

Chicago Wealth Management, Inc.

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ADV Part 2A, Firm Brochure

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This Brochure provides information about the qualifications and business practices of Chicago Wealth Management, Inc. If you have any questions about the contents of this Brochure, please contact us at (312) 376-8350 or nthompson@chicagowm.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Chicago Wealth Management, Inc. also is available on the SEC's website at www.adviserinfo.sec.gov.

References herein to Chicago Wealth Management, Inc. 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 made to Chicago Wealth Management, Inc.’s disclosure statement since last year’s Annual Amendment filing on March 18, 2019. Item 12 has been amended to disclose that Schwab may provide support payments directly to clients transferring accounts to Schwab to reimburse them for account termination or transfer fees. Items 4 and 5 have been enhanced to provide additional information concerning Chicago Wealth Management’s advisory business. Item 15 has been updated concerning custody.

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Item 4 – Advisory Business

A. Chicago Wealth Management, Inc. (hereafter referred to as “CWM” or “firm”) is an SEC registered investment management firm which has been operating since November of 2002. The firm is a corporation organized under the laws of Illinois. The ownership structure of the firm is as follows:

- Jeffrey G. Cribbs –66.66% ownership
- Nicholas J. Thompson – 25% ownership
- Whitney Ribbens – 8.33% ownership

B. *Investment Management & Financial Planning*

CWM provides investment management and financial planning services primarily to high net worth and high income individuals, non-profits, and institutions. We offer investment advice for a fee based on a percentage of assets under management (generally varying from 0.60% to 1.25%), or occasionally for a fixed fee. We use a tactical investment strategy to help inform allocation decisions, with a primary focus on maximizing absolute long-term return while minimizing large portfolio losses. CWM primarily provides advice on the following: exchange listed equity securities, exchange traded funds, mutual funds, corporate debt, CD's, municipal securities, no-load variable life and annuity policies, section 529 savings plans, US government securities, and securities options contracts.

INVESTMENT ADVISORY SERVICES

As noted above, the client can engage CWM to provide discretionary and/or non/discretionary investment advisory and implementation services on a fee basis. Before engaging CWM to provide those services, clients are required to enter into an Investment Advisory Agreement with CWM setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the fee that is due from the client. Before providing investment advisory services, an investment adviser representative will ascertain each client's investment objectives. Thereafter, CWM will allocate and/or recommend that the client allocate investment assets consistent with the designated investment objectives. Once allocated, CWM provides ongoing monitoring and review of account performance, asset allocation and client investment objectives, and may rebalance and/or may recommend that clients rebalance accounts as necessary based on such review.

FINANCIAL PLANNING AND CONSULTING SERVICES (STAND-ALONE)

To the extent specifically requested by a client, CWM 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. Before engaging CWM to provide planning or consulting services, clients are generally required to enter into a Financial Planning agreement 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 before CWM commences services. If requested by the client, CWM may recommend the services of other professionals for implementation purposes. 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 CWM.

As part of the services offered, CWM provides advice on the following:

1. Investment Planning
2. Retirement Planning
3. College Education Planning
4. Distribution Planning
5. Spending Policy and Planning

We address the following planning issues, referring to appropriate professionals as needed:

1. Income Tax
2. Fringe Benefit/Employee Benefit Planning
3. Insurance Planning
4. Estate Planning
5. Charitable Gift Planning

All CWM client accounts are maintained at a primary custodian. We typically use the services of Charles Schwab & Co, Inc. (“Schwab”), along with Fidelity Brokerage Services, LLC and National Financial Services, LLC (collectively, “Fidelity”) to maintain client accounts. There are some situations where using these custodians is not possible or most advantageous for the client, resulting in CWM also maintaining accounts at the following custodians: Ameritas, American Funds – College America, Bright Directions College Saving, TD Ameritrade, MG Direct, and TIAA-Cref. All custodians listed above are hereafter referred to as “Qualified Custodians”.

