



## **Carolina Wealth Advisors**

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August 12, 2020

### **FORM ADV PART 2A BROCHURE**

This brochure provides information about the qualifications and business practices of Carolina Wealth Advisors, LLC dba Carolina Wealth Advisors ("CWA," "us," "we," or "our"). If you have any questions about the contents of this brochure, please contact us at (843) 448- 4425. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

CWA is registered as an SEC-registered investment adviser. Registration as an investment adviser does not imply a certain level of skill or training. Additional information about Carolina Wealth Advisors is available on the Securities and Exchange Commission's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

### Material Changes - Item 2

The purpose of this page is to inform you of any material changes since our most recent annual update. This version of our brochure, dated August 12, 2020, is an interim updating amendment. The following are the material changes to our brochure since our last annual updating amendment filed March 17, 2020: .

1. We are now an SEC-registered investment advisory firm, rather than state-registered, because our assets under management exceed \$100 million. Registration does not imply a certain level of skills or training. Please see Item 4 for more detail on the amount of assets we manage.
2. We updated our conflict of interest disclosure regarding our dual role as investment adviser representatives of CWA and registered representatives of SFA to explain that we address the conflict by reviewing recommendations to assure they are made in the client's best interest. Please review Items 5 and 10 for more information on this conflict and how we address it.
3. We updated our conflict of interest disclosure regarding our dual role as investment adviser representatives and insurance agents to explain that we address this conflict by ensuring that insurance recommendations are made in the client's best interest. Please review Items 5 and 10 for more information on this conflict and how we address it.

The following are the material changes to our brochure since our last annual updating amendment filed March 27, 2019:

1. Sweet Bailey, LLC is now a minority owner of CWA, as noted in Item 4. Christy Horlacher is the sole member of Sweet Bailey, LLC.
2. CWA bills or credits a pro rata management fee in arrears on interim deposits or withdrawals of \$25,000 or more. We added a description of this practice to Item 5.

We will review and update our brochure at least annually to make sure that it remains current. If you would like to receive a copy of our current Form ADV Part 2 Brochure at any time, free of charge, please contact Christy L. Horlacher, Chief Compliance Officer, at (843) 448-4425 or [christy@carolinawa.com](mailto:christy@carolinawa.com).

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#### Advisory Business - Item 4

CWA is a registered investment adviser based in Myrtle Beach, South Carolina. We are a limited liability company formed under the laws of the State of South Carolina. We have been providing investment advisory services since 2017. Our owners are RPWCM, Inc., M. Radcliff Lowery CPA LLC, and Sweet Bailey, LLC. Christopher St. John is the President and CEO of RPWCM, Inc., M. Radcliff Lowery is the sole member of M. Radcliff Lowery CPA LLC, and Christy Horlacher is the sole member of Sweet Bailey, LLC.

Currently, we offer the following investment advisory services, personalized to each individual client:

- **Financial Planning Services**
- **Portfolio Management Services**
- **Pension Consulting Services**

The following paragraphs describe our services and fees. Each investment advisory service is listed below with a description of how we tailor our advisory services to your individual needs. You may see the term "Associated Person" throughout this Brochure. As used in this Brochure, this term refers to anyone from CWA who is an officer, employee, or other person providing investment advice on behalf of CWA. All persons who provide investment advice are properly registered as investment adviser representatives in required jurisdictions.

#### **Financial Planning Services**

We offer various financial planning related services that assist our clients in the management of their financial resources. Financial planning services are based upon an analysis of your individual needs and begin with one or more information gathering consultations. Once we collect and analyze all documentation gathered during these consultations, we provide a written financial plan designed to achieve your financial goals and objectives. In this way, CWA assists you in developing a strategy for the successful management of income, assets, and liabilities. In general, financial planning services may include any one or all of the following:

- **Cash Flow Analysis** – Assessment of your present financial situation by collecting information regarding net worth and cash flow statements, tax returns, insurance policies, investment portfolios, pension plans, employee benefit statements etc. The firm advises on ways to reduce risk, coordinate, and organize records, and estate information.
- **Retirement Analysis** – Identification of your long-term financial and personal goals and objectives including advice for accumulating wealth for retirement income or appropriate distribution of assets following retirement. Tax consequences and implications are identified and evaluated.
- **Insurance Analysis** – Includes risk management associated with advisory recommendations based on a combination of insurance types to meet your needs, e.g., life, health, disability, and long-term care insurance. This will necessitate an analysis of cash needs of family at death, income needs of surviving dependents, and disability income analysis.
- **Portfolio Analysis/Investment Planning** – We provide investment alternatives, including asset allocation, and effect on your portfolio. We evaluate economic and tax characteristics of existing investments as well as their suitability for your objectives. We identify and evaluate tax consequences and their implications.
- **Education Savings Analysis** – Alternatives and strategies with respect to the complete or partial funding of college or other post-secondary education.

- Estate Analysis – We provide advice with respect to property ownership, distribution strategies, estate tax reduction, and tax payment techniques.

The recommendations and solutions we provide are designed to help you achieve your desired goals, subject to periodic evaluation of the financial plan, which may require revision to meet changing circumstances. Financial plans are based on your financial situation based on the information provided to us. We should be notified promptly of any change to your financial situation, goals, objectives, or needs.

