



**ADV Part 2A, Brochure**  
**Dated: March 30, 2020**  
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**This brochure provides information about the qualifications and business practices of Emerant Wealth, LLC. If you have any questions about the contents of this brochure, please contact us at (205) 871-3334. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

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

**References herein to Emerant Wealth, LLC as a "registered investment adviser" or any reference to being "registered" does not imply a certain level of skill or training.**

## Item 2      Material Changes

There have been no material changes to this Brochure since the Annual Amendment filing on March 29, 2019. However, this Brochure has been updated at Items 4, 7, 12, and 14 pertaining to the new Emerant Wealth Intelligent Portfolios Program service offering.

**Emerant's Chief Compliance Officer, Andrea W. Johnson, remains available to address any questions that a client or prospective client may have regarding any of these changes or any other issue pertaining to this Brochure.**

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## Item 4      **Advisory Business**

- A. Emerant Wealth, LLC (the “Registrant”) is a limited liability company that was formed on December 4, 2015 in the State of Alabama. The Registrant became registered as an Investment Adviser Firm in January 2016. The Registrant is owned by Warren Averett Asset Management, LLC. Joshua L. Reidinger is the Registrant’s President.
- B. As discussed below, the Registrant offers to its clients (individuals, pension and profit-sharing plans, business entities, trusts, estates and charitable organizations, etc.) investment advisory services and, to the extent specifically requested by a client, financial planning and related consulting services.

### **INVESTMENT ADVISORY SERVICES**

The client can determine to engage the Registrant to provide discretionary investment advisory services on a *fee-only* basis. The Registrant’s annual investment management fee shall generally be a flat fee of 1.00% of the total assets placed under the Registrant’s management/advisement.

Registrant’s annual investment advisory fee shall include investment advisory services, and, to the extent specifically requested by the client, financial planning and consulting services. In the event that the client requires extraordinary planning and/or consultation services (to be determined in the sole discretion of the Registrant), the Registrant may determine to charge for such additional services, the dollar amount of which shall be set forth in a separate written notice to the client.

### **EMERANT WEALTH INTELLIGENT PORTFOLIOS PROGRAM**

#### **Program Overview**

When consistent with a client’s investment objectives, Registrant may offer portfolio management services through the Emerant Wealth Intelligent Portfolio Program (the “Program”), an automated investment program through which clients are invested in a range of investment strategies Registrant has constructed and manages, each consisting of a portfolio of exchange-traded funds (“ETFs”) and a cash allocation. The client may instruct Registrant to exclude up to three ETFs from their portfolio. The client’s portfolio is held in a brokerage account opened by the client at Charles Schwab & Co., Inc. (“CS&Co.”). Registrant uses the Institutional Intelligent Portfolios® platform (“Platform”), offered by Schwab Performance Technologies (“SPT”), a software provider to independent investment advisors and an affiliate of CS&Co., to operate the Program. Registrant is independent of and not owned by, affiliated with, or sponsored or supervised by SPT, CS&Co., or their affiliates (CS&Co., Charles Schwab Bank and their affiliates are collectively referred to as “Schwab”).

Registrant, and not Schwab, is the client’s investment adviser and primary point of contact with respect to the Program. As between Registrant and Schwab, Registrant is solely responsible, and Schwab is not responsible, for determining the appropriateness of the Program for the client, choosing a suitable investment strategy and portfolio for the client’s investment needs and goals, and managing that portfolio on an ongoing basis. Registrant has contracted with SPT to provide Registrant with the Platform, which consists of technology and related trading and account

management services for the Program. The Platform enables Registrant to make the Program available to clients online and includes a system that automates certain key parts of its investment process (the “System”). The System includes an online questionnaire that helps Registrant determine the client’s investment objectives and risk tolerance and select an appropriate investment strategy and portfolio. Clients should note that Registrant will recommend a portfolio through the System in response to the client’s answers to the online questionnaire. The client may then indicate an interest in a portfolio that is one level less or more conservative or aggressive than the recommended portfolio, but Registrant then makes the final decision and selects a portfolio based on all the information it has about the client. The System also includes an automated investment engine through which Registrant manages the client’s portfolio on an ongoing basis through automatic rebalancing and tax-loss harvesting (if the client is eligible and elects).

Registrant charges clients a fee for its services as described below under Item 5. Registrant’s fees are not set or supervised by Schwab. Clients do not pay brokerage commissions or any other fees to CS&Co. as part of the Program. Schwab does receive other revenues in connection with the Program, which are described in the “Compensation to Schwab Under the Program” section below.

Registrant does not pay SPT fees for the Platform so long as it maintains \$100 million in client assets in accounts at CS&Co. that are not enrolled in the Program. If Registrant does not meet this condition, then it must pay SPT an annual licensing fee of 0.10% of the value of its clients’ assets in the Program. This arrangement presents a conflict of interest, as it provides an incentive for Registrant to recommend that clients maintain their accounts at CS&Co. Notwithstanding, Registrant may generally recommend to its clients that they maintain investment management accounts at CS&Co. based on the considerations discussed in Item 12 below, which mitigates but does not eliminate this conflict of interest.

Clients enrolled in the Program are limited in the universe of investment options available to them. For example, the investment options available are limited to ETFs, whereas Registrant recommends various other types of securities in its other services. The Program is designed to provide guidance and professional assistance to individuals who are beginning the process of accumulating wealth. Clients will have access to their accounts and a financial interface online but will also have the opportunity to confer with Registrant with respect to their account.

### **Rebalancing**

The System will rebalance a client’s account periodically by generating instructions to CS&Co. to buy and sell shares of funds and depositing or withdrawing funds through the “Sweep Program”, considering the asset allocation for the client’s investment strategy. Rebalancing trade instructions can be generated by the System when (i) the percentage allocation of an asset class varies by a set parameter established by Registrant, (ii) Registrant decides to change asset allocation percentages for an investment strategy or (iii) Registrant decides to change a client’s investment strategy, which could occur, for example, when a client makes changes to their investment profile or imposes or modifies restrictions on the management of their account.

