

**ADV PART 2
BROCHURE
OF
DIXON HUGHES GOODMAN WEALTH ADVISORS LLC**

Dixon Hughes Goodman Wealth Advisors LLC is registered with the U.S. Securities and Exchange Commission as an investment advisor. Registration of an investment advisor does not imply any level of skill or training. We have provided this brochure to you to give you more information about us. The information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission or by any state securities authority. If you have any questions about the contents of this Brochure, please contact Kevin Broadwater, Chief Compliance Officer, at 828.236.5801 or kevin.broadwater@dhgwa.com.

Additional information about us is available on the SEC's website at www.advisorinfo.sec.gov.

Dated August 12, 2020

Item 2: Material Changes

This section describes any material changes since the last version of our Brochure, dated August 22, 2019.

In this annual amendment, we made non-material changes to:

- Update our assets under management and assets under advisement
- Provide disclosure on how we may address small accounts
- Provide disclosure regarding pandemic risk
- Describe our identity verification procedure
- Provide disclosure regarding the using the account aggregation and document storage features of our client portal

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Item 4: Advisory Business

Dixon Hughes Goodman Wealth Advisors LLC (DHGWA or “We”) provides investment management and financial planning services to individuals such as retired persons, those nearing retirement, business owners, high net worth investors, and those saving for retirement, education or other goals. We also provide investment advisory and planning services for trusts and estates, pension and profit-sharing plans, and corporations and other businesses. As of May 31, 2020 we had investing authority for \$1,680,824,050 (i.e., assets managed on a discretionary basis) and we managed \$10,788,528 on a non-discretionary basis (for which we needed to obtain client consent to execute a client trade), totaling \$1,691,612,578. As of May 31, 2020 we had an additional \$592,706,265 in assets under advisement (AUA). These assets, such as retirement plan assets, are not directly managed by us but we provide advice on how to manage these assets, and the client can choose to take action on that advice.

A. Financial Planning

We provide holistic financial planning for high net worth and other individual clients as well as businesses and other organizations. Our strategic life planning approach focuses on short-term goals, long-term dreams and real-life issues, to provide a framework for your financial decision-making. As part of our financial planning services, we will help you organize your financial accounts, analyze your current financial holdings, and create a financial plan that helps you prepare for future goals such as retirement, education expenses or estate planning. We will prepare an asset allocation strategy that incorporates your goals and objectives, return expectations, risk tolerance, tax considerations, liquidity needs and time horizons. An important part of our financial planning service is educating our clients about the risks and rewards of various potential strategies. We also serve as a financial quarterback to help you draw on the right team of other professionals, to assist you in implementing appropriate insurance, tax, and estate planning strategies.

Our financial planning process begins with us getting to know you better. We ask you questions that are designed to make sure we have a complete understanding of your current financial status. We may also ask you questions to find out what things are important to you. Our goal is to work with you to create a financial plan that helps you achieve the things that you value.

1. Limitations of Financial Planning

- a. **Accurate information.** We rely on the information you provide us regarding your finances. If we do not receive sufficient or accurate information from you we may not be able to provide an accurate financial plan and any conclusions and recommendations in the plan may not be suitable for you.
- b. **Implementing your financial plan.** The financial plan we work on with you may have assumptions regarding budgeting, annual savings rates, estate planning and insurance needs. We will advise you of our recommendations, however it is up to you to put recommendations into action. For example, only you can assure that you are living within a budget or that you set aside the recommended savings. You are under no obligation to act on any recommendation and you are free to follow or disregard any part of the financial plan.

- c. **Referral compensation.** Our recommendations may include advice that you hire another service provider, such as an attorney or CPA to assist you. We do not receive compensation for referring you to an outside service provider or to an entity affiliated with DHG. If we refer you to a DHG-affiliated entity, additional revenue for DHG would be generated that could indirectly benefit us.

B. Investment Management

Our investment management services consist of managing your investment portfolio on a continuous discretionary basis using an asset allocation model that is designed to take into account your risk and tax considerations.

1. **Risk Assessment.** We will do our best to understand your risk profile, which consists of several factors, including your investing time horizon, comfort level with market volatility and your rate of return requirements. After we have discussed your risk profile with you, we will suggest an asset allocation model that we believe is appropriate with you. Your asset allocation is set forth in your written Investment Policy Statement.
2. **Investment of Assets.** We invest your assets according to the IPS on a discretionary basis. Generally, this means that we have the authority to invest in mutual funds (or other assets in limited cases) in accordance with an asset allocation model that has been developed by our Investment Policy Committee. In a small percentage of cases we manage assets on a non-discretionary basis, which means that we generally must obtain client approval for each trade. For new accounts, we will generally sell your existing investments that are not consistent with our asset allocation model. This is done only after careful consideration of the tax implications and other costs. When you sign the IPS, you agree to such sales. We do allow for reasonable restrictions to be placed on accounts in order to accommodate a client's wishes to continue to hold a position for any reason. Except for temporary deviations due to market movement, cash contributions or withdrawals or other extenuating circumstances, we will generally seek to maintain your portfolio investments within a 5 percentage point deviation from your IPS asset allocation model. We will periodically rebalance your portfolio so that the allocation of your investments is consistent with the allocation model in your IPS.
3. **Portfolio Monitoring.** Once your portfolio is invested, we monitor your asset allocation and periodically evaluate whether the portfolio should be re-balanced or whether there have been changes in your income or overall financial situation or changes in your goals and objectives.

