

AVITAS WEALTH MANAGEMENT WRAP PROGRAM

Sponsored by

AVITAS WEALTH MANAGEMENT

a Registered Investment Adviser

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This brochure provides information about the qualifications and business practices of Avitas Wealth Management, LLC (hereinafter “AWM” or the “Firm”). If you have any questions about the contents of this brochure, please contact the Firm at the telephone number listed above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Additional information about the Firm is available on the SEC’s website at www.adviserinfo.sec.gov. The Firm is a registered investment adviser. Registration does not imply any level of skill or training.

Item 2. Material Changes

In this Item, AWM is required to discuss any material changes that have been made to the brochure since the last annual amendment. The Firm has updated Item 6 to reflect that it has engaged Broadridge Financial Solutions, Inc., who contracts Glass Lewis & Co., a third-party, independent proxy advisory firm, to provide AWM with research, analysis, research proxy proposals, provide vote recommendations and vote proxies on behalf of AWM. The Firm has no other changes to disclose in relation to this Item.

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Item 4. Advisory Business

The Avitas Wealth Management Wrap Program (the “Program”) is an investment advisory program sponsored by AWM. In addition to the Program, the Firm may offer advisory services, which include financial planning, consulting, and investment management services under different arrangements than those described herein. Prior to AWM rendering any of the foregoing advisory services, clients are required to enter into one or more written agreements with AWM setting forth the relevant terms and conditions of the advisory relationship (the “Advisory Agreement”).

AWM filed for registration in November 2017 and is principally owned by The Evans Family Trust, The Gerst Family Trust, The Satz 1993 Trust and Jones Taslitz Living Trust as of November 30, 2017. As of March 15, 2018, AWM had \$762,491,534 of assets under management, \$639,839,885 of which was managed on a discretionary basis and \$122,651,649 of which was managed on a non-discretionary basis.

While this brochure generally describes the business of AWM, certain sections also discuss the activities of its Supervised Persons, which refer to the Firm’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or any other person who provides investment advice on AWM’s behalf and is subject to the Firm’s supervision or control.

Description of the Program

The Program is offered as a wrap fee program, which provides clients with the ability to trade in certain investment products without incurring separate brokerage commissions or transaction charges. A wrap fee program is considered any arrangement under which clients receive investment advisory services (which may include portfolio management or advice concerning the selection of other investment advisers) and the execution of client transactions for a specified fee or fees not based upon transactions in their accounts. Clients must also open a new securities brokerage account and complete a new account agreement with Schwab Advisor Services™ (“Schwab”), or another broker-dealer that AWM approves under the Program (collectively “Financial Institutions”).

At the onset of the Program, clients complete an investor profile describing their individual investment objectives, liquidity and cash flow needs, time horizon and risk tolerance, as well as any other factors pertinent to their specific financial situations. After an analysis of the relevant information, AWM assists its clients in developing an appropriate strategy for managing their assets. Clients’ investment portfolios are generally managed on a discretionary basis by AWM’s Principals or other financial advisors. AWM generally allocates clients’ assets among the various investment products available under the Program, as described further in Item 6 (below).

Financial Planning and Consulting Services

AWM offers clients a broad range of financial planning and consulting services, which includes complete financial organization. The services include any or all of the following functions:

- Business Planning
- Cash Flow Forecasting
- Trust and Estate Planning
- Financial Reporting
- Insurance Planning
- Retirement Planning
- Financing Planning and Availability
- Charitable Planning
- Tax Planning
- Education Planning

In performing these services, AWM is not required to verify any information received from the client or from the client's other professionals (e.g., attorneys, accountants, etc.) and is expressly authorized to rely on such information. AWM recommends certain clients engage the Firm for additional related services, its Supervised Persons in their individual capacities as insurance agents and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists for the Firm to recommend that clients engage AWM or its affiliates to provide (or continue to provide) additional services for compensation, including investment management services. Clients retain absolute discretion over all decisions regarding implementation and are under no obligation to act upon any of the recommendations made by AWM under a financial planning or consulting engagement. Clients are advised that it remains their responsibility to promptly notify the Firm of any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising AWM's recommendations and/or services.

Wealth Management Services

AWM provides clients with wealth management services which includes a broad range of comprehensive financial planning and consulting services as well as discretionary management of investment portfolios.

AWM primarily allocates client assets among individual debt and equity securities, various mutual funds, exchange-traded funds ("ETFs"), options and annuities in accordance with their stated investment objectives.

