



## APCM WEALTH MANAGEMENT FOR INDIVIDUALS, LLC

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REGISTERED INVESTMENT ADVISER (RIA)

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This brochure provides information about the qualifications and business practices of APCM Wealth Management for Individuals, LLC (AWMI). If you have any questions about the contents of this brochure, please contact us at (907) 272-7575. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. An RIA designation does not imply skill or training.

*Additional information about AWMI is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*



**APCM WEALTH MANAGEMENT**  
**FOR INDIVIDUALS**  
Registered Investment Adviser

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AWMI's advisory business may also include providing financial planning services to clients on a fee for service basis. This service includes reviewing a client's financial circumstances and making recommendations to help a client achieve their financial goals. Financial planning is generally included with AWMI's investment management services, but may also be provided to other clients for whom we do not provide investment management services.

As of December 31, 2019, we managed \$410 million in discretionary assets under management.

In general, the financial plan can address any or all of the following areas:

- **PERSONAL:** We review financial records, budgeting, personal liability, estate information and financial goals.
- **TAX & CASH FLOW:** We analyze the client's income tax and spending for past, current and future years; then illustrate the impact of various investments on the client's current income tax and future tax liability.
- **INSURANCE:** We review existing policies to ensure adequate coverage for life, health, disability, long-term care, liability, home and automobile.
- **RETIREMENT:** We analyze current strategies and investment plans to help the client achieve his or her retirement goals.
- **DEATH & DISABILITY:** We review the client's cash needs at death, income needs of surviving dependents, estate planning and disability income.
- **ESTATE:** In conjunction with legal counsel retained by the client, we assist the client in assessing and developing long-term strategies.

## Summary of Changes

None.

## Advisory Business

AWMI, a subsidiary of Alaska Permanent Capital Management Company (APCM), is a registered investment adviser that began operations in 2014. APCM is an investment adviser who has been providing investment advice in Alaska since 1992. AWMI provides financial planning and investment management primarily for individuals and institutions whose investment goals can be met with investments in a mix of stock and bond index funds, or actively managed fixed income portfolios. We are majority owned by APCM with minority positions held by LGB Strategies LLC and CMS Strategies LLC, owned by Laura Bruce and Cathie Straub, respectively. We have no 3rd party affiliations. Our only income is the fee income earned from our clients.

Although AWMI may recommend a particular model to a client, an exact model replication may not be achieved due to the unique circumstances of each client. AWMI personnel will direct and initiate trading activity of client accounts, and APCM personnel will execute the trades. Except for actively managed fixed income accounts, APCM will not independently place trades on behalf of AWMI clients.

We gather required information through in-depth personal interviews. Information gathered includes the client's current financial status, tax status, future goals, return objectives and attitudes towards risk. We carefully review documents supplied by the client and prepare a written report. Should the client choose to implement the recommendations contained in the plan, we suggest the client work closely with his/her attorney, accountant, and insurance agent. Implementation of financial plan recommendations is entirely at the client's discretion.

## Fees and Compensation

All of our revenues are earned from our clients. Although the majority of our revenue is based on account value for assets we manage, some clients may select an additional service such as financial planning or financial consulting. We do not have any revenue sharing arrangements with any 3rd party organizations nor any performance based fees. Clients generally pay their fees from their account. Fees are calculated monthly in arrears, based on the end of month market value. Fees for services are billed when the service is performed. Terminated clients will pay a pro-rata fee through the date AWMI services ended, and a refund will be given for any advance payment of fees collected covering periods after AWMI services end.





Fees are negotiable depending on size of the account and other considerations that may result in economies of scale. Account fees range from 1.5% of assets under management and below. Fees may be calculated on the value of securities that are held in a client's account at the request of the client. AWMI will not provide investment management services on these securities, but such securities may be considered by AWMI personnel as part of the overall client portfolio. Clients will inform AWMI personnel of the nature and timing of any transactions related to these securities held at the request of the client.

Other fees clients may incur include custodian fees and other transaction costs. For more information, please see Brokerage Practices.

