



## **Client Brochure**

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*This brochure provides information about the qualifications and business practices of Covenant Wealth Advisors. If you have any questions about the contents of this brochure, please contact us at (757) 259-0111 or by email at: [mfonville@mycwa.com](mailto:mfonville@mycwa.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.*

*Additional information about Covenant Wealth Advisors is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Covenant Wealth Advisors' CRD number is: 155221*

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

## ITEM 2: MATERIAL CHANGES

Below, you will find material changes, if any, to the firm brochure of Fonville Wealth Management (now known as Covenant Wealth Advisors, as described further below) since our last annual update dated February 15<sup>th</sup>, 2019.

This Item is used to provide Clients with a summary of material changes including additional information we deem to be relevant for our current and prospective clients. The revision(s) are based on the nature of the information detailed below.

Advisors are required to update certain information at least annually, within 90 days of our firm's fiscal year end (FYE) of December 31st. Covenant Wealth Advisors will provide clients with either a summary of the revised information with an offer to deliver the full revised Brochure within 120 days of our FYE or we will provide clients with our revised Brochure that will include a summary of those changes in this Item.

### **Material Changes**

Should a material change in our operations occur, depending on its nature Covenant Wealth Advisors will promptly communicate this change to Clients (and it will be summarized in this Item). "Material changes" requiring prompt notification will include changes of ownership or control; location; disciplinary proceedings; significant changes to our advisory services or advisory affiliates – any information that is critical to a Client's full understanding of who we are, how to find us, and how we do business.

As of the date of this brochure, Covenant Wealth Advisors has the following material changes to report:

#### Transition to SEC Registration

As a result of the succession plan and asset purchase agreement described above, Covenant Wealth Advisors now has more than \$100M in regulatory assets under management and therefore has registered as an investment adviser directly with the SEC as of March 22, 2019.

\* \* \*

If you would like to receive a complete copy of our Firm Brochure, including the supplements, please contact us at the contact information listed on the Cover Page of this Brochure.

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#### ITEM 4: FORMATION AND FIRM HISTORY

Fonville Wealth Management LLC, doing business as Covenant Wealth Advisors (“CWA”), has been in business since October 25, 2010, and the principal owners are Katherine Fonville and Mark Fonville.

CWA is a registered investment adviser with a principal office based in Williamsburg, VA and a satellite office based in Glen Allen, VA and is organized as a limited liability company under the laws of the Commonwealth of Virginia.

CWA provides personal financial planning and investment management services to individuals, families and their related entities including trusts and estates, endowments and family businesses.

CWA works with clients to define financial objectives and to develop strategies for reaching those objectives, some of which may include cash flow management, tax planning, risk exposure review, investment management, education funding, retirement planning, estate planning, charitable giving, special needs planning, family business succession issues, employer benefits, and/or other issues specific to the client.

CWA derives its revenues from financial planning and investment advisory fees only. CWA’s compensation is based solely from fees paid directly by clients. The firm does not receive any commission based on a client’s purchase of any particular financial product(s). **No commissions in any form are accepted.** No referral fees are paid or accepted except for (1) fees paid to Rob Topping, the former owner of Covenant Wealth Management Ltd (“CWM”), for continuing to introduce new clients to CWA for the next year, and (2) referral fees paid to Financial Insight Technology, Inc. (“SmartAsset”) for introductions to prospective clients. No benefits are received from custodians or broker-dealers based on client securities transactions (“soft dollar benefits”).

CWA does not act as a custodian of client assets, but it is deemed to have custody over certain client accounts as further described in Item 15, below. At times we may recommend other professionals (e.g., lawyers, accountants, insurance agents, real estate agents) at the request of the client. Such other professionals are engaged directly by the client on an as-needed basis at the client’s discretion.

Professionals recommended by CWA may also in their discretion recommend our services to their clients. However, we have no official referral agreements with any of the professionals we recommend. **We actively seek to avoid, or at least minimize, conflicts of interest which may exist between our firm and you.** Conflicts of interest will be disclosed and managed in the best interest of the client. However, all investment advisory firms will likely possess some unavoidable

conflicts of interest. In those instances when conflicts of interest arise, we have adopted policies which seek to keep the client's best interests paramount at all times. Please see other sections of this Brochure which explore in further detail how we act to keep the client's best interests first at all times during the course of our client relationship. Refer to the details of each service listed for information on how we customize our wealth management and advisory services to each client's individual needs.