You can also request financial planning services that cover a specific area, such as retirement or estate planning, asset allocation analysis, manager due diligence and 401(k) platform due diligence. We offer consultative services where we set an appointment to meet with you for financial planning advice for an hourly fee.

You may choose to accept or reject our financial planning recommendations. If you decide to proceed with our recommendations with respect to portfolio management or other products and services we offer, you may do so either through us or through any other advisory, brokerage, or insurance provider of your choice.

### **Portfolio Management Services**

Our firm offers continuous discretionary and, in limited cases, non-discretionary portfolio management services. Discretionary portfolio management means we will make investment decisions and place buy or sell orders in your account without contacting you. These decisions are made based upon your stated investment objectives. You may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors. Non-discretionary portfolio management service means that we must obtain your approval prior to making any transactions in your account.

Our investment advice is tailored to meet your needs and investment objectives. If you decide to hire our firm to manage your portfolio, we will meet with you to gather your financial information, determine your goals, and decide how much risk you should take in your investments. The information we gather will help us implement an asset allocation strategy that will be specific to your goals, whether we are actively investing for you or simply providing you with advice.

If you engage us for portfolio management services, we will monitor your portfolio's performance on a regular basis, and will rebalance the portfolio whenever necessary, as changes occur in market conditions and/or your financial circumstances.

### **Pension Consulting Services**

CWA provides pension consulting services on a stand-alone basis or in combination with other services. While the primary clients for these services will be pension, profit sharing, and 401(k) plans, CWA will also offer these services, where appropriate, to businesses, individuals, trusts, estates, and charitable organizations. Pension consulting services are generally comprised of various services as agreed upon in the advisory agreement. Typically, clients may choose to use any or all of the services offered, such as:

#### **Investment Policy Statement Preparation (hereinafter referred to as "IPS"):**

CWA will meet with the client (in person or over the telephone) to determine an appropriate investment strategy that reflects the plan sponsor's stated investment objectives for management of the overall plan. CWA then prepares a written IPS detailing those needs and goals, including an encompassing policy under which these goals are to be achieved. The IPS also lists the criteria for selection of investment vehicles as well as the procedures and timing interval for monitoring of investment performance.

#### Selection of Investment Vehicles

CWA will review various investments, consisting of one or all of the following: individual equities, bonds, other investment products, and mutual funds (both index and managed) to determine which of these investments are appropriate to implement the client's Investment Policy Statement. The number of investments to be recommended will be determined by the client, based on the client's Investment Policy Statement.

#### Monitoring of Investment Performance

Client investments will be monitored regularly based on the procedures and timing intervals outlined in the Investment Policy Statement. Although CWA may not be involved in any way in the purchase or sale of these investments, CWA will supervise the client's portfolio and will make recommendations to the client as market factors and the client's needs dictate.

#### Employee Communications

For pension, profit sharing, and 401(k) plans where the individual account participant exercises control over assets in his/her own account (hereinafter "self-directed plans"), CWA also provides educational support and investment workshops designed for the plan participants. The nature of the topics to be covered will be determined by CWA and the client under the guidelines established in ERISA Section 404(c). The educational support and investment workshops will NOT provide plan participants with individualized, tailored investment advice or individualized, tailored asset allocation recommendations.

#### Management Services

Where contracted, CWA will provide discretionary investment management services and will exercise discretionary authority to select the plan investments made available to the plans' participants by selecting and maintaining the plans' investments according to the goals and investment objectives of the plan.

Other pension consulting and management services may be available on request. All of our pension consulting services, whether general or customized, will be described in a written agreement that shows the services that will be provided and the fees that will be charged for those services.

#### **Types of Investments**

We offer advice on various types of investments including any investments we deem appropriate based on your stated goals and objectives. We may also provide advice on any type of investment held in your portfolio at the inception of our advisory relationship. You may request that we refrain from investing in particular securities or certain types of securities. You must request these restrictions to our firm in writing. We will accept any such request that we deem reasonable.

#### **Wrap Fee Programs**

We do not sponsor or manage any wrap fee programs.

#### **Assets Under Management ("AUM")**

As of March 2, 2020, we manage \$115,278,489 in discretionary assets and \$424,434 in non-discretionary assets, for a total of \$115,702,923 total AUM.

#### **IRA Rollover Considerations**

As part of our investment advisory services to you, we may recommend that you withdraw the assets from your employer's/former employer's retirement plan and roll the assets over to an individual retirement account ("IRA") that we will manage on your behalf. If you elect to roll the assets to an IRA that is subject to our management, we

will charge you an asset-based fee as set forth in the agreement you executed with our firm. This practice presents a conflict of interest because persons providing investment advice on our behalf have an incentive to recommend a rollover to you for the purpose of generating fee-based compensation rather than based solely on your needs. We manage this conflict of interest by always acting in the client's best interest and keeping documentation of our determination that the rollover recommendation is in the client's best interest. You are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by our firm.

Many employers permit former employees to keep their retirement assets in their company plan. Current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, you should consider the costs and benefits.

An employee will typically have four options:

1. Leaving the funds in your employer's (former employer's) plan.
2. Moving the funds to a new employer's retirement plan.
3. Cashing out and taking a taxable distribution from the plan.
4. Rolling the funds into an IRA rollover account.