Qualified Retirement Plan Consulting and Investment Management

CWM provides consulting and investment management for a variety of small business qualified retirement plans. These include 401(k), profit sharing, defined benefit, and cash balance plans. Following an initial consultation and an advisory agreement between the plan’s trustee and CWM, CWM serves as the investment manager for the plan’s assets. CWM takes on the role of a 3(38) investment manager as defined by ERISA, assuming all fiduciary responsibilities due to the investment discretion granted in this capacity. CWM’s ability to serve qualified retirement plan clients is typically achieved through providing service in accordance with the following separate parties:

- Third Party Administrator – plan design consultation and management of all plan documents, administration, tax reporting, compliance filings, and applicable plan discrimination testing. CWM chooses administrators based on cost and needs of the plan, which depending on plan size and design makes some administrators more attractive for certain plans than others. CWM provides service in accordance with the Karel-Gordon & Associates, Ubiquity Retirement Savings., Charles Schwab, Fidelity, and other selected independent TPA’s (Third Party Administrators) to serve as administrators for its qualified retirement plan clients.
- Record Keeper – The record keeping firm is responsible for providing and maintaining a secure website for access by plan sponsors, advisors, and plan participants. The website will provide the ability to run various reports pertaining to plan balances, allocations, transactions, fees, etc. The record keeper provides service in accordance with the Qualified Custodian to provide CWM with a platform to choose and monitor investments for a plan’s fund list and managed allocation portfolios.
- Qualified Custodian – Depending on the cost, plan design, and chosen administrator, CWM primarily uses Charles Schwab, Fidelity, TD Ameritrade or Matrix for qualified custodians, and retains the ability to choose other custodians if most beneficial for the client. While the administrator and record keeper maintains the records and reporting, the actual assets are held at one of these custodians. Hereafter, all of these are included in the definition of “Qualified Custodians” described earlier in Item 4.B. Qualified Custodians are chosen based on the best available pricing and service for clients, preference of administrators and flexibility offered in investment choices. CWM directs the Qualified Custodian to deduct investment management fees from plan assets according to the fee schedule in Item 5.

CWM chooses a fund list and builds model portfolios for investment by plan participants. These include a Growth, Moderate, and Conservative allocation portfolio, as well as a more actively managed CWM Portfolio

which more closely follows CWM's tactical allocation investment research. More detail about CWM's investment strategy is provided in Item 8. CWM only has the ability to choose funds to include on the list or in the individual model portfolios on a plan level, and does not maintain discretion to direct which investments individuals hold in their accounts unless that individual has a separate Advisory Agreement with CWM. Participants have the option to invest their account in any of the model portfolios, choose their own investment allocation from the fund list, or leave all contributions in a money market account. CWM monitors both the individual funds included on the fund list as well as the managed portfolios on a regular periodic basis, and documents and reports when changes are made.

VARIABLE ANNUITY SUB ACCOUNT MANAGEMENT

The client can also engage CWM to provide discretionary investment advisory services for the management of variable annuity sub-accounts. CWM allocates client investment assets on a discretionary basis among the investment sub accounts of variable annuity products previously purchased by the client. CWM generally proposes allocations to individual equity and fixed income investments, exchange traded funds, and mutual funds, consistent with the client's designated objectives. Once allocated, CWM provides ongoing monitoring and review of sub account performance, asset allocation, and client investment objectives.

Miscellaneous

Limitations of Financial Planning and Non-Investment Consulting/Implementation Services. To the extent requested by a client, CWM may provide financial planning and related consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. CWM does not serve as a law firm, accounting firm, or insurance agency, and no portion of CWM's services should be construed as legal, accounting, or insurance implementation services. Accordingly, CWM does not prepare estate planning documents, tax returns or sell insurance products. To the extent requested by a client, CWM may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance agents, etc.). Clients are reminded that they are 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 made by CWM or its representatives. Neither CWM nor its investment adviser representatives assist clients with the implementation of any financial plan, unless they have agreed to do so in writing. In addition, CWM does not monitor a client's financial plan, and it is the client's responsibility to revisit the financial plan with CWM, if desired. **Please Note:** If the client engages any unaffiliated 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 CWM, shall be responsible for the quality and competency of the services provided.

Retirement Rollovers-Potential for Conflict of Interest: A client or prospective 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 the former employer's plan, if permitted, (ii) roll over the assets to the 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). If CWM recommends that a client roll over their retirement plan assets into an account to be managed by CWM, such a recommendation creates a conflict of interest if CWM will earn an advisory fee on the rolled over assets. CWM will earn new (or increase its current) compensation as a result of the rollover. No client is under any obligation to roll over retirement plan assets to an account managed by CWM. **CWM's Chief Compliance Officer, Nicholas J. Thompson, remains available to address any questions that a client or prospective client may have regarding the potential for conflict of interest presented by such rollover recommendation.**

Trustee Directed Plans. CWM may be engaged to provide discretionary investment advisory services to ERISA retirement plans, whereby CWM shall manage Plan assets consistent with the investment objective designated by the Plan trustees. In such engagements, CWM will serve as an investment fiduciary as that term is defined under The Employee Retirement Income Security Act of 1974 (“ERISA”). CWM will generally provide services on an “assets under management” fee basis per the terms and conditions of an Investment Advisory Agreement between the Plan and the Firm.