### **Sweep Program**

Each investment strategy involves a cash allocation ("Cash Allocation") that will be held in a sweep program at Charles Schwab Bank (the "Sweep Program"). The Cash Allocation will be a minimum of 4% of an account's value to be held in cash, and may be higher, depending on the investment strategy chosen for a client. The Cash Allocation will be accomplished through enrollment in the Sweep Program, a program sponsored by CS&Co. By enrolling in the Program, clients consent to having the free credit balances in their brokerage accounts at CS&Co. swept into deposit accounts ("Deposit Accounts") at Charles Schwab Bank ("Schwab Bank") through the Sweep Program. Schwab Bank is an FDIC-insured depository institution that is a Schwab affiliate. The Sweep Program is a required feature of the Program. If the Deposit Account balances exceed the Cash Allocation for a client's investment strategy, the excess over the rebalancing parameter will be used to purchase securities as part of rebalancing. If clients request cash withdrawals from their accounts, this likely will require the sale of fund positions in their accounts to bring their Cash Allocation in line with the target allocation for their chosen investment strategy. If those clients have taxable accounts, those sales may generate capital gains (or losses) for tax purposes. In accordance with an agreement with CS&Co., Schwab Bank has agreed to pay an interest rate to depositors participating in the Sweep Program that will be determined by reference to an index.

### **Compensation to Schwab Under the Program**

Clients do not pay fees to SPT or brokerage commissions or other fees to CS&Co. as part of the Program. Schwab does receive other revenues, including (i) the profit earned by Charles Schwab Bank, a Schwab affiliate, on the allocation to the Schwab Intelligent Portfolios Sweep Program described in the Schwab Intelligent Portfolios Sweep Program Disclosure Statement; (ii) investment advisory and/or administrative service fees (or unitary fees) received by Charles Schwab Investment Management, Inc., a Schwab affiliate, from Schwab ETFs™ Schwab Funds® and Laudus Funds® that Registrant selects to buy and hold in the client's brokerage account; (iii) fees received by Schwab from third-party ETFs that participate in the Schwab ETF OneSource™ program and mutual funds in the Schwab Mutual Fund Marketplace® (including certain Schwab Funds and Laudus Funds) in the client's brokerage account for services Schwab provides; and (iv) remuneration Schwab may receive from the market centers where it routes ETF trade orders for execution.

### **FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)**

To the extent requested by a client, the Registrant *may* determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone separate fee basis. Registrant's planning and consulting fees are negotiable, but generally range from \$500 to \$50,000 on a fixed fee basis, and from \$75 to \$450 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s). Prior to engaging the Registrant to provide planning or consulting services, clients are generally required to enter into a *Financial Planning and Consulting Agreement* with Registrant setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the client prior to Registrant commencing services. If requested by the client, Registrant may recommend the services of other professionals for implementation purposes, including the Registrant's representatives in their individual capacities as certified

public accountants. (See disclosure and descriptions of conflicts of interest at Item 10.C. below). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Registrant. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. At all times, the engaged licensed professional[s] (i.e. attorney, accountant, insurance agent, etc.), and **not** Registrant, shall be responsible for the quality and competency of the services provided. **Please Also Note:** It remains the client's responsibility to promptly notify the Registrant if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising Registrant's previous recommendations and/or services.

#### MISCELLANEOUS

**Portfolio Activity.** Registrant has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, Registrant will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including, but not limited to, investment performance, fund manager tenure, style drift, account additions/withdrawals, and/or a change in the client's investment objective. Based upon these factors, there may be extended periods of time when Registrant determines that changes to a client's portfolio are neither necessary nor prudent. Clients are still subject to the fees described in Item 5 below, even during periods of account inactivity. Of course, as indicated below, there can be no assurance that investment decisions made by Registrant will be profitable or equal any specific performance level(s).

**National Advisors Trust Company (NATC) - Conflict of Interest:** Registrant's affiliate and parent company, Warren Averett Asset Management, LLC ("Warren Averett"), is a shareholder of National Advisor Holdings, Inc. (NAH), a Delaware corporation organized in August of 1999. Warren Averett holds less than 1.0% in the aggregate of the outstanding stock of NAH. NAH has chartered an institution through the Office of Thrift Supervision known as National Advisors Trust Company (NATC). NATC provides custody, banking, and trust services to clients of registered investment advisory firms, such as Registrant and Warren Averett, across the United States. Because Registrant's affiliate and parent company has an interest in NAH, and therefore indirectly has an interest in NATC, a conflict of interest is present because the Registrant could have an economic incentive to recommend NATC's services. Registrant may, and does, recommend NATC to certain clients for custody and trustee services when Registrant believes NATC's services may be appropriate for those clients. No client is under any obligation to use NATC's services. **ANY QUESTIONS:** Registrant's Chief Compliance Officer, Andrea W. Johnson, remains available to address any questions regarding NATC and the corresponding conflict of interest.

**Affiliated Firm: Kinsight.** The Registrant is affiliated with Kinsight, LLC ("Kinsight"), a previously SEC registered investment adviser. Kinsight terminated its registration on March 9, 2018. An employee of Warren Averett, Charles Haines, is the majority owner of Kinsight and may refer certain clients to the Registrant for advisory services. However, the Registrant does not refer clients to Kinsight, and Kinsight will not receive any referral fee from the Registrant for any such recommendations. Kinsight maintains common personnel and offices with the Registrant.

