best execution possible given the direction to trade through LPL. In some cases, third party investment advisors, in connection with their duty to seek to achieve best execution, may choose to execute transactions through a broker/dealer other than LPL.

In considering whether or not to restrict the execution of transactions through LPL, LPL evaluated its capacities to execute, clear and settle transactions. When securities transactions are effected through LPL, there are no brokerage commissions charged to the account. If the third party investment advisor chooses to execute a transaction through a broker/dealer other than LPL, the execution price may include a commission or fee imposed by the executing broker/dealer. In evaluating whether to execute a trade through a broker/dealer other than LPL, the third party investment advisor considers the fact that the account is not charged a commission if it is effected through LPL.

You should consider whether or not appointing LPL as the broker/dealer may or may not result in certain costs or disadvantages to you as a result of possibly less favorable executions. In particular, you should understand that your Manager Select account may not be able to participate in block trades affected by a third party investment advisor for its other accounts, which may result in a difference between prices charged to a Manager Select account and the third-party investment advisor's other accounts.

Transactions in fixed income securities may involve mark-up or mark-downs or other charges in addition to the advisory fee. LPL may act as a principal on fixed income trades in Manager Select accounts. In cases where LPL acts as a principal on fixed income trades, LPL may receive additional compensation to the extent it is able to sell fixed income securities for a price higher than what is paid. This may result in higher costs and lower performance than you would have otherwise received.

LPL may aggregate your transactions with other clients' to improve the quality of execution. When transactions are aggregated, the actual prices applicable to the aggregated transactions are averaged, and your account is deemed to have purchased or sold its proportionate share of the securities involved at the average price obtained.

The minimum investment amount required to participate in Manager Select is \$100,000. However, some third-party investment advisors may have higher account minimum requirements. Account minimums are generally higher on fixed income accounts than equity based accounts. A complete description of the third-party investment advisor's services, fee schedules and account minimums is disclosed in the third party investment advisor's Form ADV Part 2A Appendix 1 which is provided to you at the time a third-party investment advisor is selected.

The maximum annual fee charged through the program is 3% of the total value of assets held in your account(s). Fees are negotiable depending on the market value of the account, asset types, your financial situation and trading activity. The annual fees are divided and paid quarterly in advance through a direct debit in your account. LPL is responsible for calculating and debiting all fees from your account(s). You must provide LPL written authorization to debit advisory fees from your accounts and

pay those fees to us. Fees are based on the account's asset value as of the last business day of the prior calendar quarter. Fees for accounts opened at any time other than the beginning of a quarter are prorated based on the number of days remaining in the initial quarter. If you participate in Manager Select, you must execute the Manager Select Client Agreement.

We receive up to 85% of the total fee charged to you. Fees are negotiable depending on the market value of the account, asset types, your financial situation and trading activity. We may also receive other compensation for participating in Manager Select such as bonuses, awards, or other things of value offered by LPL. The amount of this compensation may be more or less than if you had participated in our other advisory programs or if you paid separately for investment advice, brokerage and other client services. Therefore, we may have an incentive to recommend Manager Select over other programs.

Clients may also incur certain charges imposed by LPL or third parties other than us in connection with investments made through Manager Select accounts, including among others, the following types of charges: mutual fund management fees and administrative servicing fees, omnibus processing fees, sub-transfer agent fees, networking fees, other transaction charges and service fees, IRA and Qualified Retirement Plan fees, administrative servicing fees for trust accounts, and other charges required by law. LPL and our representatives, in their capacity as LPL registered representatives, may receive a portion of certain of these third party fees.

Clients are advised that we may have a conflict of interest by only offering those third-party investment advisors that have agreed to participate in Manager Select. In addition, we may receive additional compensation from advisory product sponsors. Such compensation may not be tied to the sales of any products. Compensation may include such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings or advertising or marketing initiatives.

You are advised that there may be other third-party managed programs that may be suitable to you that may be more or less costly. No guarantees can be made that your financial goals or objectives are achieved. Further, no guarantees of performance can be offered. Investments involve risk, including the possible loss of principal.