Each of these options has advantages and disadvantages and before making a change we encourage you to speak with your CPA and/or tax attorney. We will speak with your CPA and/or attorney if you authorize us to do so in connection with any rollover recommendation we make. Similarly, we may rely on information you obtain from your CPA or tax attorney and communicate to us prior to making any such recommendation.

#### Fees and Compensation - Item 5

##### **Financial Planning Fees**

CWA charges an hourly fee of \$500-\$1,000 for financial planning services. This fee is negotiable depending on the scope and complexity of the plan, your situation, and your financial objectives. An estimate of the total time/cost will be determined at the start of the advisory relationship. In limited circumstances, the cost/time could potentially exceed the initial estimate. In such cases, we will notify you and request that you approve the additional fee.

Prior to engaging CWA to provide consulting services, the client will be required to enter into a written agreement with our firm. The agreement will set forth the terms and conditions of the engagement and describe the scope of the services to be provided and the portion of the fee that is due from the client.

Generally, CWA requires a prepayment of 50% of the estimated fee, with the remaining balance due upon completion of the agreed upon services. Other fee payment arrangements may be negotiated with the client on a case-by-case basis. All such arrangements will be clearly set forth in the financial planning agreement signed by the client and the firm. CWA does not require the prepayment of over \$500, six or more months in advance. In limited circumstances and at our sole discretion, we might waive or offset all or part of our planning fee if you choose to implement the plan through our firm's portfolio management services.

Either party may terminate the financial planning agreement by written notice to the other. In the event the client terminates financial planning services, the balance of any pre-paid, unearned fees (if any) will be promptly refunded to the client.

### **Portfolio Management Fees**

For portfolio management services, CWA charges an annual fee based upon a percentage of the market value of the assets being managed. Our asset-based fee will not exceed 2.0% of the assets under management. The fee is payable quarterly in advance, and is negotiable depending upon the complexity of the client's financial situation and the scope of services rendered. The agreed-upon fee and payment arrangements will be clearly disclosed in the Investment Management Agreement signed by the firm and the client.

The percentage fee may increase or decline depending on the value of the assets in your account(s). At our discretion, we may combine the account values of family members living in the same household to determine the applicable investment management fee. For example, we may combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts. Combining account values may increase the asset total, which may result in your paying a reduced advisory fee.

Payment of management fees will be deducted from your account(s) by the qualified custodian. We will only receive payment from the custodian if the client supplies written authorization permitting the fees to be paid directly from the account. CWA will not have access to client funds for payment of fees without written consent by the client. Where the client agrees to have fees deducted from the account, CWA will:

- calculate the fee, and
- send the qualified custodian an invoice or statement of the amount of the fee to be deducted from the client's account.

The qualified custodian agrees to deliver an account statement, at least quarterly, directly to the client, showing all disbursements from the account. The client is encouraged to review all account statements for accuracy. CWA will receive access to a duplicate copy of the statement that was delivered to the client.

For the initial period of portfolio management services, the first period's fees will be calculated on a pro-rata basis. Any interim deposit or withdrawal of \$25,000 or more shall be billed or credited a pro rata management fee in arrears. You may terminate the agreement within five days of entering into the agreement and obtain a full refund. After the five- day period, either party may terminate the agreement upon a 30 days' written notice to the other party. Any pre- paid, unearned fees will be promptly refunded to the client.

### **Pension Consulting Fees**

The compensation arrangement for these services will be based on hourly fees ranging between \$500-\$1,000 per hour or a percentage of the plan assets not to exceed 2.0%. Services will be negotiated on a case-by-case basis. The exact fee paid by the client will be clearly stated in the pension consulting agreement signed by the client and us.

If you choose to have CWA's fee deducted directly from your account, you must provide authorization. The qualified custodian holding our funds and securities will provide you an account statement on at least a quarterly basis. This statement will detail account activity. Please review each statement for accuracy. CWA will also receive or obtain access to a copy of your account statements from the custodian.

### **Compensation for the Sale of Securities or Other Investment Services and Products**

Our investment adviser representatives are also registered representatives and investment adviser representatives with The Strategic Financial Alliance, Inc. ("SFA"), a registered investment adviser and securities broker-dealer. SFA is a member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC"). Some clients of our firm are also advisory and/or brokerage clients of SFA. Advisory and



brokerage services offered through SFA are separate and apart from our advisory services. Compensation earned by our investment adviser representatives in their capacities with SFA is separate and in addition to our advisory fees.

In their capacities as registered representatives, these persons will receive commission-based compensation in connection with the purchase and sale of securities, including 12b-1 fees for the sale of investment company products. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are registered representatives have an incentive to effect securities transactions for the purpose of generating commissions rather than making recommendations based solely on your needs. Because their commission-based compensation may ultimately inure to the benefit of our affiliates, their conflict of interest exists even if the individual recommending the transaction does not receive the commission. We manage this conflict of interest by reviewing all such recommendations to assure they are made in the client's best interest, and by disclosing this conflict of interest in this Brochure, so that clients can make fully informed decisions. Please be aware that in recommending securities to our clients, these representatives of CWA are acting on behalf of SFA and are not required to act as fiduciaries. Nevertheless, they are required to act, and will act, in the client's best interest. Moreover, as CFP®s we are held to a fiduciary standard and must act in the client's best interests and fulfil our duty of loyalty, duty of care, and duty to follow client instructions.

