

# Aurum Wealth Management Group, LLC

## Part 2A of Form ADV Firm Brochure

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This brochure provides information about the qualifications and business practices of Aurum Wealth Management Group LLC (“Aurum”). If you have any questions about the contents of this brochure, please contact us at 440-605-1900. 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 Aurum is also available on the SEC’s website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Material Changes

Since our most recent filing in March 2019, this Disclosure Brochure has been revised as follows:

- At Items 4 and 10 (Advisory Business) to reflect a change to the firm's ownership structure, and corresponding disclosures regarding related entities and associated conflicts of interest
- At Item 4 to incorporate disclosure language regarding the use of ByAllAccounts
- At Item 5 to revise the firm's fee practices
- At Item 8 to incorporate disclosure language regarding the use of margin and related risks
- At Item 15 to revise the description of the firm's custody practices

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## **Advisory Business**

Aurum Wealth Management Group is an independent, fee-based, SEC-registered investment advisory and consulting firm, with its principal place of business located in Mayfield Village, Ohio with additional offices in Akron, Ohio and Tampa, Florida. The Firm was founded in December 2006 and is owned by Christopher Bart, Robert D. Coode, Robert E. Coode, Wendy Eldridge, Charles Moore, Perry Reghetti, Matthew Reghetti, Eric Wulff, Jeffrey Weiner, Marcum, LLP, and SM Holdings LLC. Aurum primarily provides advisory services to individuals, high net worth individuals, corporate retirement plans and other advisors. Guided by the Aurum Asset Allocation Frameworks, Aurum generally invests client assets among independent managers. Aurum may provide advice on client assets among mutual funds, exchange traded funds, independent separately managed accounts, hedge funds, managed futures, real estate investment trusts (REITs), individual debt and equity securities and/or options as well as the components of variable annuities and variable life insurance contracts in accordance with the investment objectives of the client.

### **Individuals / High Net Worth Individuals**

Family wealth management is a process built around the coupling of financial planning and asset management. Aurum views the two as inseparable components of a long-term successful strategy. At Aurum, each family we work with is unique, as their goals are defined by their life experiences and family circumstances. From helping clients invest their children's first investment dollars to complex estate and business succession strategies, Aurum's team of experienced and caring advisors works collaboratively with our clients to understand their life's ambitions, then develop the right financial plan and corresponding investment strategies to achieve their goals. While clients can impose reasonable restriction on Aurum's management of their accounts, Aurum tailor's advisory services to the individual objectives of clients depending on specific needs such as cash flows, liquidity, risk tolerance, return expectations, etc.

Aurum may also render non-discretionary advisory services to clients relative to: (1) variable life/annuity products that they may own, and/or (2) their individual employer sponsored retirement plans. In so doing, Aurum either directs or recommends the allocation of client assets among the various mutual fund subdivisions that comprise the variable life/annuity product or the retirement plan.

In addition, Aurum provides an automated investment program (the "Program") through which clients are invested in a range of investment strategies we have constructed and manage, each consisting of a portfolio of exchange-traded funds ("ETFs") and a cash allocation. The client's portfolio is held in a brokerage account opened by the client at Charles Schwab & Co., Inc. ("CS&Co"). We use 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. We are independent of and not owned by, affiliated with, or sponsored or supervised by SPT, CS&Co., or their affiliates (together, "Schwab"). We, and not Schwab, are the client's investment advisor and primary point of contact with respect to the Program. We are 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. We have contracted with SPT to provide us with the Platform, which consists of technology and related trading and account management services for the Program. The Platform enables us to make the Program available to clients online and includes a system that automates certain key parts of our investment process (the "System"). The System includes an online questionnaire investment strategy and portfolio. Clients should note that, if we use the online questionnaire, we will recommend a portfolio via the System in response to the client's answers to the online questionnaire. The system also includes an automated

investment engine through which we manage the client's portfolio on an ongoing basis through automatic rebalancing and tax-loss harvesting (if the client is eligible and elects).

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. Aurum does not pay SPT fees for the platform so long as we maintain \$100 million in client assets in accounts with CS&Co. that are not enrolled in the Program. If we do not meet this condition, then Aurum pays SPT an annual licensing fee of 0.10% (10 basis points) on the value of our client's assets in the Program. This fee arrangement gives us an incentive to recommend or require that our clients with accounts not enrolled in the Program be maintained with CS&Co. Aurum charges clients a fee for our services as described below under Fees and Compensation.

### **Sub-Advisory**

Aurum participates in wrap fee programs but is not a sponsor of a wrap fee program. It offers investment management services (branded "Aurum Advisory Services") similar to other accounts through its Aurum Asset Allocation Frameworks without tailoring services to the individual needs of clients, though Aurum Advisory Services may allow reasonable restriction on investments. Aurum typically interacts only with intermediaries and has little contact with the end client. Aurum typically does not provide the end client with reports, so there is a difference among the level of service for wrap fee program clients. Aurum receives a portion of the wrap fee for its services.

