



**PRECISION WEALTH STRATEGIES, LLC**

**FORM ADV PART 2A**

**BROCHURE**

**Item 1 – Cover Page**

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This brochure provides information about the qualifications and business practices of Precision Wealth Strategies, LLC. If you have any questions regarding the contents of this brochure, please do not hesitate to contact our Chief Compliance Officer, Darin Robinson, by telephone at (314) 994-6460 or by email at [darin@precisionwealthstrategies.com](mailto:darin@precisionwealthstrategies.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.

Precision Wealth Strategies, LLC is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training. Additional information about Precision Wealth Strategies, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

March 2020

## **Item 2 – Material Changes**

Form ADV Part 2A requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Precision Wealth Strategies, LLC became registered as an investment adviser effective January 29, 2019.

Since the last filing, PWS has made the following changes:

- Updated Item 5 to more accurately reflect current fee billing practices.
- Updated Item 10 to more fully disclose the related business activities of affiliated entities Precision Insurance and Integrated Consulting.

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## **Item 4 - Advisory Business**

### **A. Description of the Advisory Firm**

Precision Wealth Strategies LLC, (“PWS,” the “Firm,” “we,” “us,” or “our”) is a limited liability company organized in the State of Missouri in 2008. PWS is an investment advisory firm registered with the United States Securities and Exchange Commission (“SEC”). PWS is wholly owned by Darin Robinson.

### **B. Types of Advisory Services**

PWS provides holistic and personalized financial planning and discretionary and non-discretionary investment advisory services to individuals, including high net worth individuals, corporations, and entities, including, but not limited to, trusts, estates, private foundations, and pension and profit sharing plans.

#### Investment Management Services

PWS offers investment management services on a discretionary basis and non-discretionary basis. All investment advice provided is customized to each client’s investment objectives and financial needs. The information provided by the client, together with any other information relating to the client’s overall financial circumstances, will be used by PWS to determine the appropriate portfolio asset allocation and investment strategy for the client. Financial planning services also are provided, depending on the needs of the client.

The securities utilized by PWS for investment in client accounts mainly consist of registered mutual funds, exchange traded funds (ETFs), and equity securities, but we will also invest in options, corporate bonds, other public and private investments, and variable annuities, among others, if we determine such investments fit within a client’s objectives and are in the best interest of our clients.

#### Investment Management Services for Qualified Retirement Plans

Discretionary Investment Advisory Services to Plans: When serving in a discretionary investment advisory capacity for a Plan, PWS is in the status defined by section 3(38) of the Employee Retirement Income Security Act of 1974 (“ERISA”). As a discretionary investment advisor to qualified retirement plans (“Plans”) PWS assumes the fiduciary responsibility for the selection, monitoring and replacement of the investment options of the Plan. As an initial action step, PWS seeks to obtain the investment policy statement for the Plan that details the methodologies and criteria utilized to define the style universe of investment options, the specific investment options to be utilized and the ongoing criteria for monitoring and replacing investment options. If the Plan does not have an investment policy statement PWS may assist the Plan sponsor/trustees of the Plan in drafting an investment policy statement. In instances where an investment policy statement is not available, PWS will collect information from the Plan sponsor/trustees determined necessary for PWS’s provision of services to the Plan.

In its role as a 3(38) fiduciary, PWS is only responsible for those Plan investments selected by PWS and PWS has no responsibility for any other Plan investments maintained in the Plan by direction of the Plan sponsor/trustees or any other person or entity. As an example, employer securities and investments held in a directed brokerage account are not subject to any fiduciary responsibility or

duty on the part of the Firm. Furthermore, the Plan sponsor/trustees should be aware that when PWS assumes the investment responsibilities by serving as a 3(38) fiduciary, the Plan sponsor/trustees retain all of their fiduciary duties, obligations and responsibilities pursuant to applicable law.

Non-Discretionary Investment Advisory Services to Plans: When serving in a non-discretionary investment advisory capacity for a Plan, PWS is in the status defined by section 3(21) of ERISA. In this capacity, PWS assumes no fiduciary responsibility for the completion of an investment policy statement or any aspect of the definition, selection, maintenance or replacement of any Plan investment options. In this non-discretionary role PWS provides information to the Plan sponsor/trustees regarding investment option style parameters and performance reporting. The Plan sponsor/trustees exercise full authority over the selection of Plan investment options and may, or may not, utilize the information provided by PWS as part of their decision-making process.

Other Services for Plans: As part of providing the discretionary or non-discretionary investment services to Plans, PWS may provide certain information and services to the Plan and the Plan sponsor/trustees. These other services are designed to assist the Plan sponsor/trustees in meeting their management and fiduciary obligations to the Plan. The other services may consist of the following:

- Assist with platform provider search and Plan set-up;
- Plan review;
- Plan fee and cost review;
- Acting as third party service provider liaison;
- Plan participant education and communication;
- Plan benchmarking;
- Assist with Plan conversion to new vendor platform;
- Assistance in Plan merger;
- Assistance in establishing an investment policy statement;
- Portfolio construction; and
- Investment monitoring.

In providing services for retirement plan consulting, the Firm does not provide any advisory services with respect to the following types of assets: employer securities, real estate (excluding real estate funds and publicly traded REITS), participant loans, non-publicly traded securities or assets, other illiquid investments, or brokerage window program.