C. Retirement Plan Services

We help businesses with establishing and maintaining their retirement plans. Typically, we are engaged by a business plan sponsor as advisor of the plan to provide assistance with the plan sponsor's selection and monitoring of the investment options available within a plan among other things. In this role we make recommendations to the plan sponsor on which investment options should be offered by the plan and periodically monitor and report on the investment options.

- 1. Plan Investment Option Recommendations.** In general, we recommend plan investment options that meet the following standards:
 - Competitive performance relative to a style-specific benchmark over various time periods.
 - Risk and risk-adjusted return measures should be established and be within a reasonable range relative to an appropriate, style-specific benchmark and peer group.
 - Demonstrated adherence to the stated investment objective.
 - Competitive fees compared to similar investments.
- 2. Ongoing Monitoring.** We monitor investment options on an ongoing basis. On a regular basis we review the plan's investment option selections and confirm that an investment option continues to meet the above criteria. A formal review of each investment option is conducted quarterly.
- 3. Replacement of an Investment Option.** An investment option will be replaced or changed when, in our view, the investment option no longer meets the above-stated criteria, or we believe that there are other superior investment option choices to take the place of the removed investment option.
- 4. Monitoring - Measuring Costs.** The plan sponsor or investment committee is generally responsible for monitoring all costs associated with the management of the plan, however we will assist them by reviewing Plan costs, including:
 - Expense ratios of each mutual fund against the appropriate peer group.
 - Administrative Fees; costs to administer the plan, including record keeping, custody and trust services.
 - The identification and accounting of all parties receiving soft dollars and/or 12b-1 fees generated by the plan.
- 5. Employee Education.** We periodically meet with plan participants to educate them on how the plan works and to describe their investment options under the plan.

Other Information about Us:

Our main office is in Asheville, North Carolina. We also have offices in Hendersonville, Charlotte, Raleigh, High Point, Greenville and Winston-Salem, and Pinehurst, North Carolina; Greenville, Charleston, Spartanburg and Summerville, South Carolina; Atlanta, Georgia; Jacksonville, Florida; Charleston, West Virginia; Memphis, Tennessee; and, Richmond and Tysons, Virginia.

Our firm began as an independent advisory firm in 1997. Since 2004 our firm has been owned by Dixon Hughes Goodman Financial Services, which is in turn owned by the Members (partners) of DHG, a top 20 public accounting firm with over 2000 employees and offices throughout the Southeast. The President of DHGWA is Will Sneed, and our Co-Chief Investment Officers are Paul Harteg and Bill Laird.

Item 5: Fees and Compensation

A. Investment Management Fees

For investment management services we charge a fee that is a percentage of assets under management, according to the schedule below:

Assets under management	Annual Fee (%)
Up to \$500,000	1.50%
Next \$500,000 (up to \$1 Million)	1.25%
Next \$2,000,000 (up to \$3 Million)	1.00%
\$3 Million to \$5 Million	0.80%
\$5 Million to \$10 Million	0.70%
\$10 Million to \$15 Million	0.60%
\$15 Million to \$20 Million	0.50%
\$20 Million to \$25 Million	0.40%
Over \$25 Million	Negotiable

For accounts with less than \$500,000, we will charge a minimum fee of \$5,000.

Generally, the investment management fees you pay also cover the financial planning services we provide, plus any ancillary financial advice and analysis, provided you pay at least the minimum fee of \$5000. The fee covers meetings and phone calls, performance reporting, online access to your account and acting as liaison with your custodian. We do not charge commissions or transaction-related compensation. In certain circumstances, our fees may be negotiable. Certain accounts including, but not limited to, those of Dixon Hughes Goodman LLP employees or DHGWA family members, will not be subject to the standard fee structure.

- 1. Billing.** We bill all fees quarterly, in advance. Our advisory agreement with you authorizes us to debit fees directly from your custodial account, or you may opt to be billed and you can pay your fee separately. Our fees are calculated based upon the fair market value of the gross assets under management (including any cash or money market balances) on the last day of the previous quarter, as valued by your custodian.
- 2. Additional Contributions and Withdrawals.** If you contribute \$25,000 or more in a single transaction during a billing period we will calculate a pro rata fee for that contribution and add it to your next billing statement. If you withdraw \$25,000 or more in a single transaction during a billing period, we will calculate a pro rata refund that will be applied to your next billing statement.
- 3. Billing for Accounts with Margin Balances.** If you have a margin balance, your advisory fee is based on the total market value of the securities in the account, including the margin debit balance (the amount on loan), accrued interest, and any cash awaiting investment. Your margin balance does not reduce the total market value, but actually increases the amount of assets and thereby increases the advisory fee. Margin balances are not netted against gross assets to

reduce a client's advisory fees. If you use margin to fund cash needs instead of selling assets you will pay more in advisory fees and interest than a client who simply sells assets to fund cash needs. Investment advisors have a conflict of interest relating to margin accounts, because margin accounts increase the advisory fee to advisors. Any cash additions to your account (contributions, dividends, interest, and sale proceeds) excluding those made for the purposes of rebalancing) will be credited to the margin balance to reduce the debt and will be reflected on the custodian's statement. Advisory fees are charged on the gross asset value of the account as stated on the last day of the prior quarter, and will include any reductions applied as of that date.