Where appropriate, the Firm also provides advice about any type of legacy position or other investment held in client portfolios. Clients can engage AWM to manage and/or advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). In these situations, AWM directs or recommends the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company or the custodian designated by the product's provider.

AWM tailors its advisory services to meet the needs of its individual clients and seeks to ensure, on a continuous basis, that client portfolios are managed in a manner consistent with those needs and objectives. AWM consults with clients on an initial and ongoing basis to assess their specific risk tolerance, time horizon, liquidity constraints and other related factors relevant to the management of their portfolios. Clients are advised to promptly notify AWM if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients can impose reasonable restrictions or mandates on the management of their accounts if AWM determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm's management efforts.

Retirement Plan Consulting Services

AWM provides various consulting services to qualified employee benefit plans and their fiduciaries. This suite of institutional services is designed to assist plan sponsors in structuring, managing and optimizing their corporate retirement plans. Each engagement is individually negotiated and customized, and includes any or all of the following services:

- Plan Design and Strategy
- Plan Review and Evaluation
- Executive Planning & Benefits
- Investment Selection
- Plan Fee and Cost Analysis
- Plan Committee Consultation
- Fiduciary and Compliance
- Participant Education

As disclosed in the Advisory Agreement, certain of the foregoing services are provided by AWM as a fiduciary under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). In accordance with ERISA Section 408(b)(2), each plan sponsor is provided with a written description of AWM's fiduciary status, the specific services to be rendered and all direct and indirect compensation the Firm reasonably expects under the engagement.

Fees for Participation in the Program

The Program is offered on a fee basis, meaning participants pay a single annualized fee based upon assets under management (sometimes referred to as the "Program Fee"). AWM offers wealth management services for an annual "wrap" fee for financial advice, financial planning, liability management and comprehensive wealth organization. Fees are based on managed and supervised assets advised on as well as secured lending balances. Fee arrangements reflect the unique demands and characteristics of the advisory services provided to each family relationship. Program Fees range between 0.20% and 1.50% per annum. Retirement Plan Consulting fees will vary (between 0.25% and 1/00% per annum) based on the scope of services to be rendered and the amount of assets to be managed.

The Program Fee is prorated and charged quarterly, in advance. If assets in excess of \$25,000 are deposited into or withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets is adjusted to reflect the interim change in portfolio value. For the initial period of an engagement, the fee is calculated on a *pro rata* basis. In the event the advisory agreement is terminated, the Program Fee for the final billing period is prorated through the effective date of the termination and the outstanding or unearned portion of the fee is charged or refunded to the client, as appropriate.

AWM recommends and assists clients with obtaining financing for capital needs, not to leverage investments managed by the Firm. The Firm will include amounts borrowed by the client as assets under management in calculating the Program Fee where the Firm has assisted the client with obtaining the financing. Additionally, for asset management services the Firm provides with respect to certain client holdings (e.g., held-away assets, accommodation accounts, alternative investments, etc.), AWM may negotiate a fee rate that differs from the range set forth above.

Fee Comparison

As referenced above, a portion of the fees paid to AWM are used to cover the securities brokerage commissions and transactional costs attributed to the management of its clients' portfolios.

Services provided through the Program may cost clients more or less than purchasing these services separately. The number of transactions made in clients' accounts, as well as the commissions charged for each transaction, determines the relative cost of the Program versus paying for execution on a per transaction basis and paying a separate fee for advisory services. Fees paid for the Program may also be higher or lower than fees charged by other sponsors of comparable investment advisory programs. Because the Firm pays for the brokerage fees, the Firm has an incentive to engage in less transactions, or transactions that cost less to the Firm.

Fee Discretion

AWM, in its sole discretion, may negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing/legacy client relationship, account retention and pro bono activities.

Other Charges

In addition to the advisory fees paid to AWM, clients may also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions. These additional charges include fees attributable to alternative assets, reporting charges, margin and other borrowing costs, mark-ups or mark-downs priced in to fixed income products by the broker-dealer, charges

imposed directly by a mutual fund or ETF in a client's account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), fees and commission for assets not held with Schwab (including 401(k) or 529 plan assets), fees for trades executed away from Schwab, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees.

Direct Fee Debit

Clients generally provide AWM with the authority to directly debit their accounts for payment of the investment advisory fees. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to AWM.

Account Additions and Withdrawals

Clients may make additions to and withdrawals from their account at any time, subject to AWM's right to terminate an account. Additions may be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Clients may withdraw account assets on notice to AWM, subject to the usual and customary securities settlement procedures. However, AWM designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. AWM may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, fees assessed at the mutual fund level (e.g., contingent deferred sales charge) and/or tax ramifications.