### **Advisory Services**

CWA offers ongoing advisory services based on the individual goals, objectives, time horizon, tax status, and risk tolerance of each client. In most situations, CWA offers comprehensive wealth management which includes financial planning services, investment management, and the coordination of subject matter experts as outlined below. However, clients may choose to hire CWA for financial planning services only.

In performing its services, CWA relies on the information received from the client or from the client's other professionals. Each client is advised that it remains his/her responsibility to promptly notify CWA when there are any changes to his or her financial situation and/or financial objectives for the purpose of reviewing, evaluating, or revising previous recommendations and/or services.

CWA may present the tax aspects of certain investments or strategies in general terms. Within this context, CWA does not provide specific tax advice and recommends that all tax questions or strategies should be discussed with the client's tax professional.

**Financial planning services** include a comprehensive analysis (or modular analysis) of a client's financial situation. Services can include, but are not limited to:

- Goal discovery
- Investment planning
- Cash-flow analysis
- Retirement planning
- College planning
- Monte-carlo analysis
- Estate planning
- Charitable giving
- Debt analysis
- Insurance needs analysis
- Net-worth analysis
- Tax planning

A conflict exists between the interests of CWA and the interests of its clients in conjunction with financial planning services, and clients should be advised that they are under no obligation to act upon CWA's financial planning recommendations. If clients do elect to act on any of CWA's financial planning recommendations, they are under no obligation to effect any recommended transactions through CWA.

**Investment management services** include the prudent oversight and management of a client's investable assets. Services can include, but are not limited to:

- Asset allocation
- Portfolio rebalancing
- Investment analysis
- Tax loss harvesting
- Investment policy statement
- Risk tolerance

CWA evaluates the current investments of each client with respect to their life goals, their risk tolerance levels, time horizon, and tax status. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

**Subject matter expert services** include the coordination of outside, independent experts to help accomplish the short, intermediate, and long-term goals of the client. In certain circumstances, independent experts are compensated by CWA for the services they provide. Subject matter experts can include, but are not limited, to the following:

- Certified Public Accountant
- Insurance Agent
- Estate planning attorney
- Mortgage broker

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

Specific client financial plans and their implementation are dependent upon the client's individual goals and circumstances. For example, portfolios might be structured differently for clients who are in high tax brackets, require income, or who want to avoid certain types of positions or areas of the market.

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

#### **Wrap Fee Programs**

CWA does not participate in any wrap fee programs.

## Regulatory Assets Under Management

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$165,798,373	\$18,387,740	02/28/2020

## Third-Party Money Management

For certain clients, CWA utilizes the services of third-party money managers to provide portfolio performance and analysis technology, financial planning tools, portfolio theory, and to assist with the management and administration of client accounts. Before engaging other advisors for clients, CWA will always ensure those other advisors are properly licensed or registered as an investment adviser. Currently, CWA utilizes the services of Buckingham Strategic Partners, LLC (“Buckingham”), for third party money management.

For CWA clients whose accounts are managed and administered in conjunction with Buckingham, such accounts will generally be allocated to a diversified portfolio of mutual funds managed either by Buckingham (the SA Funds – Investment Trust or “SA Funds”) or Dimensional Fund Advisors LP (“DFA Funds”), or of mutual funds or exchange traded funds (“ETFs”) managed by The Vanguard Group, Inc. (“Vanguard Funds”) or other mutual fund or ETF companies. The portfolio of mutual funds and/or ETFs are rebalanced when appropriate. Other securities may be held, acquired or sold as appropriate, and all portfolios will generally contain an allocation to cash or cash-like instruments.

Buckingham provides quarterly performance reports, quarterly fee billings, and quarterly portfolio re-optimization analysis. Buckingham also performs daily downloads from custodians, account reconciliations with custodial account records and initiates trades in client accounts in its advisory capacity with the help of the account custodian.

The recommended custodians for CWA clients include Charles Schwab Institutional (“Schwab”) (a division of Charles Schwab & Co., Inc.) and Fidelity Brokerage Services LLC (“Fidelity”).

Buckingham does not charge a separate administration fee to CWA’s clients for assets invested into shares of the SA Funds, as Buckingham earns advisory, administrative, and shareholder servicing fees directly from the SA Funds as part of their respective internal expense ratios. Buckingham does not charge a separate administration fee to CWA’s clients for their services; CWA pays such Buckingham fees directly.