- 4. Other Fees.** Clients will also incur fees related to the execution of trades by their custodian. Please refer to section 12 regarding Brokerage Practices. Clients who invest in private equity investments pay fees of the underlying private equity funds plus any fees associated with the private equity platform, in addition to our advisory fees.
- 5. Mutual Fund Fees.** Our advisory fees are separate from the fees and expenses charged by mutual funds to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge, although generally we recommend only no-load mutual funds (which have no sales charges). You can invest in a mutual fund directly, without the services of DHGWA, but you would not receive the advisory services provided by DHGWA, which include the asset allocation models that are designed to select mutual funds that are appropriate for your financial condition and objectives. You should review both the fees charged by the funds and our fees to fully understand the total amount of fees you would pay and to thereby evaluate the advisory services being provided.
- 6. Termination.** If you terminate your advisory account, we will refund any prepaid, unearned advisory fees and any earned, unpaid fees will be due and payable. The refund will be calculated by determining the number of "unused" days in the quarter, divided by the total number of days in the quarter. The date of termination will be the date that you notify us of your intent to transfer out or such other day as you shall specify or such other date that is appropriate under the circumstances. Generally, we will not process a refund of less than \$1.00.
- 7. Other.** DHGWA's fees are calculated as described above and are not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client.
- 8. Small Accounts.** If your account value drops significantly below \$500,000, we may advise you that there may be more economical options for your account. For example, rather than pay our minimum fee for a small account, it may be a better option for you hold your mutual funds and other securities on the TD Ameritrade retail platform.

B. Financial Planning Fees

Financial planning services may include, but are not limited to, analysis of a client's existing financial status, definition of your goals and objectives, creation of a holistic personalized plan incorporating your goals and objectives, assistance in implementation of a plan's recommendations, and review and revision as necessary. Planning can include investment, cash flow, income tax, estate, insurance, retirement, education funding, employee benefit and business planning. Fees for financial planning services are included in the investment management fee described above. In certain cases if you decide not to have us manage your assets, we will charge you a fixed fee for financial planning. The minimum fee for financial planning is \$2500, and we may charge more than that, depending on the complexity of the plan. Total fees are determined prior to engagement and payable upon presentation of the plan to client unless we mutually agree to other arrangements. An engagement letter is used for financial planning only services, and may be terminated at any time on written notice. In one-off circumstances, we may charge hourly fees of not less than \$250 per hour for financial planning. In appropriate circumstances, financial planning fees may be subject to negotiation.

C. Retirement Plan Services Fees

For retirement plan services we charge a quarterly fee, billed in arrears, based on the fee schedule shown below and on the amount of assets under management.

Assets	Annual Fee
One-Time Setup Fee*	\$2,500
\$0 - \$999,999	0.75%
\$1,000,000 - \$2,999,999	0.65%
\$3,000,000 - \$4,999,999	0.55%
\$5,000,000 - \$9,999,999	0.45%
\$10,000,000 +	Negotiable

Fees noted are for 3(38) Fiduciary Advisor services only [3(21) Fiduciary Advisor services are 5bps less] - Platform, TPA/Recordkeeping, and/or Investment related expenses are not included.

In appropriate circumstances fees for retirement plan services may be subject to negotiation. Fees are calculated based on the fair market value of the account as provided by the plan custodian and/or recordkeeper.

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

DHGWA does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

Item 7: Types of Clients

DHGWA provides portfolio advisory services to individuals, high net worth individuals, corporate pension and profit-sharing plans, charitable institutions, foundations and endowments.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

A. Modern Portfolio Theory

We have adopted Modern Portfolio Theory as our primary investment strategy. This academically-based approach seeks to diversify investment holdings across multiple asset classes. Our Investment Policy Committee uses Modern Portfolio Theory to construct portfolios to generate returns and minimize risk. We invest using low cost, no load mutual funds that have long-term performance records. We do not invest in individual stocks and bonds. Our investment philosophy means that we do not try to time the markets, or chase past returns. We look for funds that take a disciplined approach to analyzing the drivers of return. We believe that an analytical, diversification-based approach also helps avoid reactive investing in turbulent markets.

We generally do not pick funds that use an active stock picking strategy because the performance returns from those funds generally have higher costs and do not beat the market. We also avoid passive index funds replicating index benchmarks because index funds are typically arbitrary groupings of stocks which do not capture the full diversification and risk mitigating benefit of owning complete asset classes.

We do believe that owning complete asset classes in statistically appropriate weightings, via passive, no-load, low cost mutual fund vehicles, which are held for the long term and rebalanced back to the original portfolio weightings, is a prudent investment management strategy. This strategy also allow us to overweight and underweight various factors in order to take increase or decrease exposure to various asset classes.