### **Corporate Retirement Plans**

Aurum provides advisory and consulting services to company-sponsored employee retirement plans. Such plans include, but are not limited to, 401(k), profit sharing, defined benefit, cash balance, non-qualified, excess benefit and deferred compensation plans. Our services focus on five key aspects of corporate retirement plans – fiduciary governance, investment management, plan design, employee education and vendor searches. Aurum will engage with a plan sponsor (e.g. the client) as an investment fiduciary as defined in ERISA §3(21), or as an investment manager as defined in ERISA §3(38). As a 3(21) investment fiduciary, Aurum makes investment recommendations to the plan sponsor, which is then responsible for the selection, monitoring and removal of plan investments. In this role, Aurum serves as a non-discretionary co-fiduciary. As a 3(38) investment manager, Aurum is responsible for the selection, monitoring and removal of plan investments; Aurum communicates its investment decisions and supporting documentation to the plan sponsor. In this role, Aurum serves as a discretionary full-scope fiduciary.

### **Miscellaneous**

#### *Limitations of Financial Planning and Non-Investment Consulting/Implementation Services*

Aurum will generally provide financial planning, and related consulting services regarding non-investment related matters, such as tax and estate planning, insurance, etc. inclusive of its advisory fee set forth under Fees and Compensation below (exceptions may occur based upon assets under management, special projects, etc. for which Firm may charge a separate fee, or a stand-alone financial planning engagement). Aurum does not serve as an attorney, accountant, or insurance agent, and no portion of our services should be construed as the same. Accordingly, Aurum does not prepare estate planning documents, tax returns, or sell insurance products. To the extent requested by a client, we may recommend the services of other professionals for non-investment implementation purpose (e.g. attorneys, accountants, insurance agents, etc., including our related CPA firm, Marcum, LLP, as well as Aurum's affiliated insurance firm, Aurum Insurance Services (see Other Financial Industry Activities and

Affiliations). 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 Aurum and/or its representatives. If the client engages any recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. The recommendation by an Aurum representative that a client engage Marcum, LLP for accounting-related services including tax preparation or Aurum Insurance Services for insurance-related services or products, presents a conflict of interest, as the potential receipt of revenue by Aurum's related party may provide an incentive to recommend Marcum, LLP's accounting services or Aurum Insurance Services for insurance-related services or products. No client is under any obligation to engage Marcum, LLP for accounting and/or tax preparation services or Aurum Insurance Services for insurance-related services or products. Aurum will work with the accountant and insurance agent of the client's choosing. Aurum's Chief Compliance Officer, Christopher Bart, remains available to address any questions that a client or prospective client may have regarding the above and corresponding conflict of interest.

#### *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): (1) leave the money in the former employer's plan, if permitted, (2) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (3) roll over to an Individual Retirement Account ("IRA"), or (4) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If Aurum recommends that a client roll over their retirement plan assets into an account to be managed by Aurum, such a recommendation creates a conflict of interest if Aurum will earn new (or increase its current) compensation as a result of the rollover. No client is under any obligation to rollover retirement plan assets to an account managed by Aurum. Aurum's Chief Compliance Officer, Christopher Bart, 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.

#### *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 Aurum independent of engaging Aurum as an investment advisor. However, if a prospective client determines to do so, he/she/it will not receive Aurum's initial and ongoing investment advisory services. In addition to Aurum'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). Aurum's Chief Compliance Officer, Christopher Bart, remains available to address any questions that a client or prospective client may have regarding the above.

#### *Unaffiliated Private Investment Funds*

Aurum may also provide investment advice regarding unaffiliated private investment funds. Aurum, on a non-discretionary basis, may recommend that certain qualified clients consider an investment in unaffiliated private investment funds. Aurum's role relative to the private investment funds shall be limited to its initial and ongoing due diligence and investment monitoring services. If a client determines to become a private fund investor, the amount of assets invested in the fund(s) shall be included as part of "assets under management" for purposes of Aurum calculating its investment advisory fee. Aurum's clients are under absolutely no obligation to consider or make an investment in a private investment fund(s).

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 own, 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/it is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

In the event that Aurum references private investment funds owned by the client on any supplemental account reports prepared by Aurum, the value(s) for all private investment funds owned by the client shall reflect the most recent valuation provided by the fund sponsor. However, if subsequent to purchase, the fund has not provided an updated valuation, the valuation shall reflect the initial purchase price. If subsequent to purchase, the fund provides an updated valuation, then the statement will reflect that updated value. The updated value will continue to be reflected on the report until the fund provides a further updated value. As result of the valuation process, if the valuation reflects initial purchase price or an updated value subsequent to the purchase price, the current value(s) of an investor's fund holding(s) could be significantly more or less than the value reflected on the report. Unless otherwise indicated, the client's advisory fee shall be based upon the value reflected on the report.