Participant Directed Retirement Plans. CWM may also provide investment advisory and consulting services to participant directed retirement plans per the terms and conditions of an investment advisory agreement between CWM and the plan. For such engagements, CWM shall assist the Plan sponsor with the selection of an investment platform from which Plan participants shall make their respective investment choices (which may include investment strategies devised and managed by CWM), and, to the extent engaged to do so, may also provide corresponding education to assist the participants with their decision making process.

Non-Discretionary Service Limitations. Clients that determine to engage CWM on a non-discretionary investment advisory basis must be willing to accept that CWM cannot effect any account transactions without obtaining prior consent to such transaction(s) from the client. Thus, in the event that CWM would like to make a transaction for a client’s account (including in the event of an individual holding or general market correction), and the client is unavailable, CWM will be unable to effect the account transaction(s) (as it would for its discretionary clients) without first obtaining the client’s consent.

Portfolio Activity. CWM has a fiduciary duty to provide services consistent with the client’s best interest. As part of its investment advisory services, CWM 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 CWM determines that changes to a client’s portfolio are neither necessary nor prudent. Of course, as indicated below, there can be no assurance that investment decisions made by CWM will be profitable or equal any specific performance level(s). Clients nonetheless remain subject to the fees described in Item 5 below during periods of account inactivity.

Please Note: Cash Positions. At any specific point in time, depending upon perceived or anticipated market conditions/events (there being no guarantee that such anticipated market conditions/events will occur), the CWM may maintain cash positions for defensive purposes. All cash positions (money markets, etc.) shall be included as part of assets under management for purposes of calculating CWM’s advisory fee. ANY QUESTIONS: CWM’s Chief Compliance Officer, Nicholas J. Thompson, remains available to address any questions that a client or prospective may have regarding the above fee billing practice.

Please Note-Use of Mutual and 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 funds that may be utilized by CWM independent of engaging CWM as an investment advisor. However, if a prospective client determines to do so, he/she will not receive CWM’s initial and ongoing investment advisory services. **Please Note:** In addition to CWM’s investment advisory fee described below, and transaction and/or custodial fees discussed below, 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).

ByAllAccounts/Tamarac. In conjunction with the services provided by ByAllAccounts, Inc. and Tamarac, CWM may also provide periodic comprehensive reporting services, which can incorporate all of the client’s investment assets including those investment assets that are not part of the assets managed by CWM (the “Excluded Assets”). CWM’s service relative to the Excluded Assets is limited to reporting services only, which does not include investment implementation. Because CWM does not have trading authority for the Excluded Assets, to the extent applicable to the nature of the Excluded Assets (assets over which the client maintains trading authority vs. trading authority designated to another investment professional), the client (and/or the other

investment professional), and not CWM, shall be exclusively responsible for directly implementing any recommendations relative to the Excluded Assets. The client and/or their other advisors that maintain trading authority, and not CWM, shall be exclusively responsible for the investment performance of the Excluded Assets. Without limiting the above, CWM shall not be responsible for any implementation error (timing, trading, etc.) relative to the Excluded Assets. In the event the client desires that CWM provide investment management services with respect to the Excluded Assets, the client may engage CWM to do so pursuant to the terms and conditions of the Investment Advisory Agreement between CWM and the client.

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

Disclosure Statement. A copy of CWM's written disclosure statement 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 Management and Financial Planning Agreement or Qualified Retirement Plan Consulting and Investment Management Agreement.

- C. A CWM advisor has an initial consultation meeting with any prospective client before entering into an advisory agreement. There is no charge for this meeting. During this consultation, CWM gathers data from the client regarding current financial situation, spending and saving goals, tax information, insurance coverage, and estate planning issues. The client and CWM will decide on engaging in an agreement for comprehensive financial planning or a more limited engagement including investment management. In the case of retirement plan consultation, key issues to be examined are the type of plan and design, current contributions, non-discrimination issues, and plan fees. This information is reviewed by CWM and impacts recommendations made to the client.
- D. CWM does not participate in wrap fee programs for any of its clients.
- E. As of December 31, 2019, CWM had approximately \$ 158,917,337 in assets under management on a discretionary basis.