B. Investment Risks

Of course, all investments entail risk. Individual stocks or bonds, representing ownership or debt, respectively, of individual companies, have their own idiosyncratic risks. These include negative individual company or industry/sector developments. This type of risk can be reduced by investing in a large set of similar companies known as asset classes. Asset classes comprised of hundreds or thousands of securities each allow us to diversify a portfolio so that negative events affecting a specific company have much less impact on your portfolio.

Broader market risk includes macroeconomic conditions that affect all companies in the stock or bond markets. This type of risk cannot be eliminated entirely through diversification. We attempt to manage general market risk by building portfolios that limit the amounts of securities having that same type of risk. Similarly, we may seek to add asset classes that are inversely correlated to other holdings in the portfolio. For example, for clients desiring less market risk than is found in stocks we may recommend that they lower that risk by lowering their overall stock exposure. In the case of bonds, which present interest rate risk and credit risk, among other things, we may seek to limit risk by recommending investments in shorter term bonds and bonds of higher quality.

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

C. Asset Allocation

It is impossible to shield a portfolio from any risk of loss, regardless of whether you hold stocks or bonds. However, we try to mitigate risk by diversifying your investment portfolio and also limit your stock and bond exposure by investing according to our asset allocation models, which are designed to take into account your overall risk profile. Our Investment Policy Committee (IPC), headed by DHGWA's Co-Chief Investment Officers, coordinates all aspects of our firm's investment philosophy and determines investment strategies. This includes the creation of model portfolios, selection of investment vehicles and the on-going monitoring of these investment solutions. Additionally, the IPC regularly reviews research from leading academic institutions and other thought leaders. The IPC is responsible for providing a sound and consistent investment process allowing your individual DHGWA advisor to devote more attention to serving your needs.

We take into account your individual risk profile to construct a tailored asset allocation target. The IPC has constructed model portfolios to accommodate individual risk profiles. Those model portfolios consist of a diversified mix of carefully researched mutual funds. For example, for a younger couple with decades before retirement, who is comfortable with the risks of exposure to stocks, we may recommend an asset allocation model where 80% of the couple's portfolio is invested in mutual funds that invest in various types of stocks: Large cap, small cap, international stocks, emerging markets, etc. For 20% of the portfolio, we may recommend investments in shorter term, high quality bond mutual funds. For a couple nearing retirement, the percentages might be completely different. In any case, we will work with you to understand your risk profile and diversify your assets according to your risk and appetite.

In addition, we follow a program of consistent rebalancing in order to minimize the risks of outsized market action or style drift on portfolios. We also seek to limit fees and taxes where applicable.

D. Margin Account Risk

Typically, when you purchase securities, you may pay for the securities in full or borrow part of the purchase price from your account custodian. Or, you may wish to borrow against the eligible securities in your custodian account. When you borrow to purchase securities or borrow against the value of the securities in your account you are engaging in margin borrowing. When you engage in margin borrowing, the securities you own in your account are pledged as collateral. If you intended to borrow funds in connection with your account, you must execute a margin account agreement directly with the custodian.

When the value of your margin account declines (the securities decline in value, for example), your custodian will request that you make additional deposits to bring up the account value or the custodian may sell some of securities in the account, or in certain instances other accounts, to reduce your margin borrowing. In other words, the custodian will make a margin call or take other action in order to maintain the necessary level of equity in your account. If you do not provide the additional cash or assets requested by the margin call, the custodian will sell assets in any of your accounts to meet the requirements. The custodian can choose which securities to sell, and may do this without notice to you.

Trading on margin, or other margin borrowing, can result in magnified losses to you. It is important that you fully understand the risks involved in trading securities on margin and maintaining a margin

account. These risks include but are not limited to the following:

- Investing using margin loans increases the risk to the portfolio because both gains and losses are magnified by the amount of margin used.
- Margin borrowing increases the risks to your investment equity, and you risk losing more than the investment equity. In other words, you can lose more funds than you deposit in your margin account.
- The custodian can force the sale of securities or other assets in your account. The custodian can sell your securities or other assets without contacting you.
- You are not entitled to choose which securities or other assets in your margin account may be liquidated or sold to meet a margin call.
- The custodian may move securities held in your other accounts to your margin account and pledge the transferred securities.
- The account custodian can increase its “house” maintenance margin requirements at any time and they are not required to provide you advance written notice.

You are not entitled to an extension of time on a margin call. You should carefully review the margin agreement with the custodian to understand all costs and obligations, including the margin requirements, and for a more complete description and understanding of risk.

Our advisory fee is based on the gross value of the assets in your account. Any margin loan amounts do not decrease the amount of gross assets in your account. Margin borrowings are not subtracted from your gross assets in calculating the advisory fees you pay. If you use margin to fund cash needs instead of selling assets you will pay more in advisory fees and interest than a client who simply sells assets to fund cash needs.

E. Private Investments

For private investments there may be fee discounts offered by private equity platforms for a certain level of investments during a specific time-frame. The client receives the benefit of any fee discounts. This may create an indirect conflict of interest for us to recommend private equity investments to its clients. However, we receive no part of any private equity fund or platform fees and we will only recommend private equity investments to clients for whom we believe private equity is appropriate.

