

# Tumwater Wealth Management, LLC

## Firm Brochure - Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of Tumwater Wealth Management, LLC. If you have any questions about the contents of this brochure, please contact us at (208) 314-2114 or by email at: [ben@tumwaterwealth.com](mailto:ben@tumwaterwealth.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 Tumwater Wealth Management, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Tumwater Wealth Management, LLC's CRD number is: 300443.*

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

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## **Item 2: Material Changes**

Tumwater Wealth Management, LLC has the following material changes to report. Material changes relate to Tumwater Wealth Management, LLC's policies, practices or conflicts of interests.

- Tumwater Wealth Management, LLC has updated their contact number. (Cover page)
- Tumwater Wealth Management, LLC offers financial planning services for no additional fee to on-going portfolio management clients. (Item 4.B).
- Tumwater Wealth Management, LLC has updated the portfolio management fee schedule and has added financial planning fees for clients who are not ongoing portfolio management clients (Item 5, Item 13).
- Tumwater Wealth Management, LLC has transitioned to registration with the United States Securities and Exchange Commission from its prior registration at the state level.

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## **Item 4: Advisory Business**

### **A. Description of the Advisory Firm**

Tumwater Wealth Management, LLC (hereinafter “TWM”) is a Limited Liability Company organized in the State of Idaho. The firm was formed in November 2018, and the principal owners are Benjamin C Warren and Kirsten A Warren.

### **B. Types of Advisory Services**

#### ***Portfolio Management Services***

TWM provides ongoing portfolio management based on each client’s individual goals, time horizon, and risk tolerance. TWM works with each client to determine the most appropriate portfolio for their situation (income, net worth, tax levels, risk tolerance, etc.). Portfolio management includes the following:

- Determining the appropriate mix of stocks, bonds, and cash equivalents
- Determining the appropriate mix of US vs. international vs. emerging markets
- Determining the appropriate mix of large, mid-size, and small Companies
- Determining the appropriate mix of value stocks vs. growth stocks
- Determining the specific stocks, bonds, cash equivalents, mutual funds, and exchange traded funds (ETFs) to provide the desired investment exposures.
- Monitoring each portfolio’s adherence to the determined target allocations
- Rebalancing when appropriate
- Monitoring and minimizing portfolio costs
- Monitoring the ongoing appropriateness of each specific investment in the portfolio
- Etc.

TWM evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. TWM takes on discretionary authority from clients in order to manage the portfolio (select securities, execute transactions, etc.) in an efficient manner without requiring permission from the client prior to each transaction.

TWM seeks to make investment decisions are made in accordance with the fiduciary duties owed to its clients and without consideration of TWM’s economic, investment or other financial interests. To meet its fiduciary obligations, TWM attempts to avoid, among other things, investment or trading practices that systematically advantage or disadvantage certain client portfolios, and accordingly, TWM’s policy is to seek fair and equitable allocation of investment opportunities/transactions among its clients to avoid favoring one client over another over time. It is TWM’s policy to allocate investment

opportunities and transactions it identifies as being appropriate and prudent among its clients on a fair and equitable basis over time.

### ***Comprehensive Financial Planning***

Financial plans and financial planning may include, but are not limited to: retirement planning, behavioral investment coaching, education planning and analysis, diversification and asset allocation analysis, risk management planning including life insurance analysis, disability insurance analysis, and long term care insurance analysis, liability planning and analysis including existing mortgage and financing analysis and benchmarking, real estate investment analysis including both short term and long term rental options, budgeting coaching, charitable and personal gifting guidance and analysis, basic estate planning, basic tax planning, debt reduction strategies and analysis, etc.