We are in the process of transitioning our advisory accounts from SFA to CWA. During that transition, some of our investment advisory representatives will be registered with both SFA and CWA. In their capacities as investment adviser representatives of SFA, these persons will receive advisory fees for the advisory services provided through SFA. Clients are under no obligation contractually or otherwise to utilize advisory services offered through SFA.

We pay a portion of our portfolio management fees to SFA to compensate it for certain supervision services. All other costs being equal, our investment adviser representatives receive higher net payments on transactions in brokerage accounts than on advisory services. This presents a conflict of interest, as they have an incentive to recommend brokerage services over advisory services based on the compensation received, rather than based on the client's needs. We manage this conflict of interest by reviewing suitability of any such recommendations.

Certain individuals providing investment advice on behalf of our firm, including owners and officers of the firm, are licensed as independent insurance agents through SFA Insurance Services, Inc. ("SFA Insurance"). In recommending insurance products to our clients, these representatives of CWA are acting on behalf of SFA Insurance. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents have an incentive to recommend insurance products to you for the purpose of generating commissions rather than making recommendations based solely on your needs. We manage this conflict of interest by ensuring that all insurance recommendations are made in the client's best interest and by disclosing this conflict of interest in this Brochure so that clients may make fully formed decisions. Clients are under no obligation, contractually or otherwise, to purchase insurance products through any person or entity affiliated with our firm.

At our discretion, we may offset our advisory fees to the extent our Associated Persons earn commissions in their separate capacities as registered representatives and insurance agents.

Any material conflicts of interest between you and our firm, or our employees are disclosed in this Disclosure Brochure. If at any time, additional material conflicts of interest arise, we will provide you with written notification of the material conflicts of interest or an updated Disclosure Brochure.

### **Additional Fees and Expenses**

The fees CWA charges may be negotiable based on the amount of assets under management, complexity of client goals and objectives, and level of services rendered. As described above, the fees are charged as described and are not based on a share of capital gains of the funds of any advisory client.

In addition to our fees, you may also incur certain charges imposed by unaffiliated third parties. Such charges include, but are not limited to, custodial fees, brokerage commissions, transaction fees, charges imposed directly by a mutual fund, index fund, or exchange traded fund purchased for your account which shall be disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), fees imposed by variable annuity providers and disclosed in the annuity contract, certain deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Please see Item 12 – Brokerage Practices for more information regarding our brokerage practices.

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

You could invest in a mutual fund directly, without the services of CWA. In which case, you would not receive the services provided by CWA, which are designed, among other things, to assist you in determining which mutual fund or funds are most appropriate to your financial condition and objectives. Accordingly, you should review both the fees charged by the funds and the fees charged by CWA to fully understand the total amount of fees to be paid by you to evaluate the advisory services being provided.

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

We and our Associated Persons do not accept performance-based fees. Performance based fees are based on a share of capital gains on or capital appreciation of the client's assets.

### **Types of Clients - Item 7**

We generally offer investment advisory services to individuals, pension and profit-sharing plans and participants, trusts, estates, charitable organizations, corporations, and other business entities.

CWA requires no minimum account size to open and maintain an advisory account.

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

The following are different methods of analysis that we may use when providing you with investment advice:

- **Fundamental Analysis** – this approach attempts to determine a security's value by focusing on underlying factors that indicate a company's intrinsic value and identify potential discrepancies to its relative market value. The term refers to the analysis of the company's financial data to assist in determining a target value. The primary risk associated with fundamental analysis is that information obtained may be incorrect and the analysis may not provide accurate data which formulates the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance. Security values tend to adjust rapidly to new information, which can result in non- favorable performance.

- Cyclical Analysis – cyclical analysis is a technique that looks at economic cycles, specifically analyzing the strategic investment styles and how they are impacted by each cycle. The lengths of economic cycles may be difficult to predict with accuracy; and, therefore the primary risk associated with cyclical analysis is the difficulty in predicting economic trends and consequently the changing value of securities that would be affected by these changing trends.

We may use one or more of the following investment strategies when advising you on investments:

- Long Term Purchases – securities held for over a year. When pursuing a long-term purchase strategy, the adviser assumes that financial markets will go up in the long-term, which may not be the case. There is also the risk that the segment of the market that clients are invested in, or perhaps just a client's particular investment, will go down over time even if the overall financial markets advance. In addition, purchasing investments long-term may create an opportunity cost by "locking-up" assets that may be better utilized in the short-term in other investments.
- Short Term Purchases – securities held for less than a year. The primary risk in using a short-term purchase strategy is the general assumption that we can predict how financial markets will perform in the short-term, which may be very difficult and will incur a disproportionately higher amount of transaction costs compared to long-term trading. There are many factors that can affect financial market performance in the short-term (such as short-term interest rate changes, cyclical earnings announcements, etc.) but may have a smaller impact over longer periods of times.
- Margin Transactions – margin strategies allow an investor to purchase securities on credit and to borrow on securities already in their custodial account. Interest is charged on any borrowed funds for the period of time that the loan is outstanding. When you purchase securities, you may pay for the securities in full or you may borrow part of the purchase price from your broker/dealer. If you intend to borrow funds in connection with your account, you will be required to open a margin account, which will be carried by the broker/dealer of your account. The securities purchased in such an account are the broker/dealer's collateral for its loan to you.