F. Pandemic Risk

Starting on March 13, 2020 DHGWA offices have been closed to employees and visitors due to the COVID-19 pandemic and our staff has been working remotely. Our staff had already been provided with resources to work remotely before the pandemic, and we have used videoconferencing technologies for years before the pandemic. Nevertheless, the pandemic could impact our operations in some ways. We are limited in our ability to visit with clients and as we open our offices, there may be restrictions on how we conduct meetings with clients and potential delays in delivering paper statements and other documents to you, although we anticipate no delays in your ability to access your statements and other documents via our client portal. In addition, while we are doing our best to monitor investments, create and update financial plans, and engage in periodic rebalancing of your portfolio, there may be servicing delays due to market stresses, or due to technology or personnel issues at your custodian or with another service provider.

In addition, the COVID-19 pandemic may result in additional market risks that could affect your investment returns. Various outbreaks of the virus, as well as any restrictive measures implemented to control such outbreaks, could adversely affect (i) the US economy and the economies of many nations in the global economy, (ii) the financial condition of issuers (including those who are held by or service providers to, your account), and (iii) capital markets, in ways that cannot be foreseen. Some potential impacts could include, increased market volatility, prolonged quarantines, travel restrictions, disruption and delays in healthcare, cancellation of services, supply chain disruptions, lower consumer demand, high unemployment, and lower corporate earnings across a range of industries.

Item 9: Disciplinary Information

DHGWA has no disciplinary events to disclose.

Item 10: Other Financial Industry Activities and Affiliations

A. Accounting Firm

Dixon Hughes Goodman Financial Services (DHGFS) is a subsidiary of the accounting firm Dixon Hughes Goodman LLP. Accounting clients may be referred to DHGWA for advisory services. DHGWA likewise may recommend the accounting firm to advisory clients in need of accounting services. Accounting services are separate and distinct from the advisory services of DHGWA, and DHGWA bills separately for its services. There are no referral fee arrangements between DHGWA and Dixon Hughes Goodman LLP. No client of one company is obligated to use the other's services. In appropriate circumstances Members and Principals and other qualified persons of the accounting firm may act as trustees for advisory clients.

B. Insurance Agency

Dixon Hughes Goodman Agency LLC (DHGA) is an insurance agency also owned by DHGFS. Certain advisory recommendations of DHGWA may include advice on insurance needs of advisory clients. Clients are under no obligation to implement any such recommendations through the insurance services of DHGA and its agents who would receive commission compensation for any product transactions. The receipt of such compensation does create a conflict of interest. Clients will be informed any time that DHGA and its agents would receive a commission on an insurance product transaction. Will Sneed, the President of DHGWA is also the president of DHGA.

Item 11: Code of Ethics

A. DHGWA's Code of Ethics

The DHGWA Code of Ethics is intended to establish guidelines for our personnel to act with the highest professional standards. The Code addresses specifically the following areas: Standards of Conduct, Prohibition against Insider Trading, our policies towards personal securities transactions, Gifts and Entertainment, Protection of Confidentiality of Client Information, and Service as a Director. In addition to governing standards elaborated in the Policies and Procedures, the Code of Ethics sets forth a number of procedures requiring all personnel to submit periodic holding reports and transaction reports to be

reviewed by the Compliance Officer. All employees must annually certify that they have read and understood the Code and agree to abide by it. You can obtain a copy of our code of ethics free of charge by contacting Kevin Broadwater, our Chief Compliance Officer at 828.236.5801.

B. Personal Securities Transactions

Our employees may buy or sell for themselves securities identical to those recommended to clients. In addition, we permit our employees to own the same securities which may also be recommended to a client. For this reason employee personal trading presents potential conflicts of interest, however, our code of ethics contains provisions designed to mitigate these potential conflicts. Our asset allocation models contain publicly available, broadly held mutual funds. We believe that it is not likely for trading in employee personal accounts to have any impact on the price of any mutual fund recommended for a client. Nor do we believe that client trading in mutual funds would have any impact on the value of a mutual fund held by employees. We do, however, sometimes execute transactions for clients in securities other than mutual funds and we have confidential information about client holdings.

Our Code requires every employee to demonstrate the highest standards of ethical conduct. It provides that employees may not purchase or sell a security (other than mutual funds) prior to a transaction in the same security being implemented for an advisory account, and therefore, preventing such employees from benefiting from transactions placed on behalf of advisory accounts. The Code also has the following additional provisions:

- Reporting of personal securities transactions
- A prohibition on insider trading
- A prohibition on recommending securities for a client without having disclosed if the employee has an interest in the security (such as a business relationship or ownership interest)
- Short term trading is highly discouraged
- Pre-clearance from Compliance is required for an employee to participate in an initial public offering or a private placement

Item 12: Brokerage Practices

A. The Custodians We Use

DHGWA does not maintain custody of your assets (although we may be deemed to have custody of your assets if we have authority to withdraw advisory fees from your account. See sections titled “Custody”, below). We recommend to advisory clients the brokerage services of a “qualified custodian”, either TD AMERITRADE Institutional a division of TD AMERITRADE, Inc. member FINRA/SIPC or Charles Schwab & Co., Inc. (“Schwab”), a FINRA registered broker-dealer, member SIPC. We are not affiliated with either TD AMERITRADE or Schwab.