### ***Pension Consulting Services***

TWM offers consulting services to pension or other employee benefit plans (including but not limited to 401(k) plans). Pension consulting may include, but is not limited to:

- identifying investment objectives and restrictions
- providing guidance on various assets classes and investment options
- recommending money managers to manage plan assets in ways designed to achieve plan objectives
- monitoring performance of money managers and investment options and making recommendations for changes when appropriate
- recommending other service providers, such as custodians, administrators and broker-dealers
- creating a written pension investment policy statement
- providing plan benchmarking
- providing employee investment education and advice
- providing regular fiduciary plan and investment reviews

These services are based on the goals, objectives, demographics, time horizon, and/or risk tolerance of the plan and its participants.

### ***Services Limited to Specific Types of Investments***

TWM generally limits its investment advice to mutual funds, fixed income securities, real estate funds (including REITs), insurance products including annuities, equities, ETFs (including ETFs in the gold and precious metal sectors) and treasury inflation protected/inflation linked bonds. TWM may use other securities as well to help diversify a portfolio when applicable.

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

TWM will tailor a program for each individual client. This will include an interview session to get to know the client's specific needs and requirements as well as a plan that will be executed by TWM on behalf of the client. TWM develops customized investment portfolios for each client based on a comprehensive financial planning process including goals, time horizons, return requirements, investment experience, balance sheet analysis, income sources analysis, safe distribution rates, etc. TWM may use model allocations together with a specific set of recommendations for each client based on their personal restrictions, needs, and targets. 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 TWM from properly servicing the client account, or if the restrictions would require TWM to deviate from its standard suite of services, TWM reserves the right to end the relationship.

### **D. Wrap Fee Programs**

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, and certain other administrative fees. TWM does not participate in wrap fee programs.

### **E. Assets Under Management**

TWM has the following assets under management:

<b>Discretionary Amounts:</b>	<b>Non-discretionary Amounts:</b>	<b>Date Calculated:</b>
\$158,800,282	\$31,278,186	December 2019

## Item 5: Fees and Compensation

### A. Fee Schedule

#### *Advisory Fees*

Total Assets Under Management	Portfolio Management Annual Fee Rate	Comprehensive Financial Planning Monthly Fee
\$5,000 - \$500,000	0.500%	\$249
\$500,001 - \$1,000,000	1.000%	Included
\$1,000,001 - \$2,500,000	0.875%	Included
\$2,500,001 - \$5,000,000	0.750%	Included
\$5,000,001 - \$10,000,000	0.625%	Included
\$10,000,001 - \$25,000,000	0.500%	Included
\$25,000,001+	Negotiable	Included

#### *Portfolio Management Fees*

The portfolio management fee is calculated using the value of the assets in the Account on the last business day of the prior billing period.

Any cash flows greater than \$30,000 in or out of the account(s), including new account(s), will be pro-rated and paid on the following quarterly billing.

These fees are generally negotiable and the final fee schedule will be memorialized in the client's advisory agreement. Clients may terminate the agreement without penalty for a full refund of TWM's fees within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the Investment Advisory Contract generally with 30 days' written notice.

#### *Comprehensive Financial Planning Fees*

The rate for creating comprehensive client financial plans is \$2,988 annually. The fees are generally negotiable and the final fee schedule will be attached as Exhibit II of the Financial Planning Agreement. The first contract will be for a period of one year, after which it will transition to a month-by-month contract that can be terminated without penalty at any time.

TWM offers financial planning services for no additional fee to on-going portfolio management clients with assets over \$500,000.

Clients may terminate the agreement without penalty, for full refund of TWM's fees, within five business days of signing the Financial Planning Agreement. Thereafter, clients may terminate the Financial Planning Agreement upon written notice.

### ***Pension Consulting Services Fees***

#### **Asset-Based Fees for Pension Consulting**

<b>Total Assets Under Management</b>	<b>Annual Fee</b>
All Assets	A Maximum of 0.75%

Fees will be paid as outlined in the service agreement with the record keeper.

These fees are generally negotiable, and the final fee schedule will be memorialized in the client's advisory agreement.

#### **Fixed Fees for Pension Consulting**

The rate for pension consulting services is between \$1,500 and \$10,000. These fees are negotiable.