You can terminate a Manager Select account by providing written notice to LPL. Upon termination, you are entitled to a prorated refund of any pre-paid quarterly fees based on the number of days remaining in the quarter after termination. If you close the account within the first six months as a result of withdrawals bringing the account value below the required minimum, both Executive Wealth Management and LPL reserve the right to retain the pre-paid quarterly fees for the current quarter in order to cover the administrative cost of establishing a Manager Select account. Those fees may include costs to transfer positions into and out of the account, data entry costs to open the account, costs associated with reconciling positions in order to issue quarterly performance reports and the cost of re-registering positions.

### **Retirement Plan Services**

For retirement plan sponsor clients, Executive Wealth Management will charge an annual fee that is calculated as a percentage of the value of plan assets. Our fee range for services is 0.00% to 2.00% annually based on the value of plan assets. This fee is negotiable and dependent upon the complexity of the plan, the size of the plan assets, the actual services requested, the representative providing the services and the potential for additional deposits.

For individual participants that retain us for personalized, individual participant account advice, we charge a percentage of the participant's account value. The percentage fee ranges from 0.00% to 1.25% per year. Fees are negotiable based upon the actual services requested and the complexity of the participant's situation.

For retirement plan sponsors and participants, fees may be billed in advance or in arrears of the billing period depending on the custodian or plan sponsor platform. When billed in advance, fees are billed at the start of the billing period on a quarterly calendar basis and calculated based on the fair market value of your account as of the last business day of the previous billing period. When fees are billed in advance, fees are prorated (based on the number of days service is provided during the initial billing period) for your account opened at any time other than the beginning of the billing period.

When fees are billed in arrears, fees are billed at the end of the billing period on a quarterly calendar basis and calculated based on the fair market value of your account as of the last business day of the billing period. When fees are billed in arrears, fees are prorated (based on the number of days service is provided during the initial billing period) for your account opened at any time other than the beginning of the billing period.

In some cases, fees may be billed monthly rather than quarterly. The determining factor for a quarterly versus monthly billing schedule is dependent on the plan administrator or record keeper.

Retirement plan sponsors may also elect to pay all or a portion of fees for the individualized services provided by us to the plan participants.

Clients can elect to have the fee deducted from their account or billed directly and due upon receipt of the billing notice. If clients elect to have the fee automatically deducted from an existing account, they are required to provide the custodian with written authorization to deduct the fees from the account and pay the fees to Executive Wealth Management. All fees are calculated and debited by the Plan custodian. You may terminate the services upon providing Executive Wealth Management with notice. We may terminate the services upon providing you with written notice effective upon 30 days after you receive the written notice. If services are terminated within five business days of signing the client agreement, services are terminated without penalty. Any prepaid but unearned fees are promptly refunded to the client at the effective date of termination.

All fees paid to Executive Wealth Management for advisory services are separate and distinct from the fees and expenses charged by other plan vendors and service providers such as custodians, third-party administrators, and mutual fund sponsor companies. Executive Wealth Management does not reasonably expect to receive any other compensation, direct or indirect, for its services. If we receive any other compensation for such services, we will (i) offset that compensation against our stated fees, and (ii) will disclose the amount of such compensation, the services rendered for such compensation and the payer of such compensation to you.

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

Performance-based fees are defined as fees based on a share of capital gains on or capital appreciation of the assets held in a client's account. *Item 6* is not applicable to this Disclosure Brochure because we do not charge or accept performance-based fees.

## **Item 7 – Types of Clients**

Executive Wealth Management generally provides investment advice to the following types of clients:

- Individuals
- High net worth individuals (clients with more than \$1,000,000 under our management and/or \$2,000,000 net worth)
- Banks or thrift institutions
- Pension and profit sharing plans
- Trusts, estates, or charitable organizations
- Corporations or business entities other than those listed above

You are required to execute a written agreement with Executive Wealth Management specifying the particular advisory services in order to establish a client arrangement with Executive Wealth Management.

### **Minimum Investment Amounts Required**

We do not impose a minimum investment amount for the SWM Program or the LPL Third-Party Money Manager programs. However, please refer to the previous disclosures in Item 5 for a description of the account minimums imposed by LPL for the LPL Third Party Money Manager programs.