## Closing an Account

Clients may discontinue advisory services simply by requesting in writing to do so. In the event a client closes an account, any unearned portion of the fees for the quarter will be returned to the departing client from the date of account closure until the end of the calendar quarter.

If, for any reason, the client is unhappy with the services of CWA, he/she may request a full refund of investment advisor fees or financial planning fees paid directly to CWA within 180 days of becoming a client.

## ITEM 5: FEES AND COMPENSATION

CWA is a fee-only firm. CWA is compensated solely by advisory or financial planning fees received directly from its clients. Neither CWA, nor any related person associated with CWA, receives compensation that is contingent on the purchase or sale of a financial product. Neither CWA, nor any related person of CWA, accepts any sales commissions, referral fees, service fees or other form of compensation from any third party, nor does CWA or any related person compensate anyone else directly or indirectly for client referrals except for Rob Topping and SmartAsset, as described above. Fees are generally negotiable and are paid as described below, directly by the client. CWA's fee and the specific manner in which fees are charged is outlined in each advisory agreement with the client. Lower fees for comparable services may be available from other sources.

### Advisory Fees

The fees below are paid directly to CWA for services rendered. Fees may be lower depending upon the client situation.

Total Assets Under Management	Maximum Annual Fee
First \$500,000	1.25%
Next \$500,000.01 - \$1,000,000	1.00%
Next \$1,000,000.01 - \$3,000,000	0.85%
Next \$3,000,000.01 - \$5,000,000	0.70%
Over \$5,000,000	0.50%



## **Buckingham Fees**

As described above, Buckingham performs certain services such as account administration, portfolio allocation analysis, asset-class investment strategy, back-office fulfillment, report and statement production, and fee debiting on behalf of CWA and its clients. Buckingham is an investment adviser registered with the Securities and Exchange Commission. Buckingham bills CWA directly for such services, and does not bill clients directly.

## **Financial Planning Fees**

CWA generally offers financial planning as part of the Advisory Services. For stand-alone financial planning services CWA may, in its discretion, charge an hourly or fixed fee for these services. CWA's financial planning and consulting fees are negotiable, but are generally \$250 per hour. Fixed fees can range from \$500 to \$10,000. CWA may also charge clients a subscription fee on a monthly or quarterly basis for financial planning.

The final fee schedule will be attached as Exhibit A of the Personal Financial Planning Agreement.

Clients may terminate their contracts without penalty within 180 business days of signing the financial planning contract. If a client terminates his or her contract within 180 business days of signing the financial planning contract, fees that are charged in advance will be fully refunded.

Hourly, fixed, or subscription based fees may be waived or refunded should the client decide to engage CWA for ongoing Advisory Services.

## **Payment of Advisory Fees**

Advisory fees are automatically withdrawn directly from the client's account with written authorization. Advisory fees are withdrawn on a quarterly basis, in advance, usually around the 1<sup>st</sup> day of the new calendar quarter using the account values on the last day of the previous quarter. The fees are computed based on the number of days in that calendar quarter expressed as a percentage of the total days in the year.

When accounts are opened, the first billing will be computed on a prorated basis using the number of remaining days that the funds are to be managed that quarter. Clients authorize CWA (or its agents) to directly debit fees from their accounts.

A billing advice memorandum is included with the performance reports sent to every client soon after the end of each calendar quarter. If a client terminates his or her relationship with CWA in the middle of a quarter, a refund is given on a prorated basis, based on the number of days

remaining in a quarter as of the date of termination. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. Clients may terminate their contracts at any time without penalty.

Service Guarantee: Upon written request, if a client is unhappy with our services for any reason, the client may request a full refund of CWA's advisory or financial planning fees within 180 days from the signed investment advisory contract.

### **Payment of Financial Planning Fees**

*Fixed Financial Planning fees* are paid via written check or credit card. 100% of the fee is due upon signing the financial planning agreement and never more than six months in advance. Occasionally, CWA may charge 50% (fifty percent) of fees in advance of plan delivery, and 50% after plan delivery. Fixed planning fees can be waived if client signs up for investment advisory services.

*Hourly Financial Planning fees* are paid via check or credit card. \$500 is due upon signing the financial planning agreement and the remainder of the fee is due after delivery of the financial plan and never more than six months in advance.