**Affiliated Investment Adviser Firm: Warren Averett.** The Registrant is owned by Warren Averett, an SEC registered investment adviser. Warren Averett may refer certain clients to the Registrant for advisory services and vice versa. Neither the Registrant nor Warren Averett will receive any referral fee from the other for any such recommendations. However, certain of Registrant's representatives and representatives of Warren Averett may have an interest in Warren Averett's Sole Member, Warren Averett Companies, LLC. As such, these individuals may be entitled to receive distributions relative to their respective interests in Warren Averett Companies, LLC, if any. The Registrant reminds all clients that no one is under any obligation to engage the services of Warren Averett. **The Registrant's Chief Compliance Officer, Andrea W. Johnson, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

**Affiliated Private Funds.** The Registrant is affiliated with several private investment funds: Haines All Seasons Select I, LLC, Haines All Seasons Select II, LLC, Haines Opportunity Portfolio II, LLC (class A and class B), and HFA, Ltd. (together, the "Affiliated Funds"), and the condensed descriptions of each are set forth below (the complete description of the terms, conditions, and risks associated with each of the Affiliated Funds is set forth in each Affiliated Fund's offering documents). The Registrant no longer recommends that clients allocate a portion of their investment assets to the Affiliated Funds. The terms and conditions for participation in the Affiliated Funds, conflicts of interest, and risk factors are set forth in the applicable fund's offering documents. Registrant's clients are under absolutely no obligation to consider or make an investment in private investment fund(s).

*Haines All Seasons Select I, LLC & Haines All Seasons Select II, LLC – Registrant's affiliate, Kinsight, LLC, is general partner in Haines All Seasons Select Funds I & II. These LLCs are comprised of a single private-equity investment in the healthcare industry. Registrant's affiliate and parent company Warren Averett's employee, Charles Haines, is the majority owner and manager of Kinsight, LLC.*

*Haines Opportunity Portfolio II, LLC – The Registrant's affiliate and parent company, Warren Averett, is general partner in and investment advisor to Haines Opportunity Portfolio II. This LLC seeks long-term capital appreciation with less dependence on market conditions. The Fund will use a select group of asset managers that employ primarily diversified equity-related investment strategies aimed at generating appropriate risk-adjusted returns.*

*HFA, Ltd – The Registrant's affiliate and parent company, Warren Averett, is general partner in HFA, Ltd. The partnership exists in order to make direct investments in real estate.*

**Conflict of Interest.** The Registrant's affiliate, Kinsight, has an ownership interest in Haines All Seasons Select II, LLC, as detailed in the fund descriptions. This presents a conflict of interest because Kinsight invests in its own private fund and may have an incentive to take unnecessary risk to increase the return on investment. However, the Registrant, following the Code of Ethics that all employees are required to acknowledge annually, puts the interest of the client before its own and does not take

unnecessary risks. In addition, Registrant's clients are under absolutely no obligation to consider or make an investment in private investment fund(s).

**Private Investment Fund Risk Factors.** Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike liquid investments that a client may maintain, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund and acknowledges and accepts the various risk factors that are associated with such an investment.

**Private Investment Fund Valuation.** In the event that the Registrant references private investment funds owned by the client on any supplemental account reports prepared by the Registrant, the value(s) for all private investment funds owned by the client shall reflect the most recent valuation provided by the fund sponsor. If the fund sponsor does not provide a post-purchase valuation, then the valuation shall reflect the initial purchase price (and/or a value as of a previous date) or the current value(s) (either the initial purchase price and/or the most recent valuation provided by the fund sponsor). If the valuation reflects the initial purchase price (and/or a value as of a previous date), then the current value(s) (to the extent ascertainable) could be significantly more or less than the original purchase price. The client's advisory fee shall be based upon such reflected fund value(s).

**Sub-Advisory Arrangement.** The Registrant engages sub-advisers to assist the Registrant with providing investment advisory services to the Registrant's clients (including investment management and planning/consulting services). Specifically, the Registrant has engaged its affiliated SEC registered investment adviser, Warren Averett Asset Management, LLC (SEC# 801-60741) ("Warren Averett") to provide sub-advisory services (**See** Item 10.C below), pursuant to which Warren Averett shall have discretionary authority for the day-to-day management of the assets that are allocated to it by the Registrant. Warren Averett shall continue in such capacity until such arrangement is terminated or modified by the Registrant. The Registrant maintains the initial and ongoing day-to-day relationship with the underlying client, including initial and ongoing determination of client suitability for the sub-adviser's designated investment strategies and/or programs. The Registrant maintains common management, personnel and offices with Warren Averett. **The Registrant's Chief Compliance Officer, Andrea W. Johnson, remains available to address any questions concerning the Registrant's sub-advisory arrangements.**

**Non-Investment Consulting/Implementation Services.** To the extent requested by the client, the Registrant may provide consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. Neither the Registrant, nor any of its representatives, serves as an attorney or an insurance agent and no portion of the Registrant's services should be construed as same. To the extent requested by a client, the Registrant may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance, etc.), including representatives of the Registrant in their separate licensed capacities as discussed in Item 10.C. below. The client is under no obligation to engage the services of any such recommended professional. The client



retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Registrant. **Please Note:** If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. At all times, the engaged licensed professional[s] (i.e. attorney, accountant, insurance agent, etc.), and **not** Registrant, shall be responsible for the quality and competency of the services provided. **Please Also Note:** It remains the client's responsibility to promptly notify the Registrant if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Registrant's previous recommendations and/or services.

**Please Note: Retirement Rollovers-No Obligation/Conflict of Interest:** A client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in his/her former employer's plan, if permitted, (ii) roll over the assets to his/her new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). The Registrant may recommend an investor roll over plan assets to an IRA managed by the Registrant. As a result, the Registrant and its representatives may earn an asset-based fee (see **Please Note** below). In contrast, a recommendation that a client or prospective client leave his or her plan assets with his/her former employer or roll the assets to a plan sponsored by a new employer will generally result in no compensation to the Registrant (unless clients engage the Registrant to monitor and/or manage the account while maintained at his/her employer). The Registrant has an economic incentive to encourage an investor to roll plan assets into an IRA that the Registrant will manage or to engage the Registrant to monitor and/or manage the account while maintained at the client's employer. There are various factors that the Registrant may consider before recommending a rollover, including but not limited to: (i) the investment options available in the plan versus the investment options available in an IRA, (ii) fees and expenses in the plan versus the fees and expenses in an IRA, (iii) the services and responsiveness of the plan's investment professionals versus the Registrant's, (iv) protection of assets from creditors and legal judgments, (v) required minimum distributions and age considerations, and (vi) employer stock tax consequences, if any. No client is under any obligation to roll over plan assets to an IRA managed by the Registrant or to engage the Registrant to monitor and/or manage the account while maintained at the client's employer. **Please Note:** If Registrant's engagement will include the management of the client's retirement account per the same fee set forth in Item 5 below, regardless of custodian or the client's decision to process a rollover, the above economic incentive to recommend a rollover is moot. **The Registrant's Chief Compliance Officer, Andrea W. Johnson, remains available to address any questions that a client or prospective client may have regarding its prospective engagement and the corresponding conflict of interest presented by such engagement.**