B. Best Execution Review

We annually conduct a “Best Execution Review” of the brokerage services provided by the custodians and review costs in relation to other service providers. The Best Execution review considers, among other things, the execution capability of the custodian, experience and financial stability, reputation and the quality of services provided.

C. Your Custody and Brokerage Costs

As a general matter, we do not undertake the discretionary authority to determine the broker dealer to be used or the commission rates to be paid for clients. Clients, in their advisory agreements with us direct us to use a specific broker (typically their custodian). When you direct us to use a particular broker or dealer, we will not have authority to negotiate commissions or other trading costs among various brokers, and therefore you may not receive the lowest available commission. In addition, a disparity in commission charges may exist between the commissions charged to clients who select different custodians. We reserve the right decline to manage a client's assets if client chooses a custodian or broker-dealer that would cause additional cost or burden to DHGWA.

1. **TD AMERITRADE.** We participate in the TD AMERITRADE Institutional program. TD AMERITRADE Institutional is a division of TD AMERITRADE, Inc. ("TD AMERITRADE"). TD AMERITRADE is an independent unaffiliated SEC-registered broker- dealer and FINRA member. TD AMERITRADE offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. We receive some benefits from TD AMERITRADE through its participation in the Program. (Please continue reading for full disclosures) DHGWA and TD AMERITRADE are separate and unaffiliated.
2. **Schwab.** For our clients' accounts that it maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you fees on trades that it executes or that settle into your Schwab account. Schwab's fees applicable to our client accounts were negotiated based on our commitment to maintain \$75,000,000 of our clients' assets statement equity in accounts at Schwab. This commitment benefits you because the overall fees you pay are lower than they would be if we had not made the commitment. In addition Schwab charges you a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, clients who use as custodian direct us to use Schwab to execute trades.
3. **Schwab/TD Ameritrade merger.** In November 2019, Schwab announced its intention to acquire TD Ameritrade, subject to certain conditions. Schwab stated at the time that the acquisition was expected to be beneficial to account holders by leveraging greater resources to service account holders. At this time, we still do not know how the merger will affect our clients, however, we are monitoring how the merger may impact the services provided to our clients and the fees that they pay.

D. Timing of Order Placement

Because we typically place orders for the purchase and sale of mutual funds, we typically aggregate and execute orders near the end of each trading day. If we purchase or sell an individual security, such as a stock, bond or exchange-traded fund, we will typically hold and aggregate those orders until later in the day as well, unless you give us a specific request to execute a trade by a certain time. We will use our best efforts to comply with your specific timing requests, however, we cannot guarantee that such

request can be fulfilled.

Item 13: Review of Accounts

We periodically review client investment portfolios. Portfolios are reviewed for re-weighting or to adjust for a client's changing individual circumstances. You should always contact us whenever your personal financial circumstances change.

Our asset allocation models are generally reviewed at least quarterly by the Investment Policy Committee.

We provide you with a quarterly report summarizing asset class holdings, and the performance of your account. The quarterly report also contains our invoice. You will also receive account statements directly from your custodian describing all transactions, including our fee debits.

We also periodically review and update financial plans.

Retirement plan clients receive customized reporting and periodic reviews as set forth in the advisory agreement and investment policy statement.

A. Identity Verification

Sometimes it is necessary to take steps to verify personal information that you or your agents provide to us. For example, if you send us email instructions to take an action with your account, in order to protect you, we will call you to verify that those instructions are genuine. If we cannot reach you at the telephone number you have provided to us, the processing of your instructions will be delayed until we can perform our verification procedures. We cannot be responsible for any claims arising from delays in processing of transactions due to our verification processes.

B. Black Diamond Portal Vault Storage

Your online portal offered through Black Diamond gives you the opportunity to upload documents to the Black Diamond Vault. Your use of the Vault is completely voluntary and is meant to be a convenient way for you and your advisor to access the documents you upload. When you upload a document to the Vault you are giving your advisor permission to view that document without seeking further consent from you. For example, if you upload your will to the Vault so that you and your advisor can discuss estate planning at one meeting, your advisor has the ability to review the will on his own before subsequent meetings or at other times. You can take a document down from the Vault at any time.

You should understand that the Vault should not be viewed as your primary document storage system. We encourage you to keep hard copy or electronic copies of your document. If you decide to no longer use the portal for any reason, you would lose the ability to access your documents. We believe that Black Diamond has adequate security to protect your records, including documents uploaded to the Vault. DHG Wealth Advisors will not be responsible for any losses as a result of any security breach to the Vault. You should also understand that anyone who obtains your portal password can access your documents in the Vault. We encourage you to use a hard to guess password and change your password frequently. Never disclose your password to anyone. We will never ask for your password.

C. Black Diamond Account Aggregation

Your online portal offered through Black Diamond gives you the opportunity to link your other financial accounts to the portal. This allows you to see all of your accounts in a single location. Linking to your other accounts is completely voluntary and your accounts can be de-linked at any time.