*Subscription Based Financial Planning fees* are paid via check or credit card. Fees are invoiced on a monthly or quarterly basis and are paid in advance.

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

Clients may incur certain charges imposed by the third parties including but not limited to custodial fees, charges imposed directly by a mutual fund or exchange traded fund in the account, which shall be disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

Additionally, clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to CWA's fee.

### **Prepayment of Fees**

CWA collects fees in advance for advisory services. Fees that are collected in advance will be refunded based on the prorated amount of work completed as of the date of termination and the total days during the billing period. Fees will be returned within thirty days to the client via check or deposit back into client's account.

## Outside Compensation For the Sale of Securities to Clients

CWA's compensation is derived solely from fees paid directly by clients. **The firm does not receive commission based on the client's purchase of any financial product, including insurance. No commissions in any form are accepted.**

## ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Neither CWA nor any of its supervised persons accepts performance-based fees (fees based on a share of capital gains or capital appreciation of the assets of a client).

## ITEM 7: TYPES OF CLIENTS

CWA generally offers advisory or financial planning services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Trusts, Estates, or Charitable Organizations
- ❖ Corporations or Business Entities

The minimum account size (based on the total for all accounts being managed for the client and the client's family) is \$1,000,000 per client family. CWA reserves the right to waive account minimums where necessary.

## ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

### Methods of Analysis

Investing in securities involves risk of loss that clients should be willing to bear.

The CWA asset allocation programs and advice concerning securities are based on publicly available research and reports regarding individual securities and mutual funds constructed from these securities. Buckingham makes available to CWA a financial simulation program that calculates the effects of various historical and expected rates of return from different asset classes to assist in the preparation of written asset allocation plans for each client.

A CWA investment adviser representative (“IAR”) works with each client to determine their financial goals and objectives, time horizon and risk tolerance to establish a customized Model Portfolio for each client’s account. Generally, a written investment plan and investment policy statement is created for each client. The written plan includes the Model Portfolio to be used, a description of the investment methodology and a stochastic model depicting a wide range of expected returns over the long term to help set realistic client expectations.

In addition to publicly available research, CWA has the benefit through its association with Buckingham to access and utilize research provided by Buckingham’s Investment Committee. Along with Buckingham personnel, University of Santa Clara professor Meir Statman and Nobel-Prize winning professor Harry Markowitz serve on the Buckingham Investment Committee. Through Buckingham’s relationship with Dimensional Fund Advisors LP (“DFA”), CWA also has access to research materials and presentations authored by professors Gene Fama and Ken French, among other academics, who sit on DFA’s Investment Committee.

### **Investment Strategies**

CWA IAR recommendations are generally designed as long-term investment strategies based on the goals of the client, risk tolerance assessment, and a client’s individual situation.

*Modern Portfolio Theory* will be the philosophical foundation for how our portfolios will be structured and how subsequent decisions will be made. Unlike more traditional investment management, which focuses on predicting the movements of individual stock prices, Modern Portfolio Theory looks at the portfolio of assets based on the combination of its risk and return components.

*Asset Allocation.* Our approach to portfolio management focuses on managing a combination of asset classes within your portfolio, rather than focusing on individual investments. Because each asset class in your portfolio has its own expected level of risk and return, it is the combination of the various asset classes—together with periodic portfolio rebalancing—that allows your investments to work in concert to help control the overall level of portfolio risk.

*Equity and Fixed Income Investing.* In developing a client’s asset allocation strategy, we begin by determining how much of your portfolio should be invested in equities and how much should be invested in fixed income investments. This combination of stocks and bonds in a portfolio may impact its short-term downside potential.

*US Market and International Investing.* Incorporating both international and domestic elements into a portfolio is a means of achieving increased diversification, just as combining different patterns of performance strives to lower the volatility of the overall portfolio.

*Large and Small Company Investing.* Research and historical data indicate that over a long period, investing in the stocks of smaller, less-established companies has the potential to provide higher returns than investing exclusively in the stock of larger companies. Investing in a cross-section of small companies in the U.S. and major international markets helps to deliver the “size effect” and increase diversification.

*Value and Growth Company Investing.* Another asset class strategy that may potentially provide higher expected return is the “value” factor. Value companies generally experience slow growth, difficult business conditions, and or declining revenues and profits. In contrast, growth companies are typically well-known companies that experience rapid growth in revenues and profits. CWA believes that long-term capital appreciation may be achieved through value company investing because of the historical return of value stocks, but we are always cognizant that past performance does not guarantee future returns.