Clients may terminate the agreement without penalty for a full refund of TWM's fees within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the pension consulting agreement generally with 30 days' written notice. TWM bills based on the balance on the first day of the billing period.

### **B. Payment of Fees**

#### ***Payment of Portfolio Management Fees***

Asset-based portfolio management fees are withdrawn directly from the client's accounts with client's written authorization on a quarterly basis. Fees are paid in advance.

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

Fixed Financial Planning fees are withdrawn directly from the client's bank or credit card accounts with client's written authorization on a monthly basis. Fees are paid in advance.

As mentioned previously, financial planning for clients with \$500,000 or more in portfolio management assets are not charged for financial planning services.



### ***Payment of Pension Consulting Fees***

Asset-based pension consulting fees are withdrawn directly from the client's accounts with client's written authorization on a quarterly basis, or may be invoiced and billed directly to the client on a quarterly basis. Clients may select the method in which they are billed. Fees are paid in arrears.

Fixed fees for pension consulting are paid via check. Fees are paid 50% in advance and 50% upon completion.

### **C. Client Responsibility For Third Party Fees**

Clients are responsible for the payment of all third party fees (i.e. custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by TWM. Please see Item 12 of this brochure regarding broker-dealer/custodian.

### **D. Prepayment of Fees**

TWM collects fees in advance. Refunds for fees paid in advance but not yet earned will be refunded on a prorated basis and returned within fourteen days to the client via check, or return deposit back into the client's account.

For all asset-based fees paid in advance, the fee refunded will be equal to the balance of the fees collected in advance minus the daily rate\* times the number of days elapsed in the billing period up to and including the day of termination. (\*The daily rate is calculated by dividing the annual asset-based fee rate by number of days in the year.)

Fixed fees that are collected in advance will be refunded based on the prorated amount of work completed at the point of termination.

### **E. Outside Compensation For the Sale of Securities to Clients**

Neither TWM nor its supervised persons accept any compensation for the sale of investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

TWM does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## Item 7: Types of Clients

TWM generally provides advisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Pension and Profit Sharing Plans
- ❖ Charitable Organizations
- ❖ Corporations or Business Entities

The account minimum for TWM's services is a household minimum of \$5,000.

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

### A. Methods of Analysis and Investment Strategies

#### *Methods of Analysis*

TWM's methods of analysis include Cyclical analysis, Fundamental analysis, Modern portfolio theory and Quantitative analysis.

**Cyclical analysis** involves the analysis of business cycles to find favorable conditions for buying and/or selling a security.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

**Modern portfolio theory** is a theory of investment that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, each by carefully choosing the proportions of various asset.

**Quantitative analysis** deals with measurable factors as distinguished from qualitative considerations such as the character of management or the state of employee morale, such as the value of assets, the cost of capital, historical projections of sales, and so on.

#### *Investment Strategies*

In general, TWM adheres to a long-term, buy-and-hold investment strategy.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **B. Material Risks Involved**

### *Methods of Analysis*

**Cyclical analysis** assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are two-fold: 1) the markets do not always repeat cyclical patterns; and 2) if too many investors begin to implement this strategy, then it changes the very cycles these investors are trying to exploit.

**Fundamental analysis** concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

**Modern portfolio theory** assumes that investors are risk averse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better expected returns.

**Quantitative analysis** Investment strategies using quantitative models may perform differently than expected as a result of, among other things, the factors used in the models, the weight placed on each factor, changes from the factors' historical trends, and technical issues in the construction and implementation of the models.

### *Investment Strategies*

**Long term trading** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **C. Risks of Specific Securities Utilized**

Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below (leaving aside Treasury Inflation Protected/Inflation

Linked Bonds) are not guaranteed or insured by the FDIC or any other government agency.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond “fixed income” nature (lower risk) or stock “equity” nature.