### *Independent Managers*

Aurum may allocate a portion of a client's investment assets among unaffiliated independent investment managers in accordance with the client's designated investment objective(s). In such situations, the Independent Manager(s) shall have day-to-day responsibility for the active discretionary management of the allocated assets. Aurum shall continue to render investment supervisory services to the client relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives. Factors which Aurum shall consider in recommending Independent Manager(s) include the client's designated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fee charged by the Independent Manager(s) is separate from, and in addition to, Aurum's advisory fee as set forth in the fee schedule listed below.

### *Custodian Charges/Additional Fees*

As discussed below under Brokerage Practices, when requested to recommend a broker-dealer/custodian for client accounts, Aurum generally recommends that Schwab serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as Schwab charge transaction fees for effecting securities transactions. In addition to Aurum's investment advisory fee referenced in Fees and Compensation below, the client will also incur transaction fees to purchase securities for the client's account (e.g., mutual funds and exchange traded funds purchased by Aurum for the client's account, and individual equity and fixed income securities purchased by Aurum or any underlying Independent Manager). Aurum's Chief Compliance Officer, Christopher Bart, remains available to address any questions that a client or prospective client may have regarding the above.

### *ByAllAccounts*

Aurum, in conjunction with the services provided by ByAllAccounts, Inc., 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 Aurum (the "Excluded Assets"). The client and/or their other advisors that maintain trading authority, and not Aurum, shall be exclusively

responsible for the investment performance of the Excluded Assets. Unless otherwise specifically agreed to, in writing, Aurum's service relative to the Excluded Assets is limited to reporting only. The sole exception to the above shall be if Aurum is specifically engaged to monitor and/or allocate the assets within the client's 401(k) account maintained away at the custodian directed by the client's employer. As such, except with respect to the client's 401(k) account (if applicable), Aurum does not maintain any trading authority for the Excluded Assets. Rather, the client and/or the client's designated other investment professional(s) maintain supervision, monitoring and trading authority for the Excluded Assets. If Aurum were asked to make a recommendation as to any Excluded Assets, the client is under absolutely no obligation to accept the recommendation, and Aurum shall not be responsible for any implementation error (timing, trading, etc.) relative to the Excluded Assets. In the event the client desires that Aurum provide investment management services for the Excluded Assets, the client may engage Aurum to do so pursuant to the terms and conditions of the Investment Advisory Agreement between Aurum and the client.

#### *ERISA Plan and 401(k) Individual Engagements*

*Trustee Directed Plans.* Aurum may be engaged to provide investment advisory services to ERISA retirement plans, whereby the Firm shall manage Plan assets consistent with the investment objective designated by the Plan trustees. In such engagements, Aurum will serve as an investment fiduciary as that term is defined under The Employee Retirement Income Security Act of 1974 ("ERISA"). Aurum 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.* Aurum may also provide investment advisory and consulting services to participant directed retirement plans per the terms and conditions of a Retirement Plan Services Agreement between Aurum and the plan. For such engagements, Aurum 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 Aurum), and, to the extent engaged to do so, may also provide corresponding education to assist the participants with their decision making process.

*Client Retirement Plan Assets.* If requested to do so, Aurum shall provide investment advisory services relative to the client's 401(k) plan assets. In such event, Aurum shall recommend that the client allocate the retirement account assets among the investment options available on the 401(k) platform. Aurum shall be limited to making recommendations regarding the allocation of the assets among the investment alternatives available through the plan. Aurum will not receive any communications from the plan sponsor or custodian, and it shall remain the client's exclusive obligation to notify Aurum of any changes in investment alternatives, restrictions, etc. pertaining to the retirement account.

#### *Portfolio Activity*

Aurum has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, Aurum 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 Aurum determines that changes to a client's portfolio are neither necessary nor prudent. Clients nonetheless remain subject to the fees described in Item 5 below during periods of account inactivity. Of course, as indicated below, there

can be no assurance that investment decisions made by Aurum will be profitable or equal any specific performance level(s).

### *Client Obligations*

In performing our services, Aurum 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, it remains each client's responsibility to promptly notify Aurum if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services.

### *Investment Risk*

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 Aurum) will be profitable or equal any specific performance level(s).

## **Assets Under Management**

As of February 19, 2020, Aurum manages approximately \$1,001,495,117 in assets on a discretionary basis and \$4,433,729 million on a non-discretionary basis on behalf of approximately 1,422 clients. In addition, Aurum provides ongoing consulting to company-sponsored employee retirement plans in excess of \$308.4 million.

## **Fees and Compensation**

As independent, fee-based advisors, Aurum only receives its fees directly from clients and we are not affiliated with any specific product.

A copy of Aurum's privacy policy notice and a written disclosure statement that meets the requirements of Rule 204-3 of the Investment Advisers Act of 1940, as amended ("Advisers Act"), shall be provided to each client prior to or with the execution of the investment management agreement. Any client who has not received a copy of Aurum's written disclosure statement at least forty-eight (48) hours prior to executing the investment management agreement shall have five (5) business days subsequent to executing the agreement to terminate Aurum's services without penalty.