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

It is important that you fully understand the risks involved in trading securities on margin, which are applicable to any margin account that you may maintain, including any Margin Account that may be established as a part of our Investment Management Services and held by your broker/dealer. These risks include the following:

- You can lose more funds than you deposit in your margin account.
- The broker/dealer can force the sale of securities or other assets in your account.
- The broker/dealer can sell your securities or other assets without contacting you.
- You may not be able to choose which securities or other assets in your margin account are liquidated or sold to meet a margin call.
- The broker/dealer may move securities held in your cash account to your margin account and pledge the transferred securities.
- You may not be entitled to an extension of time on a margin call.

The investment advice provided along with the strategies suggested by CWA will vary depending on each client's specific financial situation and goals. This brief statement does not disclose all of the risks and other significant aspects of investing in financial markets. In light of the risks, you should fully understand the nature of the contractual relationship(s) into which you are entering and the extent of your exposure to risk. Certain investing strategies may not be suitable for many members of the public. You should carefully consider whether the strategies employed would be appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances.

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

**General Investment Risk:** All investments come with the risk of losing money. Investing involves substantial risks, including complete possible loss of principal plus other losses and may not be suitable for many members of the public. Investments, unlike savings and checking accounts at a bank, are not insured by the government to protect against market losses. Different market instruments carry different types and degrees of risk and you should familiarize yourself with the risks involved in the particular market instruments in which you intend to invest.

**Loss of Value:** There can be no assurance that a specific investment will achieve its investment objectives and past performance should not be seen as a guide to future returns. The value of investments and the income derived may fall as well as rise and investors may not recoup the original amount invested. Investments may also be affected by any changes in exchange control regulation, tax laws, withholding taxes, international, political and economic developments, and government, economic or monetary policies.

**Interest Rate Risk:** Fixed income securities and funds that invest in bonds and other fixed income securities may fall in value if interest rates change. Generally, the prices of debt securities rise when interest rates fall, and their prices fall when interest rates rise. Longer-term debt securities are usually more sensitive to interest rate changes.

**Credit Risk:** Investments in bonds and other fixed income securities are subject to the risk that the issuer(s) may not make required interest payments. An issuer suffering an adverse change in its financial condition could lower the credit quality of a security, leading to greater price volatility of the security. A lowering of the credit rating of a security may also offset the security's liquidity, making it more difficult to sell. Funds investing in lower quality debt securities are more susceptible to these problems and their value may be more volatile.

**Foreign Exchange Risk:** Foreign investments may be affected favorably or unfavorably by exchange control regulations or changes in the exchange rates. Changes in currency exchange rates may influence the share value, the dividends or interest earned and the gains and losses realized. Exchange rates between currencies are determined by supply and demand in the currency exchange markets, the international balance of payments, governmental intervention, speculation, and other economic and political conditions. If the currency in which a security is denominated appreciates against the US Dollar, the value of the security will increase. Conversely, a decline in the exchange rate of the currency would adversely affect the value of the security.

**Risks Associated with Investing in Equities:** Investments in equities generally refers to buying shares of stocks by an individual or firms in return for receiving a future payment of dividends and capital gains if the value of the stock increases. There is an innate risk involved when purchasing a stock that it may decrease in value and the investment may incur a loss.

**Risks Associated with Investing in Exchange Traded Funds (ETF):** Investing in stocks & ETF's carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Investments in these securities are not guaranteed or insured by the FDIC or any other government agency.

### **Recommendation of Particular Types of Securities**

As disclosed under the Advisory Business section in this brochure, we recommend all types of securities and we do not necessarily recommend one particular type of security over another since each client has different needs and different tolerance for risk. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with that investment.

### **Disciplinary Information - Item 9**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of us or the integrity of our management. There is no history of material legal or disciplinary events by CWA or our management persons.

### **Other Financial Industry Activities or Affiliations - Item 10**

Certain individuals providing investment advice on behalf of our firm, including Christopher St. John and M. Radcliff Lowery, are registered representatives and investment adviser representatives with The Strategic Financial Alliance, Inc. ("SFA"), a registered investment adviser and securities broker-dealer. SFA is a member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC"). Some clients of our firm are also advisory and/or brokerage clients of SFA. Advisory and brokerage services offered through SFA are separate and apart from our advisory services. Compensation earned by our investment adviser representatives in their capacities with SFA is separate and in addition to our advisory fees.