**Equity** investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.

**Fixed income** investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.

**Exchange Traded Funds (ETFs):** An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Precious Metal ETFs (e.g., Gold, Silver, or Palladium Bullion backed “electronic shares” not physical metal) specifically may be negatively impacted by several unique factors, among them (1) large sales by the official sector which own a significant portion of aggregate world holdings in gold and other precious metals, (2) a significant increase in hedging activities by producers of gold or other precious metals, (3) a significant change in the attitude of speculators and investors.

**Real estate** funds (including REITs) face several kinds of risk that are inherent in the real estate sector, which historically has experienced significant fluctuations and cycles in performance. Revenues and cash flows may be adversely affected by: changes in local real estate market conditions due to changes in national or local economic conditions or changes in local property market characteristics; competition from other properties offering the same or similar services; changes in interest rates and in the state of the debt and equity credit markets; the ongoing need for capital improvements; changes in real estate tax rates and other operating expenses; adverse changes in governmental rules and

fiscal policies; adverse changes in zoning laws; the impact of present or future environmental legislation and compliance with environmental laws.

**Annuities** are a retirement product for those who may have the ability to pay a premium now and want to guarantee they receive certain monthly payments or a return on investment later in the future. Annuities are contracts issued by a life insurance company designed to meet requirement or other long-term goals. An annuity is not a life insurance policy. Variable annuities are designed to be long-term investments, to meet retirement and other long-range goals. Variable annuities are not suitable for meeting short-term goals because substantial taxes and insurance company charges may apply if you withdraw your money early. Variable annuities also involve investment risks, just as mutual funds do.

**Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There are no criminal or civil actions to report.

### **B. Administrative Proceedings**

There are no administrative proceedings to report.

### **C. Self-regulatory Organization (SRO) Proceedings**

There are no self-regulatory organization proceedings to report.

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

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Neither TWM nor its representatives are registered as, or have pending applications to become, a broker/dealer or a representative of a broker/dealer.

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

Neither TWM nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

### **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Benjamin Carl Warren is a board member for Northwest Christian Credit Union.

### **D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections**

TWM does not utilize nor select third-party investment advisers.

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

### **A. Code of Ethics**

TWM has a written Code of Ethics that covers 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. TWM's Code of Ethics is available free upon request to any client or prospective client.

### **B. Recommendations Involving Material Financial Interests**

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

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

From time to time, representatives of TWM may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of TWM to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. TWM will always document any transactions that could be construed as conflicts of interest and will never engage in

trading that operates to the client's disadvantage when similar securities are being bought or sold.

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

From time to time, representatives of TWM may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of TWM to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest; however, TWM will never engage in trading that operates to the client's disadvantage if representatives of TWM buy or sell securities at or around the same time as clients.

### **Item 12: Brokerage Practices**

#### **A. Factors Used to Select Custodians and/or Broker/Dealers**

Custodians/broker-dealers will be recommended based on TWM's duty to seek "best execution," which is the obligation to seek execution of securities transactions for a client on the most favorable terms for the client under the circumstances. Clients will not necessarily pay the lowest commission or commission equivalent, and TWM may also consider the market expertise and research access provided by the broker-dealer/custodian, including but not limited to access to written research, oral communication with analysts, admittance to research conferences and other resources provided by the brokers that may aid in TWM's research efforts. TWM will never charge a premium or commission on transactions, beyond the actual cost imposed by the broker-dealer/custodian.

TWM will require clients to use Schwab Institutional, a division of Charles Schwab & Co., Inc.

#### **1. Research and Other Soft-Dollar Benefits**

While TWM has no formal soft dollars program in which soft dollars are used to pay for third party services, TWM may receive research, products, or other services from custodians and broker-dealers in connection with client securities transactions ("soft dollar benefits"). TWM may enter into soft-dollar arrangements consistent with (and not outside of) the safe harbor contained in Section 28(e) of the Securities Exchange Act of 1934, as amended. There can be no assurance that any particular client will benefit from soft dollar research, whether or not the client's transactions paid for it, and TWM does not seek to allocate benefits to client accounts proportionate to any soft dollar credits generated by the accounts. TWM benefits by not having to produce or pay for the research, products or services, and TWM will have an incentive to

recommend a broker-dealer based on receiving research or services. Clients should be aware that TWM's acceptance of soft dollar benefits may result in higher commissions charged to the client.