The minimum fee generally charged for financial planning services provided on an hourly basis is \$100 and the minimum fixed fee generally charged for financial planning services on a fixed fee basis is \$500.

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

### **Methods of Analysis**

Executive Wealth Management primarily utilizes Fundamental analysis when formulating investment advice. This is a method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of a company). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). Fundamental analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

The risk associated with fundamental analysis is that it is somewhat subjective. While a quantitative approach is possible, fundamental analysis usually entails a qualitative assessment of how market forces interact with one another in their impact on the investment in question. It is possible for those market forces to point in different directions, thus necessitating an interpretation of which forces will be dominant. This interpretation may be wrong, and could therefore lead to an unfavorable investment decision.

## **Investment Strategies**

Executive Wealth Management uses the following investment strategies when managing client assets and/or providing investment advice:

Long term purchases. Investments held at least a year.

Short term purchases. Investments sold within a year.

Margin transactions. When an investor buys a stock on margin, the investor pays for part of the purchase and borrows the rest of the purchase price from a brokerage firm. For example, an investor may buy \$5,000 worth of stock in a margin account by paying for \$2,500 and borrowing \$2,500 from a brokerage firm. Clients cannot borrow stock from Executive Wealth Management.

## **Risk of Loss**

Past performance is not indicative of future results. Therefore, you should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds, etc.) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. You should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated with investing in securities through our investment management program, as described below:

- Market Risk – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- Equity (stock) market risk – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- Company Risk. When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- Fixed Income Risk. When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.

- Options Risk. Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.
- ETF and Mutual Fund Risk – When investing in a an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. You will also incur brokerage costs when purchasing ETFs.
- Management Risk – Your investment with our firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.
- Margin Risk - When you purchase securities, you may pay for the securities in full or borrow part of the purchase price from your account custodian or clearing firm. If you intended to borrow funds in connection with your Account, you will be required to open a margin account, which will be carried by the clearing firm. The securities purchased in such an account are the clearing firm's collateral for its loan to you.

If those securities in a margin account decline in value, the value of the collateral supporting this loan also declines, and as a result, the brokerage firm is required to take action in order to maintain the necessary level of equity in your account. The brokerage firm may issue a margin call and/or sell other assets in your account.

It is important that you fully understand the risks involved in trading securities on margin, which are applicable to any margin account that you may maintain, including any margin account that may be established as part of the Asset Management Agreement established between you and Executive Wealth Management and held by the account custodian or clearing firm.

These risks include the following:

- You can lose more funds than you deposit in your margin account.
- The account custodian or clearing firm can force the sale of securities or other assets in your account.
- The account custodian or clearing firm can sell your securities or other assets without contacting you.
- You are not entitled to choose which securities or other assets in your margin account may be liquidated or sold to meet a margin call.
- The account custodian or clearing firm may move securities held in your cash account to your margin account and pledge the transferred securities.
- The account custodian or clearing firm can increase its "house" maintenance margin requirements at any time and they are not required to provide you advance written notice.
- You are not entitled to an extension of time on a margin call.

### **Item 9 – Disciplinary Information**

*Item 9* is not applicable to this Disclosure Brochure because there are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our business or integrity.

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

Executive Wealth Management is **not** and does **not** have a related person that is an investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund), another investment adviser or financial planner, a futures commission merchant, commodity pool operator, or commodity trading advisor, a banking or thrift institution, an accountant or accounting firm, a lawyer or law firm, a pension consultant, a real estate broker or dealer, and a sponsor or syndicator of limited partnerships.

We are an independent registered investment registered adviser and only provide investment advisory services. We are not engaged in any other business activities and offer no other services except those described in this Disclosure Brochure. However, while we do not sell products or services other than investment advice, our investment adviser representatives may sell other products or provide services outside of their role as investment adviser representatives with us.

### **Insurance Activities**

Some of our investment adviser representatives are also independently licensed insurance agents and may be affiliated with various insurance companies. When selling insurance products in this separate capacity, they may receive normal and customary commissions.