Item 5 – Fees and Compensation

- A. CWM is primarily compensated for advisory services based on a percentage of assets under management according to the following fee schedules:

Investment Management & Financial Planning Clients

Client Asset Under Management	Annual Fee (% of assets managed)
Initial \$500,000	1.25%
Next \$2,000,000	1.00%
Next \$2,500,000	0.60%
Above \$5,000,000	Negotiable

There are occasions when CWM charges fixed fees for financial planning or consulting services. However, CWM will not require or solicit payment of fees in excess of \$1200 more than 6 months in advance of services rendered. Certain Legacy Clients may be under previous fee schedule arrangements, which remain in effect until updated.

Clients who engage CWM to manage variable annuity sub-accounts, as set forth in Item 4 above shall also be subject to the above investment fee schedule and billing methodology.

Qualified Retirement Plan

Plan Asset Under Management	*Annual Fee (% of assets managed)
Initial \$250,000	1.00%
Next \$750,000	0.80%
Above \$1,000,000	0.60%

Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees. Legacy clients may be billed on previous fee schedules.

Fee Dispersion

CWM's investment advisory fee is negotiable at its discretion, depending upon objective and subjective factors including but not limited to: the amount of assets to be managed; portfolio composition; the scope and complexity of the engagement; the anticipated number of meetings and servicing needs; related accounts; future earning capacity; anticipated future additional assets; the professional(s) rendering the service(s); prior relationships with CWM and/or its representatives, and negotiations with the client. Certain legacy clients may have accepted different pre-existing service offerings from CWM and may therefore receive services under different fee schedules than as set forth above. As a result of these factors, similarly situated clients could pay different fees, the services to be provided by CWM to any particular client could be available from other advisers at lower fees, and certain clients may have fees different than those specifically set forth above.

CWM's Chief Compliance Officer, Nicholas J. Thompson, remains available to address any questions that a client or prospective client may have regarding the above fee determination.

- B. The client provides written authorization permitting fees to be paid directly from the client's account held by the custodian. This authorization is given on the custodian's account application. CWM does not have access to client funds for the payment of fees without this consent. CWM directs its custodians to deduct fees directly from client accounts, and then remit those fees back to CWM. Management fees are charged on a quarterly basis and billed in arrears, based on the market value of the client's account[s] at the end of the prior quarter (which fees shall be adjusted for intra-quarter additions/withdrawals).
- C. As discussed below, unless the client directs otherwise or an individual client's circumstances require, CWM shall generally recommend that Schwab or Fidelity serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as Schwab and Fidelity charge transaction fees for effecting certain securities transactions (i.e. transaction fees are charged for certain no-load mutual fund and fixed income securities transactions). In addition to CWM's investment management fee and brokerage 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. That is, clients may be charged underlying fees such as custodian fees, mutual fund expenses, and trading costs. These are shown on the statement the client receives on a monthly basis from their Qualified Custodian. Brokerage and transaction costs are disclosed in more detail in Item 12.
- D. CWM does not typically charge clients any pre-paid fees. All fees are generally charged based on quarter-end assets under management. In the event of a termination of the client's advisory agreement, any pre-paid fees are pro-rated to the date of termination and any unearned portion thereof is refunded to the client.
- E. Neither CWM nor any of its employees accept compensation for the sale of securities or other investment products to clients. This includes asset based sales charges and service fees based on the sale of mutual funds.

Item 6 – Performance-Based Fees and Side-by-Side Management

CWM does not accept performance-based fees on any client accounts.

Item 7 – Types of Clients

CWM provides investment advice to the following types of clients: individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities. CWM generally does not require a minimum account size.

CWM, as noted above and in its sole discretion, may charge a lesser investment advisory fee or charge a flat fee 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, competitive pricing, 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. ANY QUESTIONS: CWM's Chief Compliance Officer, Nicholas J. Thompson, remains available to address any questions that a client or prospective client may have regarding advisory fees.

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

A. CWM may utilize the following methods of security analysis:

- Charting - (analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices)
- Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)
- Cyclical – (analysis performed on historical relationships between price and market trends, to forecast the direction of prices)

CWM 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)
- Trading (securities sold within thirty (30) days)
- Options (contract for the purchase or sale of a security at a predetermined price during a specific period of time)

Please Note: Investment Risk. Investing in securities involves risk of loss that client should be prepared to bear. 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 CWM) will be profitable or equal any specific performance level(s).