**Please Note: Use of Mutual Funds / Exchange Traded Funds:** Most mutual funds and exchange traded funds are available directly to the public. Thus, a prospective client can obtain many of the mutual funds and/or exchange traded funds that may be recommended and/or utilized by the Registrant independent of engaging the Registrant as an investment advisor. However, if a prospective client determines to do so, he/she will not receive the Registrant's initial and ongoing investment advisory

services. **Separate Fees**: All mutual funds and exchange-traded funds impose fees at the fund level (e.g. management fees and other fund expenses). All mutual fund and exchange traded fund fees are separate from, and in addition to, Registrant's management fee as described at Item 5 below. **Please Note: Use of DFA Mutual Funds**: The mutual funds sponsored by Dimensional Fund Advisors ("DFA") are generally only available through registered investment advisers approved by DFA. Thus, if the client was to terminate Registrant's services, and transition to another adviser who has not been approved by DFA to utilize DFA funds, restrictions regarding additional purchases of, or reallocation among other DFA funds, will generally apply. **The Registrant's Chief Compliance Officer, Andrea W. Johnson, remains available to address any questions that a client or prospective client may have regarding the above.**

**Client Obligations**. In performing its services, Registrant shall not be required to verify any information received from the client or from the client's other professionals and is expressly authorized to rely thereon. Moreover, each client is advised that it remains their responsibility to promptly notify the Registrant if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Registrant's previous recommendations and/or services.

**Disclosure Statement**. A copy of the Registrant's written Brochure as set forth on Part 2 of Form ADV shall be provided to each client prior to, or contemporaneously with, the execution of the *Investment Advisory Agreement* or *Financial Planning and Consulting Agreement*.

- C. The Registrant shall provide investment advisory services specific to the needs of each client. Prior to providing investment advisory services, an investment adviser representative will ascertain each client's investment objective(s). Thereafter, the Registrant shall allocate and/or recommend that the client allocate investment assets consistent with the designated investment objective(s). The client may, at any time, impose reasonable restrictions, in writing, on the Registrant's services.
- D. The Registrant does not participate in a wrap fee program.
- E. As of December 31, 2019, the Registrant had \$50,841,190 in assets under management on a discretionary basis.

## **Item 5 Fees and Compensation**

A.

### **INVESTMENT ADVISORY SERVICES**

If a client determines to engage the Registrant to provide discretionary investment advisory services on a *fee-only* basis, the Registrant's annual investment management fee shall generally be a flat fee of 1.00% of the total assets placed under the Registrant's management/advisement.

**Please Note: Margin Accounts** The Registrant **does not** recommend the use of margin. However, should a client determine to use margin, the Registrant will include the entire market value of the margined assets when computing its advisory fee. Accordingly, the Registrant's fee shall be based upon a higher margined account

value, resulting in the Registrant earning a correspondingly higher advisory fee. As a result, the potential of conflict of interest arises since the Registrant may have an economic disincentive to recommend that the client terminate the use of margin. **The Registrant's Chief Compliance Officer, Andrea W. Johnson, remains available to address any questions regarding the above.**

#### **FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)**

To the extent specifically requested by a client, the Registrant may determine to provide financial planning and/or consulting services (including investment and non-investment related matters, including estate planning, insurance planning, etc.) on a stand-alone fee basis. Registrant's planning and consulting fees are negotiable, but generally range from \$500 to \$50,000 on a fixed fee basis, and from \$75 to \$450 on an hourly rate basis, depending upon the level and scope of the service(s) required and the professional(s) rendering the service(s).

- B. Clients may elect to have the Registrant's advisory fees deducted from their custodial account. Both Registrant's Investment Advisory Agreement and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of the Registrant's investment advisory fee and to directly remit that management fee to the Registrant in compliance with regulatory procedures. In the limited event that the Registrant bills the client directly, payment is due upon receipt of the Registrant's invoice. The Registrant shall deduct fees and/or bill clients quarterly in advance (according to the signed agreement), based upon the market value of the assets on the last business day of the previous quarter.
- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, the Registrant shall generally recommend that Fidelity Investments ("Fidelity") and/or Charles Schwab & Co., Inc. ("Schwab") serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as Fidelity and Schwab charge brokerage commissions and/or transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and fixed income securities transactions). In addition to Registrant's investment management fee, brokerage commissions and/or transaction fees, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses).
- D. Registrant's annual investment advisory fee shall be prorated and paid quarterly, in advance or arrears (according to the signed agreement), based upon the market value of the assets on the last business day of the previous quarter. The Registrant generally requires a \$250,000 minimum asset level for investment advisory services. The Registrant, in its sole discretion, may reduce its investment management fee and/or reduce or waive its minimum asset requirement based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, competition, negotiations with client, etc.). **Please Note:** As result of the above, similarly situated clients could pay different fees. In addition, similar advisory services may be available from other investment advisers for similar or lower fees.

The Investment Advisory Agreement between the Registrant and the client will

continue in effect until terminated by either party by written notice in accordance with the terms of the Investment Advisory Agreement. Upon termination, the Registrant shall refund the pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

- E. Neither the Registrant, nor its representatives accept compensation from the sale of securities or other investment products.