### **BAM Advisor Services, LLC**

As described above in Item 4, Executive Wealth Management may exercise discretionary authority provided by a client to select an independent third party investment manager for the management of portfolios of individual fixed income securities. We select BAM Advisor Services, LLC for such fixed income management. We also contract BAM for back office services and assistance with portfolio modeling. We have a fiduciary duty to select qualified and appropriate manager in the client's best interest, and believes that BAM effectively provides both the back office services that assist with its overall investment advisory practice and fixed income portfolio management services. The management of Executive Wealth Management continuously makes this assessment. While Executive Wealth Management has a contract with BAM governing a time period for back office services, we have no such fixed commitment to the selection of BAM for fixed income management services and may select another investment manager for clients upon reasonable notice to BAM.

### **Third-Party Money Managers**

As described in Item 5 of this brochure, we recommend independent, third-party money managers through LPL's Optimum Wealth Portfolios, Model Wealth Portfolios and Manager Select programs. When we refer clients to an LPL program, we receive a portion of the fee charged by LPL. Therefore, we have a conflict of interest because we only recommend third party money managers that agree to compensate us by paying us a portion of the fees billed to your account managed by LPL or the third party money manager.

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

### **Code of Ethics Summary**

According to the *Investment Advisers Act of 1940*, an investment adviser is considered a fiduciary and has a fiduciary duty to all clients. Executive Wealth Management has established a Code of Ethics to



comply with the requirements of Section 204(A)-1 of the *Investment Advisers Act of 1940* that reflects its fiduciary obligations and those of its supervised persons. The Code of Ethics also requires compliance with federal securities laws. The Code of Ethics covers all individuals that are classified as “supervised persons”. All employees, officers, directors and investment adviser representatives are classified as supervised persons. Executive Wealth Management requires its supervised persons to consistently act in your best interest in all advisory activities. Executive Wealth Management imposes certain requirements on its affiliates and supervised persons to ensure that they meet the firm’s fiduciary responsibilities to you. The standard of conduct required is higher than ordinarily required and encountered in commercial business.

This section is intended to provide a summary description of the Code of Ethics of Executive Wealth Management. If you wish to review the Code of Ethics in its entirety, you should send us a written request and upon receipt of your request, we will promptly provide a copy of the Code of Ethics to you.

### **Affiliate and Employee Personal Securities Transactions Disclosure**

Executive Wealth Management or associated persons of the firm may buy or sell for their personal accounts, investment products identical to those recommended to clients. This creates a potential conflict of interest. It is the express policy of Executive Wealth Management that all persons associated in any manner with our firm must place clients’ interests ahead of their own when implementing personal investments. Executive Wealth Management and its associated persons will not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, by information obtained as a result of employment or association with our firm unless the information is also available to the investing public upon reasonable inquiry.

We are now and will continue to be in compliance with applicable state and federal rules and regulations. To prevent conflicts of interest, we have developed written supervisory procedures that include personal investment and trading policies for our representatives, employees and their immediate family members (collectively, associated persons):

- Associated persons cannot prefer their own interests to that of the client.
- Associated persons cannot purchase or sell any security for their personal accounts prior to implementing transactions for client accounts.
- Associated persons cannot buy or sell securities for their personal accounts when those decisions are based on information obtained as a result of their employment, unless that information is also available to the investing public upon reasonable inquiry.
- Associated persons are prohibited from purchasing or selling securities of companies in which any client is deemed an “insider”.
- Associated persons are discouraged from conducting frequent personal trading.
- Associated persons are generally prohibited from serving as board members of publicly traded companies unless an exception has been granted to the Chief Compliance Officer of Executive Wealth Management.

Any associated person not observing our policies is subject to sanctions up to and including termination.

### **Item 12 – Brokerage Practices**

Executive Wealth Management arranges for the execution of some securities transactions with the assistance of BAM Advisor Services. Through BAM, we may participate in the Fidelity Institutional Wealth

Services (FIWS) program, sponsored by Fidelity Brokerage Services, LLC ("Fidelity"). We also use LPL Financial as a custodian. LPL Financial and Fidelity are FINRA registered broker dealers.