All fees paid to AWMI for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus and will generally include a management fee and other fund expenses. Certain funds held at the request of the client may also impose sales charges where a client may pay an initial or deferred sales charge. The client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided. As our primary goal is to help our clients achieve their financial goals, our selected funds and ETFs have very low expense and AWMI does not receive any remuneration from such holdings.

Effective April 1, 2014, APCM entered into a service agreement with AWMI to provide investment research, investment model development, trading execution, client reporting, and certain other back-office services. APCM will earn revenue as a percentage of AWMI revenue for these services.

## Performance-Based Fees and Side-By-Side Management

All accounts are managed with the best interest of each client as the guide. Client accounts are treated fairly and no client is favored over another. We do not have any performance-based fees. While infrequent, side-by-side management are addressed in our trade allocation policies.

## Types of Clients

Our clients include both institutions and individuals (IRAs, after-tax savings accounts, educational plans, HSAs and trusts.)

## Methods of Analysis, Investment Strategies and Risk of Loss

We provide two general types of account management: 1) fixed income only accounts, and 2) multi-asset accounts with equity exposure. The following describes the analysis and strategy for each of those accounts types.

**Fixed Income Accounts:** Individual fixed income securities may be held for certain AWMI accounts that are of sufficient size to warrant this investment approach. Under these circumstances, APCM Investment Personnel will develop fixed income investment strategies to meet client objectives. Key portfolio risk factors such as duration, sector exposure and credit quality are measured and controlled using quantitative techniques. Fundamental credit and structure analysis is performed on individual securities before purchasing for a portfolio. APCM Investment personnel will identify and select the securities to be held in such accounts. We believe a long term perspective and conservative approach are the best ways to add value to our clients.

**Multi-asset Accounts:** Our multi-asset account investment strategies are developed by APCM with the aid of sophisticated software and modeling programs to achieve an efficient portfolio.

Such a portfolio is one that provides the highest expected return given an acceptable level of risk as indicated by the client. APCM uses inputs on market conditions, projected economic climate, and over 150 years of the firm's combined investment experience to develop different strategies with varying amounts of equity. The process results in an array of models each with varying degrees of asset class exposure that can be selected to meet a client's investment goals and risk tolerance. Securities chosen to represent asset class exposure are mainly index funds that are evaluated based on tracking error to the benchmark, internal fund expenses, fund management, and liquidity. A risk of an asset allocation strategy is that the client may not participate in sharp increases in a particular asset class.



Securities purchased may include, but are not limited to: US Treasuries, US TIPS, government-sponsored enterprises, sovereigns, corporate and municipal debt securities, mutual funds, exchange traded funds, asset backed securities, CDs, commercial paper, and mortgage backed securities. A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the fund or ETF less suitable to the client's portfolio. As with any investment, investing in securities involves risk of loss that clients should be prepared to bear.

We purchase securities with the idea of holding them in a client account for a year or longer. We may do this because we believe the securities to be currently undervalued. We may do this because we want exposure to a particular asset class over time, regardless of the current projection for this class. A risk in a long-term purchase strategy is that, by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, a security may decline sharply in value before we make the decision to sell.

## Disciplinary History

AWMI has been a registered investment adviser with the SEC since August 2014. None of the owners or employees of AWMI has a record of disciplinary history. APCM, parent company of

AWMI, has been an SEC registered investment adviser since 1992 and has no record of disciplinary history since inception.

## Other Financial Industry Activities and Affiliations

We are a privately held firm. Our only affiliate is as a subsidiary of APCM, an adviser whose primary service is advisory services to institutional investors. Our practice is to make every investment decision in the best interest of the client.

AWMI participates in the Schwab Advisor Network. This is more fully described in the section Client Referrals and Other Compensation.

## Code of Ethics Summary and Offer of Delivery to Clients

As an SEC-registered adviser and pursuant to SEC rule 204A-1, we have a Code of Ethics that governs employee conduct. A copy is available to anyone upon request.