In their capacities as registered representatives, these persons will receive commission-based compensation in connection with the purchase and sale of securities, including 12b-1 fees for the sale of investment company products. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are registered representatives have an incentive to effect securities transactions for the purpose of generating commissions rather than making recommendations based solely on your needs. Because their commission-based compensation may ultimately inure to the benefit of our affiliates, their conflict of interest exists even if the individual recommending the transaction does not receive the commission. We manage this conflict of interest by reviewing all such recommendations to assure they are made in the client's best interest, and by disclosing this conflict of interest in this Brochure, so that clients can make fully informed decisions. Please be aware that in recommending securities to our clients, these representatives of CWA are acting on behalf of SFA and are not required to act as fiduciaries. Nevertheless, they are required to act, and will act, in the client's best interest. Moreover, as CFP®s we are held to a fiduciary standard and must act in the client's best interests and fulfil our duty of loyalty, duty of care, and duty to follow client instructions. Clients are under no obligation, contractually or otherwise, to purchase security products through any person or entity affiliated with our firm. We will not recommend or purchase mutual funds that pay 12b-1 fees in any advisory account.

We are in the process of transitioning our advisory accounts from SFA to CWA. During that transition, some of our investment advisory representatives will be registered with both SFA and CWA. In their capacities as investment adviser representatives of SFA, these persons will receive advisory fees for the advisory services provided through SFA. Clients are under no obligation contractually or otherwise to utilize advisory services offered through SFA.

We pay a portion of our portfolio management fees to SFA to compensate it for certain supervision services. All other costs being equal, our investment adviser representatives receive higher net payments on transactions in brokerage accounts than on advisory services. This presents a conflict of interest, as they have an incentive to recommend brokerage services over advisory services based on the compensation received, rather than based on the client's needs. We manage this conflict of interest by reviewing suitability of any such recommendations.

Certain individuals providing investment advice on behalf of our firm, including owners and officers of the firm, are licensed as independent insurance agents through SFA Insurance Services, Inc. ("SFA Insurance"). In recommending insurance products to our clients, these representatives of CWA are acting on behalf of SFA Insurance. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents have an incentive to recommend insurance products to you for the purpose of generating commissions rather than making recommendations based solely on your needs. We manage this conflict of interest by ensuring that all insurance recommendations are made in the client's best interest and by disclosing this conflict of interest in this Brochure so that clients may make fully informed decisions. Clients are under no obligation contractually or otherwise, to purchase insurance products through any person or entity affiliated with our firm.

Management persons of our firm anticipate spending approximately 10% to 20% of their time on outside advisory activities and/or securities and insurance sales.

Mr. St. John wholly owns RPWCM, Inc., an entity which is a direct owner of CWA. RPWCM, Inc. also functions as an operating company and DBA for personal income received in Mr. St. John's individual capacity as a registered representative, investment adviser representative, and an independent insurance agent.

Mr. St. John also owns Carolina Divorce Consultants, Inc., through which he offers services in divorce and financial planning and consulting. He devotes less than 10% of his professional time in his capacities with Carolina Divorce Consultants.

Mr. St. John owns St. John Holdings LLC, a real estate holding company which leases office space to CWA. Mr. St. John spends less than one hour per month on this activity.

Mr. St. John owns London Street Holdings, LLC, a commercial real estate holding company which leases office space. Mr. St. John spends less than one hour per month on this activity.

Mr. Lowery wholly owns M. Radcliff Lowery CPA LLC, an entity which is a direct owner of CWA. M. Radcliff Lowery CPA LLC also functions as an operating company and DBA for personal income received in Mr. Lowery's individual capacity as a registered representative, investment adviser representative, and an independent insurance agent. M. Radcliff Lowery CPA LLC is a licensed CPA firm in the state of South Carolina. M. Radcliff Lowery CPA LLC does not currently provide any services.

Mr. Lowery and Mr. St. John also co-own Two Coastal Grads, LLC, an affiliated real estate holding company that holds real estate for potential development. There is currently no activity and Mr. Lowery and Mr. St. John devote less than 1% of their time to this business.

Services offered through and fees charged by these affiliated entities are separate and in addition to advisory services offered through CWA and advisory fees charged by CWA. Other Associated Persons of CWA may also recommend services offered through these affiliated entities to clients of CWA. As such, clients should be aware that a conflict of interest is inherent in such an arrangement. However, clients are not obligated to utilize the services of any person or entity affiliated with our firm.

### Code of Ethics, Participation or Interest in client Transactions and Personal Trading - Item 11

#### **Description of Our Code of Ethics**

CWA has adopted a Code of Ethics (the "Code") to address investment advisory conduct. The Code focuses primarily on fiduciary duty, personal securities transactions, insider trading, gifts, and conflicts of interest. The Code includes CWA's policies and procedures developed to protect client's interests in relation to the following topics:

- The duty at all times to place the interests of clients first;
- The requirement that all personal securities transactions be conducted in such a manner as to be consistent with the code of ethics;
- The responsibility to avoid any actual or potential conflict of interest or misuse of an employee's position of trust and responsibility;
- The fiduciary principle that information concerning the identity of security holdings and financial circumstances of clients is confidential; and
- The principle that independence in the investment decision-making process is paramount.

A copy of CWA's Code of Ethics is available upon request to Christy L. Horlacher, CCO at (843) 448-4425.