Clients may incur certain charges imposed by the financial institution(s) (such as Schwab, a broker-dealer selected by the client, trust companies, banks, etc.) and other third parties such as fees charged by independent managers, investment platform fees, custodial fees, charges imposed directly by a mutual fund or exchange traded fund in the account, which shall be disclosed in the fund's prospectus or offering memorandum (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, fund performance or incentive fees, wire transfer and electronic funds transfer fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, for assets outside of any wrap fee programs, clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to Aurum's fee. Clients may also be subject to tax liabilities due to investing in certain securities.

## Wealth Management Fees

When engaged by clients for wealth management services, clients will be required to sign an Investment Advisory Agreement which describes our services, responsibilities, fees, and general business terms. Aurum will usually charge clients an annual investment management fee based on the following schedule:

<b>Portfolio Value</b>	<b>Annual portfolio management fee in %</b>
<b>First \$500,000</b>	<b>1.00%</b>
<b>Next \$500,000</b>	<b>0.95%</b>
<b>Next \$2,000,000</b>	<b>0.75%</b>
<b>Next \$2,000,000</b>	<b>0.50%</b>
<b>Next \$5,000,000</b>	<b>0.40%</b>
<b>Next \$10,000,000</b>	<b>0.30%</b>
<b>Above \$20,000,000</b>	<b>0.25%</b>

Aurum, in its sole discretion, may negotiate to charge a lesser management fee or otherwise maintain alternative fee arrangements to those described above based upon certain criteria (i.e., legacy fee arrangements, anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, pre-existing clients, employees, employee family members, account composition, account retention, pro bono activities, etc.).

Aurum charges fees quarterly in arrears based on the account value at the end of the prior quarter. If a client contributes to an account during a quarter, Aurum will prorate the fees on this contribution. Most clients authorize Aurum to deduct fees automatically from their brokerage accounts, but clients may request that Aurum send quarterly invoices to be paid by check.

For the initial quarter of investment management services, the first quarter's fees shall be calculated on a pro rata basis. The investment management agreement between Aurum and the client will continue in effect until terminated by either party pursuant to the terms of the investment management agreement. If a client terminates the investment management agreement with Aurum in the middle of a billing period, Aurum will invoice the client for an amount that is pro-rated based on the number of days that the account was managed.

Aurum may provide some of its clients with investment consulting services (which may include tax-related and other non-investment related matters). Aurum's investment consulting fees generally range from \$500 to \$10,000 on a fixed fee basis and/or from \$100 to \$300 on an hourly rate basis, depending upon the level and scope of the services and the professional rendering the investment consulting services.

As described in our Advisory Business, when Aurum provides portfolio management services through Institutional Intelligent Portfolios® 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 in connection with the Program, as described in the Program Disclosure Brochure. Brokerage arrangements are further described below in Brokerage Practices.

## Corporate Retirement Plan Fees

Annual fees for consulting services to all qualified retirement plans and non-qualified retirement plans are negotiable. Depending upon the type of service to be provided, the manner in which fees will be charged for such services is at the discretion of each client; generally fees can be charged as a percentage of assets, flat fees, other retainer/service fees, or some combination thereof. Fees are negotiable on a client by client basis and are tailored to the specific type of services provided to each client. As a result, not all clients will have the same or similar fee structures.

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

Aurum does not charge any performance fees. Some investment advisers experience conflicts of interest in connection with the side-by-side management of accounts with different fee structures. However, these conflicts of interest are not applicable to Aurum.

## **Types of Clients**

Aurum provides investment advisory and consulting services to individuals, high net worth individuals, corporate retirement plans, and other advisors. Aurum does not impose an account minimum for starting or maintaining an account.

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

Christopher Bart, Charles Moore, Michael McKeown, Perry Reghetti, and Eric Wulff are involved in the investment management process. The five meet periodically to discuss asset allocation, investment manager research, third-party investment research, fundamentals, technical analysis, and news events affecting global capital markets. All research involves risks that future market expectations may materially differ from actuality.

Aurum typically seeks to provide clients a long-term (greater than 10 years) investment framework to achieve objectives. Aurum seeks to do so by allocating assets among a mix of global equities, global and municipal fixed income, diversified alternative strategies, and cash. A client's portfolio allocation is guided by the Aurum Asset Allocation Frameworks. The Frameworks are a mix of five allocations each consisting of varying weights within global equities, global and municipal fixed income, diversified alternative strategies, and cash. Clients choose the mix best suited for their needs depending on risk tolerance, cash flows, liquidity preferences, and return expectations. A material risk involved in choosing the asset mix is that long-term asset class forecasts will be significantly different from expectations. Tactical asset allocation shifts also risk underperformance from the strategic asset allocation mix.

### *Risks for Various Asset Classes*

Investing in global equity securities have risks that include but are not limited to risk of loss, earnings risk, interest rate risk, inflation risk, company-specific risk, country risk, geopolitical risk, market/ systemic risks, trading/liquidity risks, and currency risk.