*Investment Selection.* CWA primarily utilizes passively managed mutual funds or ETFs from DFA, The Vanguard Group Inc. (“Vanguard”), and other investment management firms in the management of client portfolios. CWA has determined that DFA Funds and Vanguard Funds most effectively capture the returns of target asset classes and provide the best opportunity to effectively implement the investment policies of client portfolios, and thereby gain the greatest benefit from the firm’s methodology. DFA, Vanguard and other mutual fund companies provide clients with prospectuses that identify potential risks involved in investing in the mutual funds used in client portfolios. CWA may also select investments from other providers depending upon the client’s needs and risk tolerance.

Investing in mutual funds does not guarantee a return on investment, and shareholders of a mutual fund may lose the principal that they’ve invested into a particular mutual fund. Mutual funds invest into underlying securities that comprise the mutual fund, and as such clients are exposed to the risks arising from such underlying securities. Mutual funds charge internal expenses to their shareholders (which can include management fees, administration fees, shareholder servicing fees, sales loads, redemption fees, and other fund fees and expenses, e.g.), and such internal expenses subtract from its potential for market appreciation. Shares of mutual funds may only be traded at their stated net asset value (“NAV”), calculated at the end of each day upon the market’s close.

Investing in exchange traded fund (“ETFs”) bears similar risks and incurs similar costs to investing mutual funds as described above. However, shares of an ETF may be traded like stocks on the open market and are not redeemable at an NAV. As such, the value of an ETF may fluctuate throughout the day and investors will be subject to the cost associated with the bid-ask spread

(the difference between the price a buyer is willing to pay (bid) for an ETF and the seller's offering (asking) price).

Clients are encouraged to carefully read the prospectus of any mutual fund or ETF to be purchased for investment to obtain a full understanding of its respective risks and costs.

### **Risk of Loss**

**Investing in securities, and especially in value and small companies, involves a risk of loss that you, as a client, should be prepared to bear. Additional risk factors include: political risk, interest rate risk, currency risk, market risk, your own behavioral risk, and liquidity risk. Past performance is no indication of future performance.**

## **ITEM 9: DISCIPLINARY INFORMATION**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of CWA or the integrity of CWA's management.

**There are NO legal or disciplinary events that are material to a client's or prospective client's evaluation of this advisory business or the integrity of our management.**

## **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

### **Registration as a Broker/Dealer or Broker/Dealer representative**

Neither CWA nor its representatives are registered as a broker/dealer or as representatives of a broker/dealer.

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

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

## **Registration Relationships Material to This Advisory Business and Possible Conflicts of Interest**

We may at times recommend unrelated, third party investment managers who have a greater expertise in certain disciplines when appropriate for the client; we do not receive any compensation for the recommendation or selection of these investment managers.

From time to time, we will recommend other professionals (e.g., lawyers, accountants, insurance agents, real estate agents) at the request of the client.

Such other professionals are engaged directly by the client on an as-needed basis at the client's discretion. Professionals recommended by CWA may also in their discretion recommend our services to their clients. However, we have no referrals agreements with any of the professionals we recommend.

### **Third Party Manager Relationships**

Third party manager relationships will be disclosed in each contract between CWA and each client, as applicable. The fees collected will not exceed any limit imposed by any regulatory agency. CWA will always act in the best interests of the client, including when determining which third party manager, if any, to recommend to clients. CWA will ensure that all recommended advisors or managers are licensed or notice filed in the states in which CWA is recommending them to clients.

As described above, CWA generally utilizes the third party money management services of Buckingham. In the interests of full disclosure, it should be noted that Mark Fonville owns publicly-traded common stock in the parent company of Buckingham, Focus Financial Partners Inc. ("Focus"). Though the value of Focus stock Mr. Fonville owns relative to Focus' overall market capitalization is de minimis, he nonetheless may be incentivized to retain the services of Buckingham based on such ownership. Mr. Fonville addresses this incentive by evaluating the merits of Buckingham independent of his ownership of Focus common stock, by only recommending or retaining Buckingham when it would be in the best interests of clients, and by fully disclosing such common stock ownership in this brochure.