The Fidelity brokerage program will generally be recommended to advisory clients for the execution of mutual fund and equity securities transactions. We regularly review these programs to ensure that its recommendations are consistent with its fiduciary duty. These trading platforms are essential to our service arrangements and capabilities and we may not accept clients who direct the use of other brokers. As part of these programs, Executive Wealth Management receives benefits that it would not receive if it did not offer investment advice.

Executive Wealth Management will not exercise authority to arrange client transactions in fixed income securities. Clients will provide this authority to a fixed income manager retained by Executive Wealth Management on client's behalf by designating the portfolio manager with trading authority over client's brokerage account. Clients will be provided with the Disclose Brochure (Form ADV Part 2) of such portfolio manager.

LPL Financial and Fidelity do not generally charge clients a custody fee and are compensated by account holders through commissions or other transaction-related feed for securities trades that are executed through the broker or that settle into the clients' accounts at the brokers. Trading client accounts through other brokers may result in fees (including mark-ups and mark-downs) being charged by the custodial broker and an additional broker. While Executive Wealth Management will not arrange transactions through other brokers, the authority of the fixed income portfolio manager includes the ability to trade client fixed income assets through other brokers.

Executive Wealth Management does not have any arrangements to compensate any broker dealer for client referrals.

Executive Wealth Management generally does not aggregate any client transactions in mutual fund or other securities. Client accounts are individually reviewed and managed, and transaction costs are not saved by aggregating orders in almost all circumstances in which Executive Wealth Management arranges transactions. BAM Advisor Services, LLC, in the management of fixed income portfolios will aggregate certain transactions among client accounts that it manages, in which case an Executive Wealth Management clients' orders may be aggregated with an order for another client of BAM Advisor Services, LLC who is not an Executive Wealth Management client.

### **Handling Trade Errors**

Based on industry practice and SEC guidance to broker-dealers, a trade error under this policy is defined as including:

- Inaccurate transmission or execution of any term of an order including, but not limited to: price; number of shares or other unit of trading; identification of the security; identification of the account for which securities are purchased or sold; short sales that were instead sold long or vice versa; or the execution of an order on the wrong side of a market;
- Unauthorized (because of misunderstanding or mistake) or unintended purchase, sale or allocation of securities, or the failure to follow specific client instructions; and
- Incorrect entry of data into relevant systems, including reliance on incorrect cash positions, withdrawals or securities positions reflected in an account.

Executive Wealth Management has implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with its fiduciary duty, it is the policy of Executive Wealth Management to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client will be responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client will be made whole and any loss resulting from the trade error will be absorbed by Executive Wealth Management if the error was caused by the Firm. If the error is caused by the broker-dealer, the broker-dealer will be responsible for covering all trade error costs.

Executive Wealth Management will never benefit or profit from trade errors.

### **Block Trading Policy**

Investment advisors may elect to purchase or sell the same securities for several clients at approximately the same time when they believe such action may prove advantageous to clients. This process is referred to as aggregating orders, batch trading or block trading. Executive Wealth Management does not engage in block trading.

It should be noted that implementing trades on a block or aggregate basis may be less expensive for client accounts; however, it is our trading policy to implement all client orders on an individual basis. Therefore, we do not aggregate or “block” client transactions. Considering the types of investments we hold in advisory client accounts, we do not believe clients are hindered in any way because we trade accounts individually. This is because we develop individualized investment strategies for clients and holdings will vary. Our strategies are primarily developed for the long-term and minor differences in price execution are not material to our overall investment strategy.

### **Agency Cross Transactions**

Our associated persons are prohibited from engaging in agency cross transactions, meaning we cannot act as brokers for both the sale and purchase of a single security between two different clients and cannot receive compensation in the form of an agency cross commission or principal mark-up for the trades.

## **Item 13 – Review of Accounts**

### **Account Reviews and Reviewers**

Unless clients contract for on-going planning services, incidental financial planning services terminate 30 days after the presentation of the plan or completion of the consultation. Executive Wealth Management recommends that clients have their financial situation reviewed and updated at least annually. If clients elect to have Executive Wealth Management perform this review and update, a new client agreement will be required and additional fees may be charged.