Compensation for Recommending the Program

AWM has no internal arrangements in place whereby persons recommending the Program are entitled to receive additional compensation as a result of clients' participation in the wrap program versus other options. A person recommending the Program will not earn more compensation than he or she would otherwise receive if a client elected another investment management program.

Item 5. Account Requirements and Types of Clients

AWM offers services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities.

Minimum Account Value

As a condition for starting and maintaining an investment management relationship, AWM imposes a minimum portfolio value of \$1,000,000. AWM may, in its sole discretion, accept clients with smaller portfolios based upon certain criteria, including anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, and pro bono activities. AWM only accepts clients with less than the minimum portfolio size if the Firm determines the smaller portfolio size will not cause a substantial increase of investment risk beyond the client's identified risk tolerance. AWM may aggregate the portfolios of family members to meet the minimum portfolio size.

Item 6. Portfolio Manager Selection and Evaluation

AWM acts as the sponsor and sole portfolio manager under the Program.

Side-By-Side Management

AWM does not provide any services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets).

Methods of Analysis and Investment Strategies

AWM offers discretionary equity and fixed income investment management using its proprietary investment processes. A high priority is placed on preservation of capital and realistic returns. The idea is that strategies should be simple and easy to understand without unwarranted complexity.

AWM begins a client relationship by getting to know and understand a prospective clients' needs and goals. At this point AWM determines if there is a 'fit', or alignment, between the client's goals and the Firm's abilities.

Before investment strategies are discussed and explained, the client expresses their needs, wants and goals. Once AWM understands what the client is trying to achieve, the portfolio strategies AWM uses are explained and an asset allocation is derived.

Together with the client, an 'asset allocation mandate' is determined based on the client's needs and goals. Examples; 30% 70% stocks and bonds, 50% 50% stocks and bonds, 70% 30% stocks and bonds, etc. The Firm endeavors to keep the balance close to the client's target asset allocation through re-balancing when the mix changes from their mandate, or when the client adds or removes funds.

Tax sensitivity is considered when managing the assets.

AWM follows various founding principles:

- The Firm puts clients interests ahead of its own.
- The Firm seeks to develop mutual trust between the Firm and the client.
- The Firm strives to preserve and protect clients wealth.
- The Firm maintains a high level of transparency.
- The Firm's principals invest their money alongside their clients.

Risk of Loss

Market Risks

Investing involves risk, including the potential loss of principal, and all investors should be guided accordingly. The profitability of a significant portion of AWM's recommendations and/or investment decisions may depend to a great extent upon correctly assessing the future course of price movements of stocks, bonds and other asset classes. During times of market volatility, AWM may raise cash on a tactical basis to preserve capital. There can be no assurance that AWM will be able to predict those price movements accurately or capitalize on any such assumptions.

Mutual Funds and ETFs

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (*e.g.*, sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed based ETFs and potentially more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata

NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 20,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

Options

Options allow investors to buy or sell a security at a contracted “strike” price at or within a specific period of time. Clients may pay or collect a premium for buying or selling an option. Investors transact in options to either hedge (i.e., limit) losses in an attempt to reduce risk or to speculate on the performance of the underlying securities. Options transactions contain a number of inherent risks, including the partial or total loss of principal in the event that the value of the underlying security or index does not increase/decrease to the level of the respective strike price. Holders of options contracts are also subject to default by the option writer which may be unwilling or unable to perform its contractual obligations.

Voting of Client Securities

AWM accepts the authority to vote a client’s securities (i.e., proxies) on their behalf. When AWM accepts such responsibility, it will cast proxy votes only in a manner it believes consistent with the best interest of its clients. At any time clients may contact the Firm to request information about how AWM voted proxies for that client’s securities.

A brief summary of AWM’s proxy voting policies and procedures is as follows:

- AWM has engaged Broadridge Financial Solutions, Inc. (“Broadridge”), who contracts Glass Lewis & Co. (“Glass Lewis”), a third-party, independent proxy advisory firm, to provide AWM with research, analysis, research proxy proposals, provide vote recommendations and vote proxies on behalf of AWM, with the aim of maximizing shareholder value for the client securities the Firm manages. In relying on Glass Lewis for that purpose, AWM has reviewed Glass Lewis’s Proxy Paper Guidelines for the current proxy voting season and has approved the summary of Glass Lewis’s positions on the voting positions it recommends for the types of proposals most frequently presented, including: election and composition of directors; financial reporting; compensation of management and directors; corporate governance structure and anti-takeover measures; and environmental and social risks to operations. AWM is in agreement with the approach Glass Lewis has set forth in its current Proxy Paper Guidelines for voting proxies. Although AWM, based on its approval of the positions in the Proxy Paper Guidelines, expects to vote proxies according to Glass Lewis’s recommendations, certain issues may need to be considered on a case-by-case basis due to the diverse and continually evolving nature of corporate governance issues. If such cases should arise, then AWM will devote appropriate time and resources to consider those issues.