#### **Personal Trading Practices**

At times, CWA and/or its Advisory Representatives may take positions in the same securities as clients, which gives rise to a conflict of interest with clients. CWA and its Advisory Representatives will generally be "last in" and "last out" for the trading day when trading occurs in close proximity to client trades. We will not violate our fiduciary responsibilities to our clients. Front running (trading shortly ahead of clients) is prohibited. Should a conflict occur because of materiality (i.e. a thinly traded stock), disclosure will be made to the client(s) at the time of trading. Incidental trading not deemed to be a conflict (i.e. a purchase or sale which is minimal in relation to the total outstanding value, and as such would have negligible effect on the market price), would not be disclosed at the time of trading.

### Brokerage Practices - Item 12

#### *Selection and Recommendation*

CWA will typically recommend a custodian to our clients. We seek to recommend a custodian/broker who will hold your assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including but not limited to:

- Fees and expenses
- Capability to execute, clear, and settle trades
- Reputation, financial strength, and stability of the provider
- Breadth of investment products made available (stocks, bonds, mutual funds, exchange-traded funds (ETFS), etc.)
- Access to securities markets

- Expertise in handling brokerage support processes
- Capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Availability of other products and services that benefit us, as discussed below
- Their prior services to us and our other clients

CWA has an institutional custodial relationship with Charles Schwab & Co., Inc. ("Schwab"), a FINRA-registered broker-dealer, member SIPC. Schwab Advisor Services (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like us. We are independently owned and operated and not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we recommend that you use Schwab as custodian/broker, you will decide whether to do so and open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you.

#### *Your Custody and Brokerage Costs*

CWA has entered into an agreement with Schwab pursuant to which Schwab provides CWA certain benefits. Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. Schwab's commission rates applicable to our client accounts were negotiated based on our commitment to maintain \$100 million of our clients' assets in accounts at Schwab within twelve months of entering the agreement. This commitment benefits you because the overall commission rates you pay are lower than they would be if we had not made the commitment. In addition to commissions 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 commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account.

#### *Research and Other Soft Dollar Benefits*

"Soft dollar" practices are arrangements under which products or services, other than execution of securities transactions, are obtained by an investment adviser firm or through a broker-dealer in exchange for the direction of client brokerage transactions by the adviser to the broker-dealer. CWA receives research or other products or services (i.e., soft dollar benefits) from broker-dealers in exchange for placing trades or processing securities related transactions for clients. Specifically, CWA receives benefits from Schwab Advisor Services in the form of 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 are generally available on an unsolicited basis (we don't have to request them) and at no charge to us as long as we keep a total of at least \$10 million of our clients' assets in accounts at Schwab. If we have less than \$10 million in client assets at Schwab, Schwab may charge us quarterly service fees. This provides an incentive for CWA to maintain \$10 million or more in client assets at Schwab so that we may avoid quarterly service fees and creates a conflict of interest. CWA addresses this conflict of interest by seeking efficient pricing and best execution for clients



and carefully considering whether, pursuant to its obligation to seek the best execution for its clients, any more advantageous pricing and/or services may be obtained elsewhere. Below is a detailed description of Schwab's support services:

*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.

*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
- assist with back-office functions, recordkeeping and client reporting.

*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.

These benefits present a conflict of interest for CWA in that we have an incentive to use Schwab as a custodian for our clients based on our interest in receiving these benefits rather than on our clients' interest in receiving most favorable execution. CWA attempts to mitigate this conflict by performing regular reviews of execution services and value clients receive to ensure clients are receiving the best possible value for costs paid. CWA understands its duty for best execution and considers all factors in making recommendations to clients. We monitor and periodically assess the totality of these benefits, including particularly those that inure directly or indirectly to our clients, to assure that the continued recommendation of Schwab is in our clients' best interests. These research services may be useful in servicing all CWA clients, and may not be used in connection with any particular account that may have paid compensation to the firm providing such services. While CWA may not always obtain the lowest commission rate, CWA believes the rate is reasonable in relation to the value of the brokerage and research services provided.

**Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

**Directed Brokerage**

We routinely recommend that you direct our firm to execute transactions through broker-dealers with which we have a business relationship. As such, we may be unable to achieve the most favorable execution of your transactions and you may pay higher brokerage commissions than you might otherwise pay through another broker-dealer that offers the same types of services. Not all advisers require their clients to direct brokerage.

Associated Persons who are registered representatives of SFA are subject to FINRA Conduct Rule 3040 that restricts these registered individuals from conducting securities transactions away from SFA unless SFA provides the representative with written authorization. Therefore, CWA reserves the right to not accept a client account if the client wishes to select a broker or dealer/custodian other than SFA or Schwab.

**Trade Aggregation/Block Trading**

CWA may aggregate transactions in securities for a client with other clients to improve the quality of execution. When transactions are so aggregated, the actual prices applicable to the aggregated transactions will be averaged if possible, and the client account will be deemed to have purchased or sold its proportionate share of the securities involved at the average price obtained. If averaging price is not feasible, CWA will take other steps we deem reasonable to assure equitable treatment of our clients. CWA may determine not to aggregate transactions, for example, based on the size of the trades, the number of client accounts, the timing of the trades and the liquidity of the securities. If the firm does not aggregate orders, some clients purchasing securities around the same time may receive a less favorable price than other clients receive. This means that this practice of not aggregating may cost clients more money. CWA and/or its Associated Persons may participate in block trades with clients; However, CWA and/or its Associated Persons will not participate on a pro rata basis for partial fills.