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

Neither Registrant, nor any supervised person of Registrant accepts performance-based fees.

## **Item 7          Types of Clients**

The Registrant's clients shall generally include individuals, pension and profit-sharing plans, business entities, trusts, estates and charitable organizations. As discussed in Item 5.D above, the Registrant generally requires a \$250,000 minimum asset level for investment advisory services. Under the Program, the minimum account balance to enroll in the tax-loss harvesting feature is \$50,000. The Registrant, in its sole discretion, may reduce its investment management fee and/or reduce or waive its minimum asset requirement based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, competition, negotiations with client, etc.).

**Please Note:** As result of the above, similarly situated clients could pay different fees. In addition, similar advisory services may be available from other investment advisers for similar or lower fees.

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

- A. The Registrant may utilize the following methods of security analysis:

- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
- Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)

The Registrant may utilize the following investment strategies when implementing investment advice given to clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)

**Please Note: Investment Risk.** Investing in securities involves risk of loss that clients should be prepared to bear, including the loss of principal investment. Past performance may not be indicative of future results. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Registrant) will be profitable or equal any specific performance level. Investment strategies such as asset allocation, diversification, or rebalancing do not assure or guarantee better performance and cannot eliminate the risk of investment losses. There is no guarantee that a portfolio

employing these or any other strategy will outperform a portfolio that does not engage in such strategies. While asset values may increase and client account values could benefit as a result, it is also possible that asset values may decrease and client account values could suffer a loss.

- B. The Registrant's methods of analysis and investment strategies do not present any significant or unusual risks.

However, every method of analysis has its own inherent risks. To perform an accurate market analysis the Registrant must have access to current/new market information. The Registrant has no control over the dissemination rate of market information; therefore, unbeknownst to the Registrant, certain analyses may be compiled with outdated market information, severely limiting the value of the Registrant's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

The Registrant's primary investment strategies - Long Term Purchases and Short Term Purchases - are fundamental investment strategies. However, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer-term investment strategy.

- C. Currently, the Registrant primarily allocates client investment assets among various, mutual funds, and ETFs, on a discretionary basis in accordance with the client's designated investment objective(s).

Registrant's asset allocation strategies have been designed to comply with the requirements of Rule 3a-4 of the Investment Company Act of 1940. Rule 3a-4 provides similarly managed investment programs, such as Registrant's asset allocation programs, with a non-exclusive safe harbor from the definition of an investment company. In accordance with Rule 3a-4, the following disclosure is applicable to Registrant's management of client assets:

1. Initial Interview – at the opening of the account, the Registrant, through its designated representatives, shall obtain from the client information sufficient to determine the client's financial situation and investment objectives;
2. Individual Treatment - the account is managed on the basis of the client's financial situation and investment objectives;
3. Quarterly Notice – at least quarterly the Registrant shall notify the client to advise the Registrant whether the client's financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of the account;
4. Annual Contact – at least annually, the Registrant shall contact the client to determine whether the client's financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of the account;
5. Consultation Available – the Registrant shall be reasonably available to consult with the client relative to the status of the account;

6. Quarterly Report – the client shall be provided with a quarterly report for the account for the preceding period;
7. Ability to Impose Restrictions – the client shall have the ability to impose reasonable restrictions on the management of the account, including the ability to instruct the Registrant not to purchase certain mutual funds;
8. No Pooling – the client's beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian, but rather represents a direct and beneficial interest in the securities which comprise the account;
9. Separate Account - a separate account is maintained for the client with the Custodian;
10. Ownership – each client retains indicia of ownership of the account (e.g. right to withdraw securities or cash, exercise or delegate proxy voting, and receive transaction confirmations).

The Registrant believes that its annual investment management fee is reasonable in relation to: (1) the advisory services provided under the Investment Advisory Agreement; and (2) the fees charged by other investment advisers offering similar services/programs. However, Registrant's annual investment management fee may be higher than that charged by other investment advisers offering similar services/programs. In addition to Registrant's annual investment management fee, the client will also incur charges imposed directly at the mutual and exchange traded fund level (e.g., management fees and other fund expenses). **Please Note:** Registrant's investment programs may involve above-average portfolio turnover, which could negatively impact upon the net after-tax gain experienced by an individual client in a taxable account.

The allocation models include the following:

**Aggressive Allocation Model** – Our Aggressive Allocation is designed for our most aggressive equity investors. The allocation attempts to get equity upside while smoothing out volatility. This allocation is constructed using Mutual Funds, ETF's and Money Market Funds. The allocation for clients in the Program is constructed using ETF's and Cash. Both allocations encompass Domestic Equities, International Equities and Cash. Our Neutral Allocation (our allocation with no over/under weights) for each of these broad classes is shown below (subject to modification, without notice, at the discretion of the Registrant):

Domestic Equity – 69%  
International Equity – 30%  
Fixed Income – 0%  
Alternatives – 0%  
Cash – 1%

The Registrant may make tactical or strategic allocations shifts to these broad asset classes as well as their underlying sub asset classes at the Registrant's sole discretion. The Registrant can overweight or underweight the previous broad asset classes by up to 20%. The allocation as it stands at any given point in time is referred to as our Target Allocation.

**Growth Allocation Model** – Our Growth Allocation is designed for our investors with a high-risk tolerance that still want some downside protection. This allocation is constructed using Mutual Funds, ETF's and Money Market Funds. The allocation for

clients in the Program is constructed using ETF's and Cash. Both allocations encompass Domestic Equities, International Equities, Fixed Income, and Cash. Our Neutral Allocation (our allocation with no over/under weights) for each of these broad classes is as follows (subject to modification, without notice, at the discretion of the Registrant):

Domestic Equity – 57%  
International Equity – 23%  
Fixed Income – 19%  
Alternatives – 0%  
Cash – 1%

The Registrant may make tactical or strategic allocations shifts to these broad asset classes as well as their underlying sub asset classes at the Registrant's sole discretion. The Registrant can overweight or underweight the previous broad asset classes by up to 20%. The allocation as it stands at any given point in time is referred to as our Target Allocation.