- Where AWM is responsible for voting proxies on behalf of a client, the client cannot direct the Firm's vote on a particular solicitation. The client, however, can revoke AWM's authority to vote proxies. In situations where there is a conflict of interest in the voting of proxies due to business or personal relationships that AWM maintains with persons having an interest in the outcome of certain votes, the Firm will take appropriate steps, whether by following Glass Lewis's third-party recommendation or otherwise, to ensure that proxy voting decisions are made in what it believes is the best interest of its clients and are not the product of any such conflict.

Item 7. Client Information Provided to Portfolio Managers

In this Item, AWM is required to describe the type and frequency of the information it communicates to the Independent Managers, if any, managing its clients' investment portfolios. AWM acts as the sole portfolio manager under the Program and, as such, the Firm has no information to disclose in relation to this Item.

Item 8. Client Contact with Portfolio Managers

In this Item, AWM is required to describe any restrictions on clients' ability to contact and consult with the portfolio managers managing their investment portfolios. There are no restrictions on clients' ability to correspond with AWM, which acts as the sole portfolio manager under the Program.

Item 9. Additional Information

Disciplinary Information

AWM has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of its management.

Other Financial Industry Activities and Affiliations

This item requires investment advisers to disclose certain financial industry activities and affiliations.

Licensed Insurance Agents

A number of the Firm's Supervised Persons are licensed insurance agents and offer certain insurance products on a fully-disclosed commissionable basis. A conflict of interest exists to the extent that AWM recommends the

purchase of insurance products where its Supervised Persons are entitled to insurance commissions or other additional compensation. The Firm has procedures in place whereby it seeks to ensure that all recommendations are made in its clients' best interest regardless of any such affiliations.

Code of Ethics

AWM has adopted a code of ethics in compliance with applicable securities laws ("Code of Ethics") that sets forth the standards of conduct expected of its Supervised Persons. AWM's Code of Ethics contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Firm or any of its Supervised Persons and the trading by the same of securities ahead of clients in order to take advantage of pending orders.

The Code of Ethics also requires certain of AWM's personnel to report their personal securities holdings and transactions and obtain pre-approval of certain investments (*e.g.*, initial public offerings, limited offerings). However, the Firm's Supervised Persons are permitted to buy or sell securities that it also recommends to clients if done in a fair and equitable manner that is consistent with the Firm's policies and procedures. This Code of Ethics has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by certain personnel to be completed without any appreciable impact on the markets of such securities. Therefore, under limited circumstances, exceptions may be made to the policies stated below.

When the Firm is engaging in or considering a transaction in any security on behalf of a client, no Supervised Person with access to this information may knowingly effect for themselves or for their immediate family (*i.e.*, spouse, minor children and adults living in the same household) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the Supervised Person is completed as part of a batch trade with clients; or
- a decision has been made not to engage in the transaction for the client.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients and prospective clients may contact AWM to request a copy of its Code of Ethics.

Account Reviews

AWM monitors client portfolios on a continuous and ongoing basis while regular account reviews are conducted on at least a quarterly basis. Equity portfolios are managed to a model. Weekly reviews are performed to minimize variance. Fixed income portfolios are more diverse and portfolio managers are review accounts regularly and may be triggered by a high level of cash in an account. Reviews are conducted by the Firm's Principals, as well as a non-Principal financial advisors. All investment advisory clients are encouraged to discuss their needs, goals and objectives with AWM and to keep the Firm informed of any changes thereto. The Firm contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and quarterly to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

Account Statements and General Reports

Clients are provided with transaction confirmation notices and regular summary account statements directly from the Financial Institutions where their assets are custodied. From time-to-time or as otherwise requested, clients may also receive written or electronic reports from AWM and/or an outside service provider, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients should compare the account statements they receive from their custodian with any documents or reports they receive from AWM or an outside service provider.