When you link your accounts your advisor also has the ability to see those accounts. You should keep in mind, however, that linked accounts that are not part of your DHG Wealth Advisors supervised assets and are not being monitored or managed by DHG Wealth Advisors (unless you have made separate arrangements with us). For example, you may decide to link an IRA you have at a bank. However, since we are not managing that IRA, we would not be periodically rebalancing that account when we rebalance the assets we manage for you. In addition, that account will not be counted when we consider your portfolio allocation percentage. So, if your portfolio allocation percentage is 60% equities, and 40% fixed income, we will calculate those percentages based only on the assets we manage for you, and will ignore any assets in linked accounts.

If you decide to no longer use the portal for any reason, you would lose the ability to access your linked accounts through the portal. We believe that Black Diamond has adequate security to protect your records, including your linked accounts. DHG Wealth Advisors will not be responsible for any losses as a result of any security breach to the linked accounts. You should also understand that anyone who obtains your portal password can access your linked accounts. We encourage you to use a hard to guess password and change your password frequently. Never disclose your password to anyone. We will never ask for your password.

Item 14: Client Referrals and Other Compensation

A. TD Ameritrade Institutional Customer Program Benefits

As disclosed above ("Brokerage Practices"), DHGWA participates in TD AMERITRADE's Institutional customer program and DHGWA may recommend TD AMERITRADE to Clients for custody and brokerage services. There is no direct link between DHGWA's participation in the program and the investment advice it gives to its Clients, although DHGWA receives economic benefits through its participation in the program that are typically not available to TD AMERITRADE retail investors or to other independent advisors participating in the program. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving DHGWA participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to DHGWA by third party vendors. TD AMERITRADE may also have paid for business consulting and professional services received by DHGWA's related persons. Some of the products and services made available by TD AMERITRADE through the program may benefit DHGWA but may not benefit its Client accounts. These products or services may assist DHGWA in managing and administering Client accounts, including accounts not

maintained at TD AMERITRADE. Other services made available by TD AMERITRADE are intended to help DHGWA manage and further develop its business enterprise. The benefits received by DHGWA or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD AMERITRADE. As part of its fiduciary duties to clients, DHGWA endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by DHGWA or its related persons in and of itself creates a conflict of interest and may indirectly influence the DHGWA's choice of TD AMERITRADE for custody and brokerage services.

B. iRebal

iRebal is a software platform that allows DHGWA to invest or rebalance accounts in aggregate, rather than one-by-one. The standard iRebal annual license fee applicable to DHGWA is \$50,000. That fee is subject to specified reductions (up to complete waiver) if specified amounts of client taxable assets are either already on the TD AMERITRADE platform or are committed to be placed on it. Specified taxable client assets either maintained on or committed to the TD AMERITRADE platform will bring fee reductions of up to 100% while \$800 million in taxable assets are held at TD AMERITRADE per year for each of as many as three years or more.

The non-taxable assets excluded from the maintenance and commitment levels described above are those that constitute "plan assets" of plans subject to Title 1 of the ERISA Act of 1974, amended, or of plans as defined in Section 4975 of the IRC (which includes IRAs). If DHGWA does not maintain the relevant level of taxable assets in the TD AMERITRADE platform, DHGWA may be required to make a penalty fee payment to TD AMERITRADE calculated on the basis of the shortfall.

C. TD Ameritrade Advisor Direct

DHGWA may receive client referrals from TD AMERITRADE through its participation in TD AMERITRADE AdvisorDirect. In addition to meeting the minimum eligibility criteria for participation in AdvisorDirect, DHGWA may have been selected to participate in AdvisorDirect based on the amount and profitability to TD AMERITRADE of the assets in, and trades placed for, client accounts maintained with TD AMERITRADE. TD AMERITRADE is a discount broker-dealer independent of and unaffiliated with DHGWA and there is no employee or agency relationship between them. TD AMERITRADE has established AdvisorDirect as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisors. TD AMERITRADE does not supervise DHGWA and has no responsibility for DHGWA's management of client portfolios or DHGWA's other advice or services. DHGWA pays TD AMERITRADE an on-going fee for each successful client referral. This fee is usually a percentage (not to exceed 25%) of the advisory fee that the client pays to DHGWA ("Solicitation Fee"). DHGWA will also pay TD AMERITRADE the Solicitation Fee on any advisory fees received by Advisor from any of a referred client's family members, including a spouse, child or any other immediate family member who resides with the referred client and hired DHGWA on the recommendation of such referred client. DHGWA will not charge clients referred through AdvisorDirect any fees or costs higher than its standard fee schedule offered to its clients or otherwise pass Solicitation Fees paid to TD AMERITRADE to its clients. For information regarding additional or other fees paid directly or indirectly to TD AMERITRADE, please refer to the TD AMERITRADE AdvisorDirect Disclosure and Acknowledgement Form.

DHGWA's participation in AdvisorDirect raises potential conflicts of interest. TD AMERITRADE will most likely refer clients through AdvisorDirect to investment advisors that encourage their clients to custody their assets at TD AMERITRADE and whose client accounts are profitable to TD AMERITRADE. Consequently, in order to obtain client referrals from TD AMERITRADE, DHGWA may have an incentive to recommend to clients that the assets under management by DHGWA be held in custody with TD AMERITRADE and to place transactions for client accounts with TD AMERITRADE. In addition, DHGWA has agreed not to solicit clients referred to it through AdvisorDirect to transfer their accounts from TD AMERITRADE or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. DHGWA's participation in AdvisorDirect does not diminish its duty to seek best execution of trades for client accounts for which it has brokerage discretion.