**Moderate Allocation Model** – Our Moderate Allocation is designed for our investors who need a balanced approach that targets some capital appreciation with moderate downside protection. This allocation is constructed using Mutual Funds, ETF's and Money Market Funds. The allocation for clients in the Program is constructed using ETF's and Cash. Both allocations encompass Domestic Equities, International Equities, Fixed Income and Cash. Our Neutral Allocation (our allocation with no over/under weights) for each of these broad classes is as follows (subject to modification, without notice, at the discretion of the Registrant):

Domestic Equity – 42%  
International Equity – 18%  
Fixed Income – 38%  
Alternatives – 0%  
Cash – 2%

The Registrant may make tactical or strategic allocations shifts to these broad asset classes as well as their underlying sub asset classes at the Registrant's sole discretion. The Registrant can overweight or underweight the previous broad asset classes by up to 20%. The allocation as it stands at any given point in time is referred to as our Target Allocation.

**Moderately Conservative Allocation Model** – Our Moderately Conservative Allocation is designed for investors who place a premium on capital preservation while still allowing slight capital appreciation potential. This allocation is constructed using Mutual Funds, ETF's and Money Market Funds. The allocation for clients in the Program is constructed using ETF's and Cash. Both allocations encompass Domestic Equities, International Equities, Fixed Income and Cash. Our Neutral Allocation (our allocation with no over/under weights) for each of these broad classes is as follows (subject to modification, without notice, at the discretion of the Registrant):

Domestic Equity – 28%  
International Equity – 12%  
Fixed Income – 57%

Alternatives – 0%  
Cash – 3%

The Registrant may make tactical or strategic allocations shifts to these broad asset classes as well as their underlying sub asset classes at the Registrant's sole discretion. The Registrant can overweight or underweight the previous broad asset classes by up to 20%. The allocation as it stands at any given point in time is referred to as our Target Allocation.

**Conservative Allocation Model** – Our Conservative Allocation is designed for our most conservative investor whose goal is to preserve capital. This allocation is constructed using Mutual Funds, ETF's and Money Market Funds. The allocation for clients in the Program is constructed using ETF's and Cash. Both allocations encompass Domestic Equities, International Equities, Fixed Income and Cash. Our Neutral Allocation (our allocation with no over/under weights) for each of these broad classes is as follows (subject to modification, without notice, at the discretion of the Registrant):

Domestic Equity – 15%  
International Equity – 5%  
Fixed Income – 76%  
Alternatives – 0%  
Cash – 4%

The Registrant may make tactical or strategic allocations shifts to these broad asset classes as well as their underlying sub asset classes at the Registrant's sole discretion. The Registrant can overweight or underweight the previous broad asset classes by up to 20%. The allocation as it stands at any given point in time is referred to as our Target Allocation.

## **Item 9           Disciplinary Information**

The Registrant has not been the subject of any disciplinary actions.

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

- A. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Neither the Registrant, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. **Certified Public Accountants**. Certain of Registrant's representatives may also be certified public accountants with the firm of Warren Averett, LLC, a public accounting firm affiliated with Registrant. To the extent that a client requires accounting advice and/or tax preparation services, the Registrant, if requested, may recommend the services of Warren Averett, LLC, all of which services shall be rendered independent of the Registrant pursuant to a separate agreement between the client and Warren Averett, LLC. The Registrant shall not receive any of the fees charged by Warren



Averett, LLC, referral or otherwise. Although the Registrant shall not receive referral fees from Warren Averett, LLC, representatives of the Registrant may be entitled to receive distributions relative to their respective interests in Warren Averett, LLC, and/or Warren Averett Companies, LLC, if any. No client of the Registrant is required to engage Warren Averett, LLC for accounting services, and vice versa. **ANY QUESTIONS: The Registrant's Chief Compliance Officer, Andrea W. Johnson, remains available to address any questions that a client or prospective client may have regarding the above arrangements and affiliations and any corresponding conflict of interest such arrangement may create.**

**Affiliated Pension/Benefit Consulting Firm: Warren Averett Benefit Consultants, LLC.** Registrant's affiliate serves as an administrator to employee benefit plans. In this capacity, Warren Averett Benefit Consultants, LLC may provide services including but not limited to: plan design and installation, plan and participant reporting, plan testing, plan accounting, loan distributions, and comprehensive plan record-keeping. All client accounts are regulated under the Employee Retirement Income Securities Act ("ERISA"). Typically, the named plan fiduciary is responsible for the determination of retaining the services of investment advisors and third-party administrators. The plan fiduciary is free to seek independent advice about the appropriateness of any services for the plan that may be recommended by the Registrant's affiliate. No client is required to engage Warren Averett Benefit Consultants, LLC in its capacity as an administrator for employee benefit plans.

**Affiliated Investment Adviser Firm: Warren Averett.** The Registrant is owned by Warren Averett Asset Management, LLC, an SEC registered investment adviser (SEC# 801-60741) ("Warren Averett"). Warren Averett may refer certain clients to the Registrant for advisory services and vice versa. Neither the Registrant nor Warren Averett will receive any referral fee from the other for any such recommendations. However, certain of Registrant's representatives and representatives of Warren Averett may have an interest in Warren Averett's Sole Member, Warren Averett Companies, LLC. As such, these individuals may be entitled to receive distributions relative to their respective interests in Warren Averett Companies, LLC, if any. The Registrant reminds all clients that no one is under any obligation to engage the services of Warren Averett. **The Registrant's Chief Compliance Officer, Andrea W. Johnson, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

**Affiliated Firm: Kinsight, LLC.** An employee of the Registrant's affiliate and parent company Warren Averett, Charles Haines, is the majority owner of Kinsight and may refer certain clients to the Registrant for advisory services. However, the Registrant does not refer clients to Kinsight. Kinsight will not receive any referral fee from the Registrant for any such recommendations. **The Registrant's Chief Compliance Officer, Andrea W. Johnson, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