Investing in global and municipal fixed income securities have risks that include but are not limited to risk of loss, interest rate risk, inflation risk, default risk, and credit risk.

Investing in diversified alternative strategies (which broadly include but are not limited to certain mutual funds, hedge funds, hedge fund of funds, long/short equity funds, global macro funds, Commodity Trading Advisors, etc.) have risks that include but are not limited to risk of loss, liquidity risk, redemption risk, margin, credit risk, interest rate risk, equity risk, and short selling. Please refer to the prospectus, offering memoranda, and/or related disclosure documents for fund specific risks.

Investing in international securities has risks that include but are not limited to currency risk, geopolitical risk, and tax implications.

### *Risks with Investing in Independent Managers*

Aurum typically recommends clients engage independent managers (through mutual funds, separately managed accounts, private placement securities, ETFs, etc.) for the discretionary management of a portion of their assets based upon the stated investment objectives of the client. Aurum may also recommend that certain clients authorize the active discretionary management of a portion of their assets by and/or among certain independent investment manager(s) either directly or through a wrap fee program, based upon the stated investment objectives of the client. The terms and conditions under which the client shall engage the independent manager(s) shall be set forth in separate written agreements between (1) the client and Aurum and (2) the client and the designated independent manager(s) and/or wrap fee program sponsor. Aurum shall continue to render advisory services to the client relative to the ongoing monitoring and review of account performance, for which Aurum shall receive an annual advisory fee which is based upon a percentage of the market value of the assets being managed by the designated independent manager(s). Factors that Aurum may consider in recommending the independent manager(s) include the client's stated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research. When recommending or selecting an independent manager for a client, Aurum shall review information about the independent manager(s) such as its disclosure statement and/or material supplied by the independent manager(s) or independent third parties for a description of the independent manager's investment strategies, past performance, risk and results to the extent available. Since a portion of the analysis relies on historical return and risk analysis, there is risk that past performance is not indicative of future results. Please see the prospectus, offering memoranda, and/or other disclosure documents for other disclosures of the risks involved in a specific independent manager. The investment management fees charged by the designated independent manager(s), together with the fees charged by the wrap fee program sponsor and corresponding designated broker-dealer/custodian of the client's assets, may be exclusive of, and in addition to, Aurum's investment advisory fee set forth above. As discussed above, the client may incur additional fees than those charged by Aurum, the designated independent manager(s), wrap fee program sponsor (if applicable), and corresponding broker- dealer and custodian.

Aurum may recommend that clients that are "accredited investors" (as defined under Rule 501 of the Securities Act of 1933, as amended) or that are "qualified purchasers" (as defined under the Investment Company Act of 1940) invest in private placement securities, which may include debt, equity, and/or pooled investment vehicles when consistent with the client's investment objectives. When Aurum recommends that the client invest in private placement securities, Aurum shall receive no additional compensation but shall continue to receive applicable investment advisory fees on the client's assets under management. Private placement securities involve certain risks which include but are not limited to liquidity risk, redemption risk, margin risk, country risk, currency risk, and short selling. Redemption risk means that an investor may be limited from receiving a portion or all of his/her/its investment following a redemption request due to a gate, illiquidity of underlying securities, and/or other factors. Please see offering memoranda or other documents for other disclosures of the risks involved in a specific private placement offering.

At times clients may seek advice related to individual equity, fixed income, or option securities. In these cases, Aurum may utilize various third-party research sources to formulate advice. The buying or selling of options involve the risk of losing principal in a short period of time. The use of option writing poses additional risks that will be discussed in detail with any clients who consider the use of options.

All investing involves a risk of loss. There are no assurances that a client will achieve his/her objectives.

### *Margin*

Margin is an investment strategy with a high level of inherent risk. Aurum does not generally recommend the use of margin loans or securities based loans (collectively, “SBLs”) as an investment strategy, in which the client would leverage borrowed assets as collateral for the purchase of additional securities. However, Aurum may recommend that a client establish a margin account with the client’s broker-dealer/custodian or their affiliated banks (each, an “SBL Lender”) to access SBLs for financial planning and cash flow management purposes. For example, Aurum may deem it advisable for a client to borrow money on margin to pay bills or other expenses such as financing the purchase, construction, or maintenance of a real estate project. Unlike a traditional real estate-backed loan, an SBL has the potential benefit of: enabling borrowers to access to funds in a shorter period of time, providing greater repayment flexibility, and may also result in the borrower receiving certain tax benefits. Clients interested in learning more about the potential tax benefits of borrowing money on margin should consult with an accountant or tax advisor.