B. CWM'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 CWM must have access to current/new market information. CWM has no control over the dissemination rate of market information; therefore, unbeknownst to CWM, certain analyses may be compiled with outdated market information, severely limiting the value of CWM'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.

CWM's primary investment strategies - Long Term Purchases, Short Term Purchases, and Trading - 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. Trading, an investment strategy that requires the purchase and sale of securities within a thirty (30) day investment time period, involves a very short investment time period but will incur higher transaction costs when compared to a short

term investment strategy and substantially higher transaction costs than a longer term investment strategy.

In addition to the fundamental investment strategies discussed above, CWM may also implement and/or recommend options transactions. This strategy has a high level of inherent risk. (See discussion below).

Options Strategies. The use of options transactions as an investment strategy involves a high level of inherent risk. Option transactions establish a contract between two parties concerning the buying or selling of an asset at a predetermined price during a specific period of time. During the term of the option contract, the buyer of the option gains the right to demand fulfillment by the seller. Fulfillment may take the form of either selling or purchasing a security depending upon the nature of the option contract. Generally, the purchase or the recommendation to purchase an option contract by CWM shall be with the intent of offsetting/"hedging" a potential market risk in a client's portfolio. **Please Note:** Although the intent of the options-related transactions that may be implemented by CWM is to hedge against principal risk, certain of the options-related strategies (i.e. straddles, short positions, etc.), may, in and of themselves, produce principal volatility and/or risk. Thus, a client must be willing to accept these enhanced volatility and principal risks associated with such strategies. In light of these enhanced risks, client may direct CWM, in writing, not to employ any or all such strategies for his/her/their/its accounts.

For detailed information on the use of options and option strategies, please refer to the Option Clearing Corp.'s Option Disclosure Document, which can be found at:

<http://www.optionsclearing.com/components/docs/riskstoc.pdf>

Hard copies may be ordered by calling 1-888-678-4667 or writing OCC, 1 North Wacker Drive, Suite 500 Chicago, IL 60606.

- C. Currently, CWM primarily allocates client investment assets among various debt (bonds) and fixed income securities, mutual funds, ETFs, and government securities on a discretionary or non-discretionary basis in accordance with the client's designated investment objective(s).

Item 9 – Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

Item 10 – Other Financial Industry Activities and Affiliations

- A. No CWM employees are registered or have an application pending to register as a broker-dealer or registered representative of a broker-dealer.
- B. No CWM employees are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.
- C. CWM does not have any relationship or arrangement that is material to its advisory business or to its clients with any related person.
- D. CWM does not recommend or select other investment advisors for its clients.

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

- A. In the course of CWM's service to clients, several situations can arise that represent actual or potential conflicts of interest. To address this, we have established the following policies and procedures for implementing CWM's Code of Ethics, to ensure our compliance with regulatory obligations and providing our clients and potential clients with full and fair disclosure of such conflicts of interest. In general, this code maintains standards for financial advisors that have been established by the CFP Board and regulations of the SEC.

Basic Principles

- No principal or employee of CWM may put his or her own interest above the interest of an advisory client. CWM has a fiduciary responsibility to all clients, owing them the highest duty of loyalty and can only provide recommendations that are in the best interest of the client.
- Each principal or employee's personal or professional investment activities must be consistent with this code and avoid any conflicts of interests between themselves and the client that may infringe upon their fiduciary responsibility. This includes taking advantage of timing of transactions or insider trading. See items 11.C for more detail.
- CWM maintains a strict level of confidentiality of a client's portfolios and activity. Principals and employees are strictly prohibited from disclosing or distributing client information to anyone other than client unless specifically authorized by that particular client. CWM maintains a Privacy Policy that clearly outlines procedures in regards to the confidentiality of client information.
- No principal or employee may take part in misappropriation, borrowing, stealing, or conversion of customer funds, or in any activity that could be considered fraudulent in nature.

Please contact Nick Thompson at (312) 376-8349 to obtain a complete copy of CWM's Code of Ethics.