**Minority Ownership.** Charlie Haines, an employee of the Registrant's affiliate and parent company, Warren Averett, is a Founder of National Advisors Trust Company, FSB ("NATC"). He also has a 1.25% (approximately) minority ownership interest in National Advisors Holdings, Inc., the holding company for NATC. Currently, some clients of Warren Averett have investment assets that are held at NATC. **The Registrant's Chief Compliance Officer, Andrea W. Johnson, remains available**

**to address any questions that a client or prospective client may have regarding the above conflict of interest.**

**Affiliated Private Funds.** As discussed above, the Registrant's affiliate and parent company, Warren Averett, is the General Partner of the Affiliated Funds, HFA, Ltd. and Haines Opportunity Portfolio II, LLC. The Registrant's affiliate, Kinsight, is the General Partner of the Affiliated Funds, Haines All Season Select I, LLC and Haines All Season Select II, LLC. The Registrant no longer refers clients to invest in the Affiliated Funds. No client is under any obligation to make an investment in the Affiliated Funds. **The Registrant's Chief Compliance Officer, Andrea W. Johnson, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

- D. The Registrant does not receive, directly or indirectly, compensation from investment advisors that it recommends or selects for its clients.

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

- A. The Registrant maintains an investment policy relative to personal securities transactions. This investment policy is part of Registrant's overall Code of Ethics, which serves to establish a standard of business conduct for all of Registrant's Representatives that is based upon fundamental principles of openness, integrity, honesty and trust, a copy of which is available upon request. In accordance with Section 204A of the Investment Advisers Act of 1940, the Registrant also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by the Registrant or any person associated with the Registrant.
- B. As disclosed above, the Registrant's affiliate, Kinsight, has a financial interest in one of the Affiliated Funds because it has an ownership interest in the private investment fund. The Registrant no longer recommends that clients consider allocating a portion of their investment assets to the Affiliated Funds. The terms and conditions for participation in the Affiliated Funds, including conflicts of interest and risk factors, are set forth in each fund's offering documents. Registrant's clients are under absolutely no obligation to consider or make an investment in a private investment fund(s). The Registrant's Chief Compliance Officer, Andrea W. Johnson, remains available to address any questions that a client or prospective client may have regarding the above arrangements and the corresponding conflicts of interest presented by such arrangements.
- C. The Registrant and/or representatives of the Registrant *may* buy or sell securities that are also recommended to clients. This practice may create a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then immediately sells it at a profit upon the rise in the market price which follows the recommendation) could take place if the Registrant did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed prior to those of the Registrant's clients) and other potentially abusive practices.

The Registrant has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Registrant's "Access Persons". The Registrant's securities transaction policy requires that an Access Person of the Registrant must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person's current securities holdings at least once each twelve (12) month period thereafter on a date the Registrant selects; provided, however that at any time that the Registrant has only one Access Person, he or she shall not be required to submit any securities report described above.

- D. The Registrant and/or representatives of the Registrant *may* buy or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where the Registrant and/or representatives of the Registrant are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11.C, the Registrant has a personal securities transaction policy in place to monitor the personal securities transaction and securities holdings of each of Registrant's Access Persons.

## **Item 12      Brokerage Practices**

- A. In the event that the client requests that the Registrant recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct the Registrant to use a specific broker-dealer/custodian), Registrant generally recommends that investment management accounts be maintained at Fidelity or Schwab. Prior to engaging Registrant to provide investment management services, the client will be required to enter into a formal Investment Advisory Agreement with Registrant setting forth the terms and conditions under which Registrant shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that the Registrant considers in recommending Fidelity or Schwab (or any other broker-dealer/custodian to clients) include historical relationship with the Registrant, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by Registrant's clients shall comply with the Registrant's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where the Registrant determines, in good faith, that the commission/transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of broker-dealer services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Registrant will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Registrant's investment management fee. The Registrant's best price execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

### **1. Non-Soft Dollar Research and Additional Benefits**

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Registrant can receive from Fidelity or Schwab (or another broker-dealer/custodian, investment platform, mutual fund sponsor, or unaffiliated investment manager) without cost (and/or at a discount) support services and/or products, certain of which assist the Registrant to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by the Registrant may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Registrant in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that *may* be received may assist the Registrant in managing and administering client accounts. Others do not directly provide such assistance, but rather assist the Registrant to manage and further develop its business enterprise.

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at Fidelity or Schwab as a result of this arrangement. There is no corresponding commitment made by the Registrant to Fidelity or Schwab or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

#### Emerant Wealth Intelligent Portfolios Program

Client accounts enrolled in the Program are maintained at, and receive the brokerage services of, CS&Co, a broker-dealer registered with the SEC and a FINRA/SIPC member. While clients are required to use CS&Co. as custodian/broker to enroll in the Program, the client decides whether to do so and opens its account with Schwab by entering into a brokerage account agreement directly with Schwab. Registrant does not open the account for the client. If the client does not wish to place their assets with CS&Co., then Registrant cannot manage the client's account through the Program. Schwab may aggregate purchase and sale orders for ETFs across accounts enrolled in the Program, including both accounts for Registrant's clients and accounts for clients of other independent investment advisory firms using the Platform.

Schwab Advisor Services™ (formerly called Schwab Institutional) program, is Schwab's business serving independent investment advisory firms like Registrant. Through Schwab Advisor Services, Schwab provides Registrant and its clients, both those enrolled in the Program and clients not enrolled in the Program, with access to its institutional brokerage services— 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 Registrant manage or administer its clients' accounts, while others help it manage and grow its business. Schwab's support services described below are generally available on an unsolicited basis (Registrant does not have to request them) and at no charge to Registrant. The

availability of Schwab's products and services to Registrant is not based on Registrant giving particular investment advice, such as buying particular securities for its clients. Here is a more detailed description of Schwab's support services:

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 Registrant might not otherwise have access or that would require a significantly higher minimum initial investment by Registrant's clients. Schwab's services described in this paragraph generally benefit the client and the client's account.