[Review of Accounts - Item 13](#)

***Portfolio Management Account Reviews***

Mr. St. John, CEO, and Mr. Lowery, CFO, are responsible for the overall review process and supervision of investment adviser representatives. The investment adviser representative(s) assigned to the account will monitor client accounts on a regular basis and will conduct account reviews at least annually.

Additional reviews may be conducted as needed. Triggering factors that may stimulate additional reviews include, but are not limited to, changes in economic conditions, changes in the client's financial situation or investment objectives, or a client's request.

A financial plan is a snapshot in time and no ongoing reviews are conducted. We recommend clients engage us on an annual basis to update the financial plan.

Written reports are not typically provided as part of the review process. Clients will receive statements directly from their account custodian(s) on at least a quarterly basis.

#### Client Referrals and Other Compensation - Item 14

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors that have their clients maintain accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (*see Item 12 – Brokerage Practices*). The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

Our firm and our related persons do not directly or indirectly compensate any person or entity who is not our supervised person for client referrals.

#### Custody - Item 15

We directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian. You will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy. If you have questions regarding your account or if you did not receive a statement from your custodian, please contact Christy L. Horlacher, CCO at (843) 448-4425.

#### Investment Discretion - Item 16

CWA offers Portfolio Management Services on a discretionary basis. Clients must grant discretionary authority in the management agreement. Discretionary authority extends to the types and amounts of securities to be bought and sold in client accounts. Apart from the ability to withdraw management fees, CWA does not have the ability to withdraw funds or securities from the client's account. The client provides CWA discretionary authority via a limited power of attorney in the management agreement and in the contract between the client and the custodian.

If you wish, you may limit our discretionary authority, for example, by setting a limit on the type of securities that can be purchased for your account. Simply provide us with your restrictions or guidelines in writing. Please refer to the "Advisory Business" section in this Brochure for more information on our discretionary management services.

If you have engaged us for non-discretionary portfolio management services, CWA will obtain your approval prior to executing all transactions in your account(s).

#### Voting Client Securities - Item 17

We do not participate in proxy voting on behalf of clients. Our clients are responsible for directing their own proxies solicited by issuers of securities. You are responsible for making elections relative to mergers, acquisitions, tender offers, bankruptcy proceedings and other type events pertaining to the securities in your account. You will receive proxy and other solicitation information by mail from the account custodian. Please follow the instructions for proxy voting included in the mailing. CWA will not routinely provide advice on tender offers, but may provide advice on tender offers at CWA's sole discretion, on either a solicited or unsolicited basis, for no additional fee. If CWA does provide advice on some tender offers, that does not obligate CWA to provide advice on all tender offers.

### Financial Information - Item 18

We are required in this Item to provide you with certain financial information or disclosures about CWA's financial condition. CWA does not require the prepayment of over \$500, six or more months in advance. Additionally, CWA 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.

### Additional Information

#### **Class Action Lawsuits**

From time to time, securities held in the accounts of clients will be the subject of class action lawsuits. CWA has no obligation to determine if securities held by the client are subject to a pending or resolved class action lawsuit. It also has no duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, CWA has no obligation or responsibility to initiate litigation to recover damages on behalf of clients who may have been injured as a result of actions, misconduct, or negligence by corporate management of issuers whose securities are held by clients.

Where CWA receives written or electronic notice of a class action lawsuit, settlement, or verdict affecting securities owned by a client, it would forward all notices, proof of claim forms, and other materials, to the client. Electronic mail is acceptable where appropriate, and the client has authorized contact in this manner.

#### **Trade Error Correction Procedures**

On infrequent occasions, an error may be made in a client account. For example, a security may be erroneously purchased for the account instead of sold. In these situations, CWA generally seeks to rectify the error by placing the client account in a similar position as it would have been had there been no error. Depending on the circumstances, various corrective steps may be taken, including among others canceling the trade or adjusting an allocation. Any losses resulting from error correction will be placed in CWA's error correction account.

#### **Confidentiality**

CWA views protecting its customers' private information as a top priority and, pursuant to the requirements of the Gramm-Leach-Bliley Act, CWA has instituted policies and procedures to ensure that customer information is kept private and secure.

CWA does not disclose any nonpublic personal information about its customers or former customers to any nonaffiliated third parties, except as permitted by law. In the course of servicing a client account, CWA may share some information with its service providers, such as transfer agents, custodians, broker-dealers, accountants, and lawyers.

CWA restricts internal access to nonpublic personal information about its clients to those employees who need to know that information in order to provide products or services to the client. CWA maintains physical and procedural safeguards that comply with state and federal standards to guard a client's nonpublic personal information and ensure its integrity and confidentiality. As emphasized above, it has always been and will always be CWA's policy never to sell information about current or former customers or their accounts to anyone. It is also CWA's policy not to share information unless required to process a transaction, at the request of the client, or as required by law.

A copy of CWA's privacy policy notice will be provided to each client prior to, or contemporaneously with, the execution of the Advisory agreement. Thereafter, CWA will deliver a copy of the current privacy policy notice to its

clients on an annual basis. If you have any questions on this policy, please contact Christy L. Horlacher, CCO at (843) 448-4425.