Code of Ethics Summary: In essence, we are fiduciaries to our clients and our employees are expected to act in the best interests of our clients at all times. Employees are required to disclose any potential conflicts of interest that could compromise this duty and such conflicts must be resolved in favor of the client(s). Furthermore, the Code of Ethics covers additional areas such as protecting confidential information, restricting participation in business interests that may create conflicts of interest, and limiting gifts to a de minimis amount. Our employees must report their investment holdings annually and all their investment transactions quarterly. In addition, employees must obtain preclearance prior to trading on any security that is on our Restricted List.

After the AWMI Advisor determines a suitable investment model for a client and develops the trading activity to achieve the selected model, APCM trading personnel execute the trades as instructed by AWMI. The APCM Code of Ethics requires employees to maximize client portfolio value by seeking best execution for all client transactions. In addition, APCM traders must ensure fair and equitable trade allocation among client accounts.

In addition to trade execution, APCM provides client reporting and reconciliation services to AWMI. The Code of Ethics also covers how we price securities and our portfolio performance process.

Investing in Securities Recommended to Clients: Our investment strategy includes identifying securities that may represent a potential for gain or, in the case of asset allocation accounts, identifying certain index funds that have low internal expenses while also providing exposure to desired asset classes. Our employees may also invest in these securities. As part of our personal trading policy, each employee is required to report all trading activity to the Chief Compliance Officer on a quarterly basis.

## Brokerage Practices

As an investment advisory firm, we have a fiduciary duty to transact trades in the manner that is best for our clients. Our Best Execution policy seeks to obtain the best overall trade execution in terms of both quantitative and qualitative considerations, although best price is the primary consideration. On an annual

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basis, we examine the relationships with broker/dealers who execute significant amounts of trades for us. Broker/dealers are also assessed based on their ability to complete trades in a timely and accurate manner; respond during volatile markets, and account for trade errors.

**Trade Aggregation:** Trades may be aggregated if it is beneficial to clients. Allocation procedures are fair and equitable to all clients with no particular group or client favored or disfavored over any other clients. We prohibit any allocation of trades in a manner where any particular client(s) or group of clients receive more favorable treatment than other client accounts.

AWMI recommends that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. ("Schwab"), a FINRA registered broker-dealer and SIPC member; to maintain custody of clients' assets and to effect trades for their accounts. Although we suggest that clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab. AWMI is independently owned and operated and not affiliated with Schwab. AWMI has evaluated Schwab and believes that it will provide our clients with a blend of execution services, commission costs and professionalism that will assist our firm to meet our fiduciary obligations to clients.

Schwab provides AWMI with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Schwab Institutional. These services are not contingent upon our firm committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For accounts of AWMI's clients maintained in custody at Schwab, Schwab will not charge the client separately for custody but will receive compensation from AWMI's clients in the form of commissions or other transaction-related compensation on securities trades executed through Schwab. Schwab also will receive a fee (generally lower than the applicable commission on trades it executes) for clearance and settlement of trades executed through broker-dealers other than Schwab. Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealer's fees. Thus, AWMI may have an incentive to cause trades to be executed through Schwab rather than another broker-dealer. AWMI nevertheless acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at Schwab may be executed through a different broker-dealer than trades for AWMI's other clients. Thus, trades for accounts custodied at Schwab may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

Schwab Institutional also makes available to our firm other products and services that may benefit AWMI but may not directly benefit our clients' accounts. Many of these products and services may be used to service all or a substantial number of our client accounts, including accounts not maintained at Schwab.

Schwab's products and services that assist us in managing and administering our clients' accounts include software and other technology that:

- provide access to client account data (such as trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- provide research, pricing and other market data;
- facilitate payment of our fees from clients' accounts; and
- assist with back-office functions, recordkeeping and client reporting.

Schwab Institutional also offers other services intended to help us manage and further develop our business enterprise. These services may include:

- 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 make available, arrange and/or pay third-party vendors for the types of services rendered to AWMI. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to our firm. Schwab Institutional may also provide other benefits such as educational events or occasional business entertainment of our personnel. In evaluating whether to recommend or require that clients custody their assets at Schwab, we 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 we consider 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.