## **2. *Brokerage for Client Referrals***

TWM receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

## **3. *Clients Directing Which Broker/Dealer/Custodian to Use***

TWM will require clients to use a specific broker-dealer to execute transactions. Not all advisers require clients to use a particular broker-dealer.

### **B. Aggregating (Block) Trading for Multiple Client Accounts**

If TWM buys or sells the same securities on behalf of more than one client, then it may (but would be under no obligation to) aggregate or bunch such securities in a single transaction for multiple clients in order to seek more favorable prices, lower brokerage commissions, or more efficient execution. In such case, TWM would place an aggregate order with the broker on behalf of all such clients in order to ensure fairness for all clients; provided, however, that trades would be reviewed periodically to ensure that accounts are not systematically disadvantaged by this policy. TWM would determine the appropriate number of shares and select the appropriate brokers consistent with its duty to seek best execution, except for those accounts with specific brokerage direction (if any).

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

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

All client accounts for TWM's advisory services provided on an ongoing basis are reviewed at least Quarterly by Benjamin C Warren, Managing Member, with regard to clients' respective investment policies and risk tolerance levels. All accounts at TWM are assigned to this reviewer.

All financial planning accounts are reviewed upon financial plan creation and plan delivery by Benjamin C Warren, Managing Member. There is only one level of review for financial plans, and that is the total review conducted to create the financial plan.

### **B. 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).

With respect to financial plans, TWM's services will generally conclude upon delivery of the financial plan.

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

Each client of TWM's advisory services provided on an ongoing basis will receive a monthly report detailing the client's account, including assets held, asset value, and calculation of fees. This written report will come from the custodian. TWM will also provide at least quarterly a separate written statement to the client.

Each financial planning client will receive the financial plan upon completion.

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

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

TWM does not receive any economic benefit, directly or indirectly from any third party for advice rendered to TWM's clients.

With respect to Schwab, TWM receives access to Schwab's institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser'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. For TWM client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab also makes available to TWM other products and services that benefit TWM but may not benefit its clients' accounts. These benefits may include national, regional or TWM specific educational events organized and/or sponsored by Schwab Advisor Services. Other potential benefits may include occasional business entertainment of personnel of TWM by Schwab Advisor Services 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 TWM 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, if applicable), provide research, pricing information and other market data, facilitate payment of TWM's fees from its clients' accounts (if applicable), 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 TWM's accounts. Schwab Advisor Services also makes available to TWM other services intended to help TWM 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 TWM by independent third parties. Schwab Advisor Services 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 TWM. TWM is independently owned and operated and not affiliated with Schwab.

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

TWM does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

### **Item 15: Custody**

When advisory fees are deducted directly from client accounts at client's custodian, TWM will be deemed to have limited custody of client's assets and must have written authorization from the client to do so. Clients will receive all account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy.

### **Item 16: Investment Discretion**

TWM provides discretionary and non-discretionary investment advisory services to clients. The advisory contract established with each client sets forth the discretionary authority for trading. Where investment discretion has been granted, TWM generally manages the client's account and makes investment decisions without consultation with the client as to when the securities are to be bought or sold for the account, the total amount of the securities to be bought/sold, what securities to buy or sell, or the price per share. In some instances, TWM's discretionary authority in making these determinations may be limited by conditions imposed by a client (in investment guidelines or objectives, or client instructions otherwise provided to TWM).

## **Item 17: Voting Client Securities (Proxy Voting)**

TWM 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**

### **A. Balance Sheet**

TWM neither requires nor solicits prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

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

Neither TWM nor its management has any financial condition that is likely to reasonably impair TWM's ability to meet contractual commitments to clients.

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

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