At CWA's discretion, from time to time we compensate outside professionals (financial planners, paraplanners, CPAs or estate planning attorneys, e.g.) for services rendered to CWA clients. CWA clients are not charged more for this benefit.

## ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

**As a fiduciary, our firm and its associates have a duty of utmost good faith to act solely in the best interests of each client.** Our clients entrust us with their funds and personal information, which in turn places a high standard on our conduct and integrity. **Our fiduciary duty is a core aspect of our Code of Ethics and represents the expected basis of all of our dealings.** CWA also voluntarily adheres to the Code of Ethics and Professional Responsibility adopted by the CFP® Board of Standards Inc., and accepts the obligation not only to comply with the mandates and requirements of all applicable laws and regulations but also to take responsibility to act in an ethical and professionally responsible manner in all professional services and activities.

This code does not attempt to identify all possible conflicts of interest, and literal compliance with each of its specific provisions will not shield associated persons from liability for personal trading or other conduct that violates a fiduciary duty to advisory clients.

### **Code of Ethics**

We have a written Code of Ethics or other policies and procedures that cover the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Clients may request a copy of our Code of Ethics at any time.

### **Recommendations Involving Material Financial Interests**

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

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

IARs of CWA do not buy or sell securities (other than shares of mutual funds or exchange traded funds) that they also recommend to clients. CWA will always document any transactions that could be construed as conflicts of interest and will always transact client business before their own should a situation arise where similar securities are being bought or sold.



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

IARs of CWA do not buy or sell securities (other than shares of mutual funds or exchange traded funds) that they also recommend to clients. CWA will always document any transactions that could be construed as conflicts of interest and will always transact client business before their own should a situation arise where similar securities are being bought or sold.

### ITEM 12: BROKERAGE PRACTICES

CWA does not receive soft dollar benefits in conjunction with client securities transactions from any of the broker-dealer custodians with whom it works. Soft dollar benefits are not proportionally allocated to any accounts that may generate different amounts of the soft dollar benefits.

However, CWA has entered into a Sponsorship Agreement with Fidelity by which Fidelity has agreed to sponsor a CWA client event by making a payment to the event's hosting location on CWA's behalf. This sponsorship is expressly *not* conditioned on any revenue generated by Fidelity or CWA, or any amount of securities transactions that are directed to Fidelity. Even still, this has the potential to create conflict of interest to the extent CWA feels compelled to recommend Fidelity as the custodial broker-dealer to its existing or prospective clients. CWA addresses this potential conflict of interest by evaluating the custodial broker-dealer recommendations it makes to clients independent of any benefits received by CWA, and instead based on the nature and quality of the services provided by the custodial broker-dealer to its clients. Furthermore, disclosure both in this brochure and to attendees of the client event is intended to make clients and prospects aware of the sponsorship. To the extent agreed to between CWA and Fidelity (or another custodial broker-dealer), future sponsorships of a similar nature are possible but shall in no instance be conditioned on revenue earned by the custodial broker-dealer, CWA, or in connection with client securities transactions.

For clients utilizing Buckingham, the clients sign paperwork with the account custodian (Schwab, Fidelity, TD or Pershing) stating that Buckingham has trading discretion. The CWA Relationship Agreement limits trading discretion of Buckingham and CWA solely to buying and holding the Model Portfolio to which the client has specifically consented in writing. When the Re-Optimization Analyses are prepared, trades are recommended on the clients' behalf. CWA IARs determine what trades are needed to maintain a close proximity to the Model Portfolio. This discretion does not allow CWA to change the mutual funds being used or deviate significantly from the Model Portfolio. Any such changes or significant deviations must be approved in writing or verbally by the client. For certain clients, CWA retains discretionary authority to trade in client

accounts, and such discretionary trading authorization is granted by those certain clients in their respective advisory agreements.

Although CWA recommends either Schwab or Fidelity be employed as custodian (and broker-dealer) for client accounts, clients are under no obligation to work with Schwab or Fidelity.

CWA does not vote proxies for its clients, and does not aggregate the purchase or sale of securities for client accounts.

## ITEM 13: REVIEWS OF ACCOUNTS

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

In the Buckingham asset allocation services, the CWA IAR and client initially determine the customized Model Portfolio utilizing Buckingham's calculations for risk and rates of return to plan for a client's personal goals. A Model Portfolio approved by each CWA client in writing specifies the investments to be used and Buckingham uses this form to implement the strategy on behalf of the CWA client. For clients not utilizing Buckingham, portfolios are managed on an ongoing basis by an CWA IAR directly.