The terms and conditions of each SBL are contained in a separate agreement between the client and the SBL Lender selected by the client, which terms and conditions may vary from client to client. Borrowing funds on margin is not suitable for all clients and is subject to certain risks, including but not limited to: increased market risk, increased risk of loss, especially in the event of a significant downturn; liquidity risk; the potential obligation to post collateral or repay the SBL if the SBL Lender determines that the value of collateralized securities is no longer sufficient to support the value of the SBL; the risk that the SBL Lender may liquidate the client’s securities to satisfy its demand for additional collateral or repayment / the risk that the SBL Lender may terminate the SBL at any time. Before agreeing to participate in an SBL program, clients should carefully review the applicable SBL agreement and all risk disclosures provided by the SBL Lender including the initial margin and maintenance requirements for the specific program in which the client enrolls, and the procedures for issuing “margin calls” and liquidating securities and other assets in the client’s accounts.

### *Other Risks*

Investment advisers, including Aurum, must rely in part on digital and network technologies (“cyber networks”) to maintain substantial computerized data about activities for client accounts and otherwise conduct their businesses. Such cyber networks might in some circumstances be subject to a variety of possible cybersecurity incidents or similar events that could potentially result in the inadvertent disclosure of confidential computerized data or client data to unintended parties, or the intentional misappropriation or destruction of data by malicious hackers seeking to compromise sensitive information, corrupt data, or cause operational disruption. Cyber-attacks might potentially be carried out by persons using techniques that could range from efforts to electronically circumvent network security or overwhelm websites to intelligence gathering and social engineering functions aimed at obtaining information necessary to gain access. Aurum maintains policies and procedures on information technology security, it has certain technical and physical safeguards intended to protect the confidentiality of its internal data, and takes other reasonable precautions to limit the potential for cybersecurity incidents, and to protect data from

inadvertent disclosure or wrongful misappropriation or destruction. Nevertheless, despite reasonable precautions, the risk remains that cybersecurity incidents could potentially occur, and such incidents, in some circumstances, might result in unauthorized access to sensitive information about Aurum or its clients or their investors, and/or cause damage to client accounts or Aurum's activities for clients or their investors. Aurum will seek to notify affected clients and investors of any known cybersecurity incident that may pose a substantial risk of exposing confidential personal data about such clients or investors to unintended parties.

## **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. Aurum and its employees have no reportable disciplinary events to disclose.

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

Aurum does not render accounting advice or tax preparation services to its clients. Rather, to the extent that a client requires accounting advice and/or tax preparation services, Aurum, if requested, may recommend the services of a Certified Public Accountant, all of which services shall be rendered independent of Aurum pursuant to a separate agreement between the client and the Certified Public Accountant. Aurum shall not receive any of the fees charged by any recommended Certified Public Accountant, referral or otherwise.

To the extent that Marcum, LLP provides accounting and/or tax preparation services to any of Aurum's clients, all such services shall be performed by Marcum, LLP, in its separate capacity, independent of Aurum, for which services Aurum shall not receive any portion of the fees charged for services rendered by Marcum, LLP. Although Aurum shall not receive referral fees from Marcum, LLP, the individual partners of Marcum, LLP shall be entitled to receive distributions relative to their respective ownership interests. In addition, in limited instances, clients of Aurum may be charged a single bundled fee for investment advisory services rendered by Aurum and accounting and/or tax preparation services rendered by Marcum, LLP. In such cases, the bundled fee is collected by Aurum and split with Marcum, LLP, based on the services rendered by the respective entities.

It is also expected that Marcum, LLP, solely incidental to its practice as a Certified Public Accounting firm, shall recommend Aurum's services to certain of its clients. Although Marcum, LLP shall not receive referral fees from Aurum, the individual partners of Marcum, LLP shall be entitled to receive distributions relative to their respective ownership interests in Aurum.

Each of Aurum's equity partners have a passive ownership interest in an insurance agency, Aurum Insurance Services, LLC (AIS). Aurum's equity partners and its representatives may refer clients to AIS for insurance-related services and products. Given Aurum's equity partners ownership interest in AIS, they have an economic incentive to recommend AIS. Thus, they have a conflict of interest when they make such recommendations. No client is under any obligation to engage AIS. Clients should be aware that receipt of additional compensation by Aurum's equity partners creates a conflict of interest when they recommend that a client use the services of AIS. Aurum always aims to put the interest of its clients first as part of our fiduciary duty as a registered investment advisor. Aurum addresses this conflict by disclosing the existence of all material conflicts of interest, including the potential for Aurum's equity partners to earn compensation from advisory clients in addition to Aurum's advisory fees.

Aurum is also associated with Marcum Wealth Management, LLC (“MWM”) and Marcum Financial Services, LLC (“MFS”), each registered investment advisers. MWM is a wholly owned subsidiary of Aurum, while MFS is a subsidiary of Marcum, LLP. It is not expected that these relationships will present a conflict of interest to clients of Aurum. However, in the rare event that an Aurum client is referred to MWM or MFS for investment advisory services, such recommendation would present a conflict of interest, as the recommendation could be made on the basis compensation to be received through one or more of these related entities, rather than on a particular client’s need.