Our investment adviser representatives meet with clients at least annually to review the performance of client accounts. Asset allocation models and underlying assets are reviewed on a frequent basis but at a minimum, monthly. LPL Third Party Money Manager programs are reviewed by your investment adviser representative quarterly.

The calendar is the main triggering factor for reviews, although client requests, a change in client circumstances or objectives, and unusual market activity can also trigger reviews.

### **Statements and Reports**

Financial planning clients do not receive any report other than the written plan originally contracted for and provided by Executive Wealth Management.

Clients receive account statements directly from their custodian. For Retirement Plan Services, sponsors and participants will receive or have access to account statements provided by the Plan custodian or third-party administrator. Statements will be delivered at least quarterly. Executive Wealth Management may provide written performance and/or position reports to clients in addition to the statements and reports discussed above. Clients are strongly urged to compare all reports prepared by Executive Wealth Management against the account statements received from the client's broker/dealer or qualified custodian.

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

Executive Wealth Management does not directly or indirectly compensate any person for client referrals.

Please see *Item 5, Fees and Compensation, Item 10, Other Financial Industry Activities and Affiliations and Item 12, Brokerage Practices*, for additional discussion about solicitor/referral fees from third party managers, other compensation and non-economic benefits.

As indicated under the disclosure for Item 12, Executive Wealth Management utilizes the services of Fidelity (FIWS). FIWS provides Executive Wealth Management with access to institutional trading and custody services, which are typically not available to retail investors. These services generally are available to independent investment advisors on an unsolicited basis at no charge to them. The services include brokerage, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

FIWS also make available to Executive Wealth Management other products and services that benefit Executive Wealth Management but may not benefit its clients' accounts. Some of these other products and services assist Executive Wealth Management managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements); facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts); provide research, pricing information and other market data; facilitate payment of Executive Wealth Management's fees from its clients' accounts; and assist with back-office functions, recordkeeping and client reporting. FIWS may also provide training and education to Executive Wealth Management associates to better interface with the custodial platforms.

Many of these benefits and services generally may be used to service all or a substantial number of Executive Wealth Management's accounts. FIWS also make available to Executive Wealth Management other services intended to help Executive Wealth Management manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing and may also include discounts on compliance, marketing, research, technology and practice management products or services provided to Executive Wealth Management by third party vendors.

FIWS has also provided Executive Wealth Management with additional support to assist Executive

Wealth Management transition clients to the FIWS custodial platform. This additional support included consulting support, paperwork creation, payment of postage cost and transfer fee reimbursement. This is a direct economic benefit to Executive Wealth Management to not pay for these items.

There is no direct link between Executive Wealth Management's participation in the FIWS program and the investment advice it gives to its clients, although Executive Wealth Management receives economic benefits through its participation in the programs that are typically not available to retail investors. The benefits received by Executive Wealth Management through participation in the program do not depend on the amount of brokerage transactions directed to these custodians.

### Item 15 – Custody

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment adviser has the ability to access or control client funds or securities, the investment adviser is deemed to have custody and must ensure proper procedures are implemented. According to this definition, Executive Wealth Management does **not** have custody of client funds or securities.

Executive Wealth Management has established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. **Clients should carefully review those statements and are urged to compare the statements against reports received directly from Executive Wealth Management.** When clients have questions about their account statements, they should contact Executive Wealth Management or the qualified custodian preparing the statement.

### Item 16 – Investment Discretion

Executive Wealth Management may provide asset management services on a **discretionary** basis. Executive Wealth Management's discretionary authority must be granted by the client in the client agreement. When discretionary authority is granted, it is limited in that Executive Wealth Management will only be given discretionary trading authority. This authority will allow Executive Wealth Management to determine the type of securities and the amount of securities that can be bought or sold for the client portfolio without obtaining the client's consent for each transaction.

If you decide to grant trading authorization on a **non-discretionary** basis, we will be required to contact you prior to implementing changes in your account. Therefore, you will be contacted and required to accept or reject our investment recommendations including:

- The security being recommended
- The number of shares or units
- Whether to buy or sell

Once the above factors are agreed upon, Executive Wealth Management will be responsible for making decisions regarding the timing of buying or selling an investment and the price at which the investment is bought or sold. If your accounts are managed on a non-discretionary basis, you need to know that if you are not able to be reached or are slow to respond to our request, it can have an adverse impact on the timing of trade implementations and we may not achieve the optimal trading price.