The portfolio is reviewed periodically (usually four times per year) by the CWA IAR (and Buckingham, for clients utilizing Buckingham) to determine if any repositioning is needed to bring the portfolio closer to its risk-adjusted target allocation.

Mark Fonville, Katherine Fonville, and Rob Smith are the IARs responsible for conducting reviews of client accounts. Accounts may be reviewed monthly, quarterly, or annually.

All financial planning accounts are reviewed upon financial plan creation and plan delivery by Mark Fonville, Katherine Fonville, Rob Smith or Scott Hurt. There is only one level of review and that is the total review conducted to create the financial plan.

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

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

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

Clients of CWA receive monthly statements from their chosen custodian (such as Schwab or Fidelity). Additionally, clients of CWA utilizing Buckingham receive quarterly performance and fee billing reports from Buckingham.

Financial Planning clients are provided a one-time financial plan concerning their financial situation. After the presentation of the plan, there are no further reports after a 12 month period. Clients may request additional plans or reports for a fee.

## **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

For certain clients we utilize the services of Buckingham, an unaffiliated investment adviser, as described above. Buckingham provides us with an asset allocation and investment account management platform and certain administrative services. CWA does not receive any compensation directly from Buckingham but Buckingham does offer services that are intended to directly benefit CWA, clients, or both. Such services include (a) an online platform through which CWA can monitor and review client accounts, create model portfolios, and perform other client account maintenance matters, (b) access to technology that allows for client account aggregation, (c) quarterly client statements, (d) invitations to Buckingham's educational conferences at a discount or inclusive of travel and attendance expenses, (e) practice management consulting, and (f) occasional business meals and entertainment.

Additionally, Buckingham reimburses CWA a portion of the cost of certain financial planning tools that we use with clients, and from time to time shares in the cost of client seminars or appreciation events hosted by CWA. These reimbursements are not contingent on CWA giving particular investment advice, such as buying particular securities for our clients.

CWA does not compensate any person or entity for client referrals other than Rob Topping and SmartAsset, as described above.

## **ITEM 15: CUSTODY**

For clients that do not have their fees deducted directly from their account(s) and have not granted held-away account access to CWA, CWA will not have any custody of client funds or securities. For clients that have their fees deducted directly from their account(s) and/or have granted held-away account access to CWA, CWA will typically be deemed to have limited custody over such clients' funds or securities pursuant to the SEC's custody rule and subsequent guidance thereto. At no time will CWA accept full custody of client funds or securities in the capacity of a

custodial broker-dealer, and at all times client accounts will be held by a third-party qualified custodian as described in Item 12, above.

Clients that have their fees deducted from their account(s) have authorized CWA to do so as part of the written advisory agreement between CWA and such clients. Each time a fee is directly deducted from a client's account(s), CWA concurrently sends the qualified custodian an invoice or statement of the amount of the fee to be deducted from the client's account, and sends the client an invoice or statement itemizing the fee. Itemization includes the formula used to calculate the fee, the value of the assets under management on which the fee is based, and the time period covered by the fee.

Furthermore, for the held-away client retirement accounts to which CWA has access through possession of such clients' retirement account portal username and password, CWA will undergo an annual surprise examination conducted by an independent accounting firm.

If a client receives account statements from both the custodial broker-dealer and CWA or Buckingham, client is urged to compare such account statements and advise Buckingham of any discrepancies between them.

## ITEM 16: INVESTMENT DISCRETION

CWA generally does not accept discretionary authority to manage securities accounts on behalf of clients for clients utilizing Buckingham, but it and Buckingham do have the authority to purchase, sell, or reallocate the Model Portfolio to which the client has specifically consented in writing. This trading to maintain the integrity of a Model Portfolio does not allow CWA to change the mutual funds being used or deviate significantly from the Model Portfolio. Any such changes or significant deviations must be approved in writing or verbally by the client.

For certain clients, CWA retains discretionary authority to trade in client accounts, and such discretionary trading authorization is granted by those certain clients in their respective advisory agreements.

## ITEM 17: VOTING CLIENT SECURITIES (PROXY VOTING)

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

## ITEM 18: FINANCIAL INFORMATION

### **Balance Sheet**

CWA does not require nor solicit prepayment of more than \$500 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

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

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

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

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