Certain Aurum representatives are also registered representatives of Valmark Securities, Inc. (“Valmark”), a FINRA-member broker-dealer. Clients can choose to engage Aurum’s representatives, in their individual capacities, to effect securities brokerage transactions on a commission basis. The recommendation that a client purchase a commission product from Valmark presents a **conflict of interest**, as the receipt of commissions may provide an incentive to recommend investment products based on commissions to be received, rather than on a particular client’s need. No client is under any obligation to purchase any commission products from Aurum’s representatives. **Aurum’s Chief Compliance Officer, Christopher Bart, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

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

Aurum adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws (“Code of Ethics”). In accordance with Section 204A of the Advisers Act, its Code of Ethics contains written policies reasonably designed to prevent the unlawful use of material non-public information by Aurum or any of its associated persons. The Code of Ethics also requires that Aurum’s personnel (called “Access Persons”) report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings. Clients may contact Aurum to request a copy of its Code of Ethics.

Unless specifically permitted in Aurum’s Code of Ethics, none of Aurum’s Access Persons may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the Access Person) any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of Aurum’s clients. Aurum and persons associated with Aurum (“Associated Persons”) are permitted to buy or sell securities that it also recommends to clients consistent with Aurum’s policies and procedures.

When Aurum is purchasing or considering for purchase any security on behalf of a client, no Access Person may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when Aurum is selling or considering the sale of any security on behalf of a client, no Access Person may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security. These requirements are not applicable to: (1) direct obligations of the Government of the United States; (2) money market instruments, bankers’ acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (3) shares issued by mutual funds, ETFs or money market funds; and (4) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Under certain circumstances an Access Person might invest in a security that is not considered suitable for a client account because of size, liquidity, or other factors. A change in these factors could result in the security becoming more suitable for clients, but the Chief Compliance Officer might not allow the security to be purchased for client accounts in order to avoid even the appearance of employees trading ahead of clients. In Aurum's experience, it is rare for an employee's personal trading to limit clients' investment opportunities, but such a situation may arise from time to time.

## **Brokerage Practices**

In the event that the client requests that Aurum recommend a broker-dealer/custodian for execution and/or custodial services, Aurum generally recommends that investment advisory accounts be maintained at Schwab. Prior to engaging Aurum to provide investment management services, the client will be required to enter into a formal Investment Advisory Agreement with Aurum setting forth the terms and conditions under which Aurum shall advise on the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that Aurum considers in recommending Schwab (or any other broker-dealer/custodian to clients) include historical relationship with Aurum, financial strength, reputation, execution capabilities, pricing, research, and service. Although the transaction fees paid by Aurum's clients shall comply with Aurum's duty to obtain best execution, a client may pay a transaction fee that is higher than another qualified broker-dealer might charge to effect the same transaction where Aurum determines, in good faith, that the 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 a broker-dealer's services, including the value of research provided, execution capability, transaction rates, and responsiveness. Accordingly, although Aurum will seek competitive rates, it may not necessarily obtain the lowest possible rates for client account transactions. Unless services are provided in conjunction with a wrap program, transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Aurum's investment advisory fee.

### *Non-Soft Dollar Research and Benefits*

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Aurum can receive from Schwab (or another broker-dealer/custodian, investment manager, platform sponsor, mutual fund sponsor, or vendor) without cost (and/or at a discount) support services and/or products, certain of which assist Aurum to better monitor and service client accounts maintained at such institutions. Included within the support services that can be obtained by Aurum can 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- including client events, computer hardware and/or software and/or other products used by Aurum in furtherance of its investment advisory business operations.

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

Aurum's Chief Compliance Officer, Christopher Bart, 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.

### *Directed Brokerage*

Aurum recommends that its clients utilize the brokerage and custodial services provided by Schwab. The Firm generally does not 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 Aurum 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 Aurum. As a result, a 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. In the event that the client directs Aurum 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 Aurum. Higher transaction costs adversely impact account performance. Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts.

### *Order Aggregation*

Transactions for each client account generally will be effected independently, unless Aurum decides to purchase or sell the same securities for several clients at approximately the same time. Aurum 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 Firm'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. Aurum shall not receive any additional compensation or remuneration as a result of such aggregation.

## **Review of Accounts**

Accounts under Aurum's management are monitored on an ongoing basis by an investment adviser representative. The investment adviser representatives review each account periodically and on an as needed basis. On an occasional basis, the Partners, Chief Compliance Officer, and Chief Investment Officer review several reports that are designed to identify accounts that are outside the expected ranges for return and exposure to asset classes. Reviews of client accounts will also be triggered if a client changes his/her/its investment objectives, or if the market, political, or economic environment changes materially. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with Aurum and to keep Aurum informed of any changes thereto.

Clients receive account statements directly from their chosen custodian on at least a quarterly basis. Aurum may supplement these custodial statements with performance reports provided during client meetings or as requested.