You will have the ability to place reasonable restrictions on the types of investments that may be purchased in the Account. You may also place reasonable limitations on the discretionary power granted to Executive Wealth Management so long as the limitations are specifically set forth or included as an attachment to the client agreement.

### **Item 17 – Voting Client Securities**

Executive Wealth Management does not vote proxies on behalf of Clients. We have determined that taking on the responsibilities for voting client securities does not add enough value to the services provided to you to justify the additional compliance and regulatory costs associated with voting client securities. Therefore, it is your responsibility to vote all proxies for securities held in Account.

You will receive proxies directly from the qualified custodian or transfer agent; we will not provide you with the proxies. You are encouraged to read through the information provided with the proxy-voting documents and make a determination based on the information provided. Although we do not vote client proxies, if you have a question about a particular proxy feel free to contact us. However, you will have the ultimate responsibility for making all proxy-voting decisions.

### **Item 18 – Financial Information**

This *Item 18* is not applicable to this brochure. Executive Wealth Management does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for the most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, Executive Wealth Management has not been the subject of a bankruptcy petition at any time.

### **Customer Privacy Policy Notice**

Regulation S-P, Privacy of Consumer Financial Information, requires financial institutions, including Executive Wealth Management to provide notice to current clients and prospective clients about their policies and practices concerning the collection and use of customer, non-public information. This privacy policy notice is given to all prospective clients of Executive Wealth Management upon entering into a contract with Executive Wealth Management and annually thereafter.

**Privacy Disclosure Statement.** A primary goal of Executive Wealth Management is to protect the privacy of its clients. Executive Wealth Management does not sell the personal information of clients to anyone. To conduct regular business, Executive Wealth Management may collect non-public personal information from clients. This information is provided by clients to Executive Wealth Management on applications and other forms provided by clients to Executive Wealth Management as well as transactions with the firm, our affiliates, or others.

**Information Safeguarding.** Executive Wealth Management has implemented strict policies and procedures aimed at protecting the sensitive nature of client information. Executive Wealth Management restricts access to client information to only those members of Executive Wealth Management that must

provide products and services to clients in order to service client accounts. Executive Wealth Management has implemented physical, electronic, and procedural safeguards aimed at meeting Executive Wealth Management' duty to protect non-public client information.

**Use and Disclosure of Customer Information to Provide Customer Service for Client Accounts** To administer, manage and service customer accounts, process transactions and provide related services for client accounts, it is necessary for Executive Wealth Management to provide access to Customer Information within the Firm and its affiliated companies and to non-affiliated companies such as LPL Financial, other investment advisers, other broker-dealers, trust companies, custodians and insurance companies. Executive Wealth Management may also provide Customer Information outside of the Firm as permitted by law, such as to government entities, consumer reporting agencies or other third parties in response to subpoenas.

Executive Wealth Management may also shares information with LPL Financial which has supervisory obligations over certain of Executive Wealth Management' activities. As a result of the LPL relationship, LPL Financial will have access to certain confidential information (e.g., financial information, investment objectives, transactions and holdings) about Executive Wealth Management' clients, even if client does not establish any account through LPL Financial. If you would like a copy of the LPL Financial privacy policy, please contact Executive Wealth Management.

Since Executive Wealth Management shares nonpublic information solely to service client accounts, our firm does not disclose any nonpublic personal information about our customers or former customers to anyone, except as permitted by law. However, we may also provide customer information outside of the firm as required by law, such as to government entities, consumer reporting agencies or other third parties in response to subpoenas. In the event that our firm has a change to its customer privacy policy that would allow it to disclose non-public information not covered under applicable law, we will allow our clients the opportunity to opt out of such disclosure.

If you have any questions concerning Executive Wealth Management's customer privacy policy or concerns about your personal information please feel free to contact us at the phone number listed on the cover page of this brochure.

4850-1792-9007, v. 4