- B. CWM and its employees often invest in the same securities that it recommends to clients in personal trading accounts. CWM does not have ownership or any special interest in these securities, even though the possibility of these conflicts does exist. CWM's personal trading activities are reviewed quarterly. The review is done by a CWM employee who examines all personal accounts of all employees. Securities that are held in these personal accounts are checked for transaction timing and amount held.
- C. In reference to item B, many of those securities are bought in employees' personal accounts at a similar time to when they are bought in a client's account. CWM has a strict policy that all trading interests of CWM's clients prevail over any employee or related person's interest. No trades placed in employees' personal accounts receive favorable timing or are considered trading ahead, and no employee partakes in any type of insider trading activity, either for client transactions or their own.

CWM typically makes block trades in client accounts at the beginning of every month or mid-month (if there is going to be a trade). If it is likely that CWM is making a block trade and has identified the securities to be traded, employees of CWM have a blackout period regarding these securities. This period is 3 business days prior to the planned block trade and applies to all personal accounts and employees are not allowed to trade (buy or sell) the securities that are part of the block trade. Employees also may not sell the security which was bought or buy the security which was sold in the block trade for at least one business day following.

Item 12 – Brokerage Practices

- A. In the event that the client requests that CWM recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct CWM to use a specific broker-

dealer/custodian), CWM recommends that investment management accounts be maintained at Schwab and/or Fidelity. Prior to engaging CWM to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with CWM setting forth the terms and conditions under which CWM shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that CWM considers in recommending Schwab and/or Fidelity (or any other broker-dealer/custodians) include historical relationship with CWM, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by CWM's clients shall comply with CWM'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 CWM 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 CWM 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, CWM's investment management fee.

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, CWM may receive from Schwab and/or Fidelity (or another broker-dealer/custodian, investment platform, unaffiliated investment manager, mutual fund sponsor, or vendor) without cost (and/or at a discount) support services and/or products, certain of which assist CWM to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by CWM 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 CWM 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 CWM in managing and administering client accounts. Others do not directly provide such assistance, but rather assist CWM to manage and further develop its business enterprise.

CWM's clients do not pay more for investment transactions effected and/or assets maintained at Schwab and /or Fidelity (or other various broker-dealer/custodians) as a result of these arrangements. There is no corresponding commitment made by CWM to various broker-dealer/custodians 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 arrangements. **CWM's Chief Compliance Officer, Nicholas J. Thompson, remains available to address any questions that a client or prospective client may have regarding the above arrangements and the corresponding conflict of interest created by such arrangements.**

Schwab Client Account Transfer Assistance: CWM has entered into an agreement with Schwab wherein Schwab will reimburse clients for account transfer and termination fees. Schwab will provide such reimbursement directly to respective clients or their accounts, and not to CWM directly. These account transfer fee reimbursements shall not exceed \$16,250 in the aggregate. The agreement is based on the expectation that CWM will maintain an additional \$25.3 million in Schwab accounts over the 12 month period following the execution of the agreement.

2. CWM does not receive referrals from broker-dealers.

3. CWM 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 CWM 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 CWM. 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 CWM 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 CWM. 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.

CWM's Chief Compliance Officer, Nicholas J. Thompson, remains available to address any questions that a client or prospective client may have regarding the above arrangements.

To the extent that CWM provides investment management services to its clients, the transactions for each client account generally will be effected independently, unless CWM decides to purchase or sell the same securities for several clients at approximately the same time. CWM 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 CWM'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. CWM shall not receive any additional compensation or remuneration as a result of such aggregation.

Item 13 – Review of Accounts

- A. Accounts are typically reviewed monthly for transactions and activity. In addition, client accounts are monitored daily for deposits and withdrawals to determine if purchases or sales need to be made. Investment performance is monitored daily using CWM's internal reporting software. Performance is compared to common market indices such as the S&P 500, the Wilshire 5000, MSCI EAFE, Russell 1000, Russell 2000, and Barclays US Aggregate Bond, etc. CWM may also use relevant benchmarks as performance comparisons, with full disclosure to the client as to the construction of these benchmarks as well as the appropriateness of using them for evaluation. All daily updated account information is made available to clients through secure login on CWM's website.

CWM uses ETF's or mutual funds to invest in broadly traded asset classes in client portfolios. These investments are monitored for costs, liquidity and how close they track their underlying asset class. On a monthly basis, if a signal is generated to make a change by CWM's proprietary investment model, accounts are rebalanced to updated allocations. The most critical element of rebalancing is realized when moving investment concentration from equities to fixed income, or vice versa. Deposits/Withdrawals from accounts may provide additional opportunities for rebalancing.