D. Additional Service through TD AMERITRADE

DHGWA also receives from TD AMERITRADE certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment advisors participating in the program. TD AMERITRADE provides the Additional Services to DHGWA in its sole discretion and at its own expense, and DHGWA does not pay any fees to TD AMERITRADE for the Additional Services. DHGWA and TD AMERITRADE have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services.

Specifically, the Additional Service is as follows:

- 1. Advent Black Diamond.** Black Diamond is a portfolio management tool, offering a secure client portal. DHGWA's receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to DHGWA, TD AMERITRADE might consider the amount and profitability to TD AMERITRADE of the assets in, and trades placed for, DHGWA's Client accounts maintained with TD AMERITRADE. TD AMERITRADE has the right to terminate the Additional Services Addendum with DHGWA, in its sole discretion, provided certain conditions are met.

Consequently, in order to continue to obtain the Additional Services from TD AMERITRADE, DHGWA may have an incentive to recommend to its Clients that the assets under management by DHGWA be held in custody with TD AMERITRADE and to place transactions for Client accounts with TD AMERITRADE. DHGWA believes that the products and services offered by TD AMERITRADE are competitive in the marketplace for similar services offered by other custodians, although the arrangement with TD AMERITRADE as to outside vendors may affect DHGWA's independent judgment in maintaining TD AMERITRADE as the custodian for client assets. Receipt of Additional Services, specifically price discounts, must be taken into consideration by DHGWA, but does not diminish its duty to act in the best interests of its Clients, including to seek best execution of trades for Client accounts.

E. Products and Services Available to Us from Schwab

Schwab Advisor Services (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services.

Some of those services help us manage or administer our clients' accounts while others help us manage and grow our business. Schwab's support services generally are available on an unsolicited basis (we don't have to request them) and at no charge to us as long as there is a total of at least \$10 million of our clients' assets in accounts at Schwab. Here is a more detailed description of Schwab's support services:

- 1. Services that Benefit You.** Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.
- 2. Services that May Not Directly Benefit You.** Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:
 - provide access to client account data (such as duplicate trade confirmations and account statements);
 - facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
 - provide pricing and other market data;
 - facilitate payment of our fees from our clients' accounts; and
 - assistance with back-office functions, recordkeeping and client reporting.
- 3. Services that Generally Benefit Only Us.** Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:
 - educational conferences and events;
 - technology, compliance, legal, and business consulting;
 - publications and conferences on practice management and business succession; and
 - access to employee benefits providers, human capital consultants and insurance providers.Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits such as occasional business entertainment of our personnel. In evaluating whether to recommend that clients custody their assets at Schwab, DHGWA may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

F. Our Interest in Schwab's Services

The availability of these services from Schwab benefits us because we do not have to produce or

purchase them. We do not have to pay for Schwab's services so long as there is a total of at least \$10 million of client assets in accounts at Schwab. Beyond that, these services are not contingent upon us committing any specific amount of business to Schwab in custodied assets. The \$10 million minimum may give us an incentive to recommend that you maintain your account with Schwab based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our recommendation of Schwab as custodian is in the best interests of our clients. It is primarily supported by the scope, quality and price of Schwab's services (based on the factors discussed above– see section 12 titled "Brokerage Practices") and not Schwab's services that benefit only us. We have over \$1.6 billion in client assets under management, and do not believe that maintaining at least \$10 million of those assets at Schwab in order to avoid paying Schwab quarterly service fees presents a material conflict of interest.

Item 15: Custody

DHGWA is deemed to have custody of your assets if we are authorized to deduct our advisory fees directly from your account. Clients should receive at least quarterly statements from the qualified custodian that holds and maintains client's investment assets. We urge you to carefully review such statements and compare the official custodial records to the quarterly reports that we provide to you. Our reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

We may also be deemed to have custody over your assets if an affiliate, such as a DHG partner, serves as a trustee on your DHGWA account. As required by SEC regulations, we are subject to a surprise audit of those accounts by an independent auditor.

Item 16: Investment Discretion

DHGWA usually obtain discretionary authority from our clients at the outset of an advisory relationship, when the Investment Advisory Agreement is signed, to select the identity and amount of securities to be bought and sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account. At the specific request of a client we will accommodate non-discretionary accounts, however, we will need to work with you to carefully define the scope of services.

When selecting securities and determining amounts, DHGWA observes the investment policies, limitations and restrictions of the clients for which it advises. Investment guidelines and restrictions must be provided to DHGWA in writing.

Item 17: Voting Client Securities

As a matter of firm policy and practice, DHGWA does not have any authority to and does not vote proxies or any type of corporate action on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies and corporate actions for any and all securities maintained in client portfolios. DHGWA may provide advice to clients regarding these matters.

Item 18: Financial Information

Registered investment advisors are required in this Item to provide you with certain financial information or disclosures about our financial condition. DHGWA has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.