Client Referrals

In the event a client is introduced to AWM by either an unaffiliated or an affiliated solicitor, the Firm may pay that solicitor a referral fee in accordance with applicable state securities laws. Unless otherwise disclosed, any such referral fee is paid solely from AWM's investment management fee and does not result in any additional charge to the client. If the client is introduced to the Firm by an unaffiliated solicitor, the solicitor is required to provide the client with AWM's written brochure(s) and a copy of a solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement. Any affiliated solicitor of AWM is required to disclose the nature of his or her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of the Firm's written brochure(s) at the time of the solicitation.

Receipt of Economic Benefit and Brokerage Practices

AWM requires that clients utilize the custody, brokerage and clearing services of Schwab for investment management accounts in the Program. AWM is independently owned and operated and not affiliated with Schwab. Schwab provides AWM with access to its institutional trading and custody services, which are

typically not available to retail investors. AWM does not consider, in selecting or recommending broker-dealers, whether the Firm receives client referrals from the Financial Institutions or other third party.

Factors which AWM considers in recommending Schwab or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. Schwab has also agreed to reimburse clients for exit fees associated with moving accounts to Schwab. The reimbursement is only available up to a certain amount for all of the Firm's clients over a twelve month period. Fees are reimbursed on a first-come-first-served basis so that no clients are favored.

In seeking best execution in recommending Schwab, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a Schwab's services, including among others, the value of research provided, execution capability, commission rates and responsiveness.

Consistent with obtaining best execution, brokerage transactions are directed to certain broker-dealers in return for investment research products and/or services which assist AWM in its investment decision-making process. Such research will be used to service all of the Firm's clients. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because AWM does not have to produce or pay for the products or services.

AWM periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.

AWM receives without cost from Schwab administrative support, computer software, related systems support, as well as other third party support as further described below (together "Support") which allow AWM to better monitor client accounts maintained at Schwab and otherwise conduct its business. AWM receives the Support without cost because the Firm renders investment management services to clients that maintain assets at Schwab. The Support is not provided in connection with securities transactions of clients (i.e., not "soft dollars"). The Support benefits AWM, but not its clients directly. Clients should be aware that AWM's receipt of economic benefits such as the Support from a broker-dealer creates a conflict of interest since these benefits may influence the Firm's choice of broker-dealer over another that does not furnish similar software, systems support or services. In fulfilling its duties to its clients, AWM endeavors at all times to put the interests of its clients first and has determined that the recommendation of Schwab is in the best interest of clients and satisfies the Firm's duty to seek best execution.

Specifically, AWM receives the following benefits from Schwab: i) receipt of duplicate client confirmations and bundled duplicate statements; ii) access to a trading desk that exclusively services its institutional traders; iii) access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and iv) access to an electronic communication network for client order entry and account information.

In addition, the Firm receives funds to be used toward qualifying third-party service providers for research, marketing, compliance, technology and software platforms and services. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at Schwab Advisor Services. Schwab's services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, 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.

Schwab also makes available to the Firm other products and services that benefit the Firm but may not benefit its clients' accounts. These benefits may include national, regional or Firm specific educational events organized and/or sponsored by Schwab. Other potential benefits may include occasional business entertainment of personnel of AWM by Schwab personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist AWM in managing and administering clients' accounts. These include software and other technology (and related technological training) 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 the Firm's fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of the Firm's accounts, including accounts not maintained at Schwab. Schwab also makes available to AWM other services intended to help the Firm manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, Schwab may make available, arrange and/or pay vendors for these types of services rendered to the Firm by independent third parties. Schwab may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to the Firm. While, as a fiduciary, AWM endeavors to act in its clients' best interests, the Firm's recommendation that clients maintain their assets in accounts at Schwab may be based in part on the benefits received and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which creates a potential conflict of interest.

As described herein, the Firm's management services are provided through the Program where the client does not pay separately for brokerage commissions. Schwab's pricing to the Firm for brokerage services is based partially on client holdings in types of investments, including cash and cash equivalents. This results in a conflict of interest to the Firm since there is an incentive to use such investments for the Firm to secure a lower fee from Schwab which would benefit the Firm, but not the client.

Trade Aggregation

Transactions for each client generally will be effected independently, unless AWM decides to purchase or sell the same securities for several clients at approximately the same time. AWM may (but is not obligated to) combine or “batch” such orders to obtain best execution or to allocate equitably among the Firm’s clients differences in prices that might not have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among AWM’ clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that the Firm determines to aggregate client orders for the purchase or sale of securities, including securities in which AWM’ Supervised Persons may invest, the Firm generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. AWM does not receive any additional compensation or remuneration as a result of the aggregation.

In the event that the Firm determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account’s assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, the Firm may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Financial Information

AWM is not required to disclose any financial information due to the following:

- The Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of services rendered;
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.