Client reviews are performed by the following individuals (with job titles):

- Jeffrey G. Cribbs, President & Managing Principal
- Nicholas J. Thompson, Manager – Principal & Portfolio Manager
- Whitney Harris Ribbens – Senior Advisor & Financial Planning Specialist

- B. Certain factors may prompt the review of a client account on something other than a periodic basis. This could include a drastic change in a client's financial or other life situation, portfolio recommendation, or a modification to CWM's investment allocation.

Reports

CWM issues written correspondence to clients in the form of quarterly newsletters and other frequent market commentaries when a market impacting event has occurred or a change to portfolio allocations is forthcoming. These communications are typically done through our email server. Clients have access to a performance and holdings report online or through mail by request. These reports are updated daily. Reports, newsletters, and other commentary are provided through a secure online portal separately for each client, or by mail upon request.

Item 14 – Client Referrals and Other Compensation

- A. As indicated at Item 12 above, CWM can receive from Schwab and/or Fidelity, without cost (and/or at a discount), support services and/or products. CWM's clients do not pay more for investment transactions effected and/or assets maintained at Schwab or Fidelity as result of these arrangements. There is no corresponding commitment made by CWM to Schwab, Fidelity or to 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 arrangements. **ANY QUESTIONS: CWM's Chief Compliance Officer, Nicholas J. Thompson, remains available to address any questions that a client or prospective client may have regarding the above arrangements and the corresponding conflict of interest presented by such arrangements.**
- B. CWM does not compensate individuals or entities for prospective client introductions.

Item 15 – Custody

CWM has custody of client assets only as far as it has the discretion to deduct management fees directly from client account maintained at one of its Qualified Custodians. All client accounts are maintained with a qualified custodian – CWM does not offer any cash management service or management of accounts not held at one of these custodians.

Clients receive a monthly account statement from their Qualified Custodian by mail or electronically. These monthly statements show the account balance and asset detail. All transactions which occurred during the month are also reported, including fees paid on a quarterly basis to CWM. CWM makes available (via secure login/password) client account information on its website, including holdings, balances, performance, and comparisons to applicable indices and benchmarks. Clients can request reports showing similar portfolio data be sent to them on a periodic basis. CWM recommends to clients that any account information sent from our internal reporting software or posted to our website be compared to the statement they receive from their Qualified Custodian. CWM internally reports information as accurately as possibly, but due to timing differences in dividends, fees, etc. there may be some small discrepancies. The Qualified Custodian statement should be considered accurate in the event of any differences in the two statements.

Please Also Note: Custody Situations: Certain clients have established asset transfer authorizations which permit the qualified custodian to rely upon instructions from CWM to transfer client funds or securities to third parties. These arrangements are also disclosed at ADV Part 1, Item 9, but in accordance with the guidance provided in the SEC's February 21, 2017 Investment Adviser Association No-Action Letter, the affected accounts are not subject to an annual surprise CPA examination.

Item 16 – Investment Discretion

CWM generally has full discretionary authority to manage securities on behalf of clients, but in rare cases may hold a client account on a non-discretionary basis. CWM enters into an advisory agreement with a client which describes the nature of the relationship, including this discretionary authority over securities transactions. Clients are required to complete and sign an account application with one of CWM's qualified custodians on which they clearly designate granting CWM discretionary authority over the account – including trading authorization, fee deduction, and asset disbursement. These forms have to be in place and approved by the custodian before any transactions can be placed in the account by CWM on behalf of a client.

Item 17 – Voting Client Securities

- A. CWM generally does not vote proxies on behalf of advisory clients. CWM's Proxy voting policies are maintained within its policies and procedures manual, and is available to any client upon request. Records of past proxies voted and the actions taken are also recorded and available to any client upon request. Please contact Nick Thompson at (312) 376-8349 to obtain any of CWM's proxy voting records.

Item 18 – Financial Information

- A. CWM does not require or solicit prepayment of more than \$1200 in fees per client, six months or more in advance.
- B. While CWM does maintain discretionary authority over client securities, and custody only to the point of deducting fees from client accounts and management of the Fund, these factors do not cause any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.
- C. CWM has not been the subject of a bankruptcy petition at any time during the past ten years.

ANY QUESTIONS: CWM's Chief Compliance Officer, Nicholas Thompson, remains available to address any questions regarding this Part 2A.