We reserve the right to decline acceptance of any client account for which the client directs the use of a broker other than Schwab if we believe that this choice would hinder our fiduciary duty to the client and/or our ability to service the account. In directing the use of Schwab (or any other broker), it should be understood that AWMI will not have authority to negotiate commissions or to necessarily obtain volume discounts, and best execution may not be achieved. In addition, a disparity in commission charges may exist between the commissions charged to the client and those



charged to other clients (who may direct the use of another broker other than Schwab). Clients should note, while AWMI has a reasonable belief that Schwab is able to obtain best execution and competitive prices, our firm will not be independently seeking best execution price capability through other brokers.

## Review of Accounts

In order to provide maximum value to our clients, we have regular reviews of all accounts. The AWMI Advisor reviews account activity on a regular basis, and rebalances accounts on a quarterly basis as needed. The Advisor works with APCM investment personnel to implement the appropriate investment strategy developed as detailed in Methods of Analysis, Investment Strategies and Risk of Loss. Once implemented, the AWMI Advisor reviews the holdings and allocations of accounts on a quarterly basis with necessary adjustments made as needed.

## Client Referrals and Other Compensation

AWMI receives client referrals from Charles Schwab & Co., Inc. ("Schwab") through AWMI's participation in Schwab Advisor Network® ("the Service"). The Service is designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with AWMI and does not supervise AWMI and has no responsibility for AWMI's management of clients' portfolios or other advice or services. AWMI pays Schwab fees to receive client referrals through the Service. AWMI's participation in the Service may raise potential conflicts of interest described below.

AWMI pays Schwab a Participation Fee on all referred clients' accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee paid by AWMI is a percentage of the fees the client owes to AWMI or a percentage of the value of the assets in the client's account, subject to a minimum Participation Fee. AWMI pays Schwab the Participation Fee for so long as the referred client's account remains in custody at Schwab. The Participation Fee is billed to AWMI quarterly and may be increased, decreased or waived by Schwab from time to time. The Participation Fee is paid by AWMI and not by the client. AWMI has agreed not to charge clients referred through the Service fees or costs greater than the fees or costs AWMI charges clients with similar portfolios who were not referred through the Service.

AWMI generally pays Schwab a Non-Schwab Custody Fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from Schwab. This Fee does not apply if the client was solely responsible for the decision not to maintain custody at Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees Advisor generally

would pay in a single year. Thus, AWMI will have an incentive to recommend that client accounts be held in custody at Schwab.

The Participation and Non-Schwab Custody Fees will be based on assets in accounts of AWMI's clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, AWMI will have incentives to encourage household members of clients referred through the Service to maintain custody of their accounts and execute transactions at Schwab and to instruct Schwab to debit AWMI's fees directly from the accounts.

## Custody

We do not take physical custody of client assets. With specific client approval, we may deduct fees directly from client accounts. Clients are responsible for selecting their own custodian. We recommend that clients compare the account statements received by the custodian to the statement we prepare for them.

## Investment Discretion

We have investment discretion on the assets we manage. We accept investment discretion upon the execution of client contract documents granting this authority. Clients may impose reasonable restrictions on the management of their accounts.

## Voting Client Securities

As a matter of policy and as a fiduciary to our clients, we vote proxies for portfolio securities consistent with the best economic interests of the clients. We vote proxies for debt instruments and, with some exceptions, exchange-traded funds and mutual funds. We do not vote proxies for individual equities held at the client's direction. Individual equities are held in a client's account as an accommodation to the client. Fees may be calculated on such securities because they are included in the overall management strategy, but they are not an appropriate focus for research by AWMI or APCM. Clients are notified that we do not vote these proxies and that we will arrange for the clients to receive these proxies directly. Our policy and practice includes the responsibility to monitor corporate actions, receive and vote client proxies, disclose any potential conflicts of interest, and make information related to proxies available to clients. The term proxy as used here also includes corporate actions and tender offers for debt instruments.

## Financial Information

As a privately held firm who does not have custody of client assets, AWMI is not required to undergo an audit of our financial statements.