## **Client Referrals and Other Compensation**

If a client is introduced to Aurum by either an unaffiliated or an affiliated solicitor, Aurum may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Advisers Act and any corresponding state securities law requirements. Any such referral fee shall be paid solely from Aurum's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to Aurum by an unaffiliated solicitor, the solicitor shall provide the client with a copy of Aurum's written disclosure statement which meets the requirements of Rule 204-3 of the Advisers Act and a copy of the solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement including compensation. Any affiliated solicitor of Aurum shall disclose the nature of his/her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of Aurum's written disclosure statement at the time of the solicitation.

Other than the previously described products and services that Aurum receives from Schwab, Aurum periodically receives travel and accommodation cost reimbursement to conferences sponsored by independent managers. This presents a conflict of interest in recommending these managers products, but Aurum attempts to lessen this by maintaining strong quantitative and qualitative due diligence principles and assuring benefits are not lavish or excessive. Aurum may also receive reimbursement and/or support from third party service providers and/or vendors for events the Firm sponsors or co-sponsors.

Aurum's Chief Compliance Officer, Christopher Bart, 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.

## **Custody**

Under government regulations, we are deemed to have custody of client's assets if, for example, the client authorizes us to instruct the custodian to deduct our advisory fees directly from their account. This is the case for accounts in the Program. Aurum does not take custody of client assets. All clients' accounts are held by unaffiliated broker/dealers or banks. Account custodians send statements directly to the account owners on at least a quarterly basis. Clients should carefully review these statements, and should compare these statements to any account information provided by Aurum.

Aurum provides other services on behalf of its clients that require disclosure at ADV Part 1, Item 9. In particular, certain clients have signed asset transfer authorizations that permit the qualified custodian to rely upon instructions from Aurum to transfer client funds to "third parties." In accordance with the guidance provided in the SEC Staff's February 21, 2017 Investment Adviser Association No-Action Letter, the affected accounts are not subjected to an annual surprise CPA examination.

## **Investment Discretion**

Aurum has investment discretion over most clients' accounts, while some clients prefer Aurum have non-discretionary authority. Clients grant Aurum trading discretion through the execution of a limited power of attorney included in Aurum's Investment Management Agreement.

Clients can place reasonable restrictions on Aurum's investment discretion. For example, some clients have asked Aurum not to buy securities issued by companies in certain industries, or not to sell certain securities where the client has a particularly low tax basis.

## **Voting Client Securities**

In accordance with its fiduciary duty to clients and Rule 206(4)-6 of the Investment Advisers Act, Aurum has adopted and implemented written policies and procedures governing the voting of client securities. All proxies that Aurum receives will be treated in accordance with these policies and procedures. It is Aurum's policy not to accept voting authority over any client's proxies. Clients will receive their proxies directly from their custodian and we do not offer any consulting assistance regarding proxy issues.

## **Financial Information**

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement. Aurum has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.

Aurum's Chief Compliance Officer, Christopher Bart, remains available to address any questions regarding this Firm Brochure.

# Aurum Wealth Management Group, LLC

## PRIVACY POLICY

We have adopted this policy with recognition that protecting the privacy and security of the personal information we obtain about our clients is an important responsibility. We also know that you expect us to service you in an accurate and efficient manner. To do so, we must collect and maintain certain personal information about you. We want you to know what information we collect and how we use and safeguard that information.

### WHAT INFORMATION WE COLLECT

We collect certain nonpublic personal identifying information about you (such as your name, address, social security number, etc.) from information that you provide on applications or other forms as well as communications (electronic, telephone, written or in person) with you or your authorized representatives (such as your attorney, accountant, etc.). We also collect information about your brokerage accounts and transactions (such as purchases, sales, account balances, inquiries, etc.).

### WHAT INFORMATION WE DISCLOSE

We may disclose nonpublic personal information such as name, address, phone number, and email address to our related accounting firm Marcum, LLP unless instructed not to do so. Otherwise, we do not disclose the nonpublic personal information we collect about our clients except: (i) in furtherance of our business relationship with them and then only to those persons necessary to effect the transactions and provide the services that they authorize (such as broker-dealers, custodians, independent managers etc.); (ii) to persons assessing our compliance with industry standards (e.g., professional licensing authorities, etc.); (iii) our attorneys, accountants, and auditors; or (iv) as otherwise provided by law.

We are permitted by law to disclose the nonpublic personal information about you to governmental agencies and other third parties in certain circumstances (such as third parties that perform administrative or marketing services on our behalf or for joint marketing programs). These third parties are prohibited to use or share the information for any other purpose. If you decide at some point to either terminate our services or become an inactive client, we will continue to adhere to our privacy policy, as may be amended from time to time.

### SECURITY OF YOUR INFORMATION

We restrict access to your nonpublic personal information to those employees who need to know that information to service your account. We maintain physical, electronic and procedural safeguards that comply with applicable federal or state standards to protect your nonpublic personal information.

### CHANGES TO OUR PRIVACY POLICY

Our policy about obtaining and disclosing information may change from time to time. We will provide you notice of any material change to this policy before we implement the change.