Schwab also makes available to Registrant other products and services that benefit Registrant but may not directly benefit the client or its account. These products and services assist Registrant in managing and administering Registrant's clients' accounts. They include investment research, both Schwab's own and that of third parties. Registrant may use this research to service all or some substantial number of Registrant's 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 Registrant's fees from Registrant's clients' accounts; and
- assist with back-office functions, recordkeeping, and client reporting.

Schwab also offers other services intended to help Registrant manage and further develop Registrant's 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 Registrant. 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 other benefits such as occasional business entertainment of Registrant's personnel.

The availability of services from Schwab benefits Registrant because Registrant does not have to produce or purchase them. Registrant does not have to pay for these services, and they are not contingent upon Registrant committing any specific amount of business to CS&Co. in trading commissions or assets in custody. With respect to the Program, as described above, Registrant does not pay SPT fees for the Platform so long as it maintains \$100 Million in client assets in accounts at Schwab that are not enrolled in the Program.

In light of Registrant's arrangements with Schwab, Registrant has an incentive to recommend that clients maintain their accounts with CS&Co. based on its interest in receiving Schwab's services that benefit its business rather than based on the client's interest in receiving the best value in custody services and the most favorable execution of transactions. This presents a conflict of interest. When making such a recommendation, however, Registrant believes that its recommendation of Schwab as custodian and broker is in the best interests of its clients. It is primarily supported by the scope, quality, and price of Schwab's services and not Schwab's services that benefit only Registrant.

**The Registrant's Chief Compliance Officer, Andrea W. Johnson, remains available to address any questions that a client or prospective client may have regarding the above arrangements and the corresponding conflicts of interest presented.**

2. The Registrant does not receive referrals from broker-dealers.
3. The Registrant does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Registrant will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Registrant. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

**Please Note:** In the event that the client directs Registrant to effect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Registrant. **Higher transaction costs adversely impact account performance.** **Please Also Note:** Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts.

**The Registrant's Chief Compliance Officer, Andrea W. Johnson, remains available to address any questions that a client or prospective client may have regarding the above arrangement.**

- B. To the extent that the Registrant provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless the Registrant decides to purchase or sell the same securities for several clients at approximately the same time. The Registrant may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Registrant's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account

on any given day. The Registrant shall not receive any additional compensation or remuneration as a result of such aggregation.

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

- A. For those clients to whom Registrant provides investment supervisory services, account reviews are conducted on an ongoing basis by the Registrant's Principals and/or representatives. All investment supervisory clients are advised that it remains their responsibility to advise the Registrant of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with the Registrant on an annual basis.
- B. The Registrant **may** conduct account reviews on an other than periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request.
- C. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the broker-dealer/custodian and/or program sponsor for the client accounts. The Registrant may also provide a written periodic report summarizing account activity and performance.

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

- A. As referenced in Item 12.A.1 above, the Registrant may receive economic benefits from Fidelity and Schwab. The Registrant, without cost (and/or at a discount), can receive support services and/or products from Fidelity and Schwab.

Registrant's clients do not pay more for investment transactions effected and/or assets maintained at Fidelity and Schwab as a result of this arrangement. There is no corresponding commitment made by the Registrant to Fidelity, Schwab, or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

- B. The Registrant does not compensate, directly or indirectly, any person, other than its representatives, for client referrals.

### **Item 15      Custody**

Registrant shall have the ability to deduct its advisory fee from the client's custodial account (i.e., Fidelity or Schwab) on a quarterly basis. Clients are provided with written transaction confirmation notices, and a written summary account statement directly from the custodian, at least quarterly.

**Please Note:** To the extent that the Registrant provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by the Registrant with the account statements received from the account custodian.  
**Please Also Note:** The account custodian does not verify the accuracy of the Registrant's advisory fee calculation.

## Item 16 Investment Discretion

The client can determine to engage the Registrant to provide investment advisory services on a discretionary basis. Prior to the Registrant assuming discretionary authority over a client's account, the client shall be required to execute an Investment Advisory Agreement, naming the Registrant as the client's attorney and agent in fact, granting the Registrant full authority to buy, sell, or otherwise effect investment transactions involving the assets in the client's name found in the discretionary account.

Clients who engage the Registrant on a discretionary basis may, at any time, impose restrictions, **in writing**, on the Registrant's discretionary authority (i.e. limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe the Registrant's use of margin, etc.).

## Item 17 Voting Client Securities

- A. Unless the client directs otherwise in writing, the Registrant, in conjunction with its engagement of ProxyEdge, or its successors or assigns, is responsible for voting client proxies. (However, the client shall maintain exclusive responsibility for all legal proceedings or other type events pertaining to the account assets, including, but not limited to, class action lawsuits.). ProxyEdge shall vote proxies in accordance with its Proxy Voting Policy, a copy of which is available upon request. ProxyEdge on behalf of the Registrant shall maintain records pertaining to proxy voting as required pursuant to Rule 204-2 (c)(2) under the Advisers Act. Copies of Rules 206(4)-6 and 204-2(c)(2) are available upon written request. In addition, information pertaining to how the Registrant, in conjunction with ProxyEdge, voted on any specific proxy issue is also available upon written request. **ANY QUESTIONS:** The Registrant's Chief Compliance Officer, Andrea W. Johnson, remains available to address any questions that a client or prospective client may have regarding the Registrant's proxy voting policy.
- B. Not applicable.

## Item 18 Financial Information

- A. The Registrant does not solicit fees of more than \$1,200, per client, six months or more in advance.
- B. The Registrant is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts.
- C. The Registrant has not been the subject of a bankruptcy petition.

**ANY QUESTIONS: The Registrant's Chief Compliance Officer, Andrea W. Johnson, remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**