Additional Information Regarding ERISA Plans and Individual Retirement Accounts

As detailed above, PWS is a fiduciary under ERISA with respect to investment management services and investment advice provided to ERISA plan clients, including ERISA plan participants. PWS is also a fiduciary under the Internal Revenue Code (the “IRC”) with respect to investment management services and investment advice provided to ERISA plans, ERISA plan participants, individual retirement accounts and individual retirement account owners (collectively “Retirement Account Clients”). As such, PWS is subject to specific duties and obligations under ERISA and the IRC, that include, among other things, prohibited transaction rules which are intended to prohibit fiduciaries from acting on conflicts of interest. When a fiduciary gives advice in which it

has a conflict of interest, the fiduciary must either avoid or eliminate the conflict or rely upon a prohibited transaction exemption (a “PTE”).

### Financial Planning and Consulting Services

PWS offers a variety of personal financial planning and consulting services to set forth goals, objectives and implementation strategies for the client over the long-term. Depending upon individual client requirements, the comprehensive financial plan may include recommendations for Investment Planning, Retirement Planning, Estate Planning, Charitable Planning, Education Planning, Corporate and Personal Tax Planning, Cost Segregation Study, Corporate Structure, Real Estate Analysis, Mortgage/Debt Analysis, Insurance Analysis, Lines of Credit Evaluation, or Personal Financial Planning. Financial plans are not always accompanied by a summary of observations and recommendations. PWS prepares and provides the financial planning client with ongoing access to online portals and systems to share planning information and bases dynamic recommendations through these platforms. Depending upon the agreement with the client, after the delivery of the financial plan PWS may perform quarterly, semi-annual or annual reviews of the plan with the client, or alternatively may have no other obligation to, or interaction with, the client dependent on the client’s needs in accordance with their financial planning agreement. Clients should notify us promptly anytime there is a change in their financial situation, goals, objectives, or needs and/or if there is any change to the financial information initially provided to us. Additionally, PWS may recommend clients engage the Firm or its related affiliates for additional related services, such as its advisory persons in their individual capacities as insurance agents with the affiliate insurance agency Precision Insurance, as business consultants with Integrated Consulting, and/or other professionals to implement recommendations. Clients are advised that a conflict of interest exists if clients engage PWS or its affiliates to provide additional services for compensation.

Clients are under no obligation to implement any of the recommendations provided in their financial plan. However, should a client decide to proceed with the implementation of the investment recommendations then the client can either have PWS implement those recommendations or utilize the services of any investment adviser or broker-dealer of their choice.

PWS cannot provide any guarantees or promises that a client’s financial goals and objectives will be met.

### **C. Client-Tailored Advisory Services**

PWS provides portfolio management services designed to meet a variety of client investment objectives. Client portfolios are managed on the basis of individual clients’ financial situation and investment objectives. Although not typically permitted, clients may impose reasonable restrictions on the management of their accounts if PWS determines, in its sole discretion, that the conditions would not materially impact the performance of a management strategy or prove overly burdensome for PWS’s management efforts.

### **D. Information Received From Clients**

PWS will not assume any responsibility for the accuracy of the information provided by clients. PWS is not obligated to verify any information received from a client or other professionals (e.g., attorney, accountant) designated by a client, and PWS is expressly authorized by the client to rely on such information provided. Under all circumstances, clients are responsible for promptly notifying PWS in writing of any material changes to the client’s financial situation, investment objectives, time horizon, or risk tolerance.

### **E. Wrap Fee Program**

PWS typically makes investment management services available to clients other than pension and profit sharing plans pursuant to a wrap fee program whereby PWS serves as both the sponsor and portfolio manager of the wrap fee program (the “Wrap Program”). A wrap fee program is an advisory program under which a specified fee not based directly upon transactions in a client’s account is charged for investment advisory services and the execution of client transactions. Accounts managed through the Wrap Program are done so in substantially the same manner as those managed under a non-wrap arrangement. Depending upon a client’s goals, objectives and suitability profile, a client assets managed by PWS may be managed pursuant to the services described in this brochure, pursuant to the PWS Wrap Program and/or some combination thereof. In the Wrap Program may pay a higher aggregate fee than if investment management and brokerage services are purchased separately. Please refer to PWS’s Form ADV Part 2A Appendix 1 for information regarding the Wrap Program.

### **F. Regulatory Assets Under Management**

As of 12/31/2019, client assets under management for the firm totaled \$144,187,046, representing \$131,546,185 in discretionary client assets and \$12,640,861 of nondiscretionary client assets.

## **Item 5 - Fees and Compensation**

PWS charges fees based on a percentage of assets under management as well as fixed fees, depending on the particular types of services to be provided. The specific fees charged by PWS for services provided will be set forth in each client’s Agreement.

### **A. Financial Planning and Investment Management Services**

#### Fees for Investment Management Services

PWS charges an annual advisory fee that is agreed upon with each client and set forth in an agreement executed by PWS and the client. If fixed, the advisory fee will be specified on the fee schedule as set forth in the agreement executed by PWS and the client. Typically the advisory fee for the initial month shall be paid, on a pro rata basis, in arrears, based on the funding balance of the client account during the initial pro rata period. For subsequent months, the advisory fee shall be paid, in advance, based on the value of the account(s) on the last day of the previous month as provided by third-party sources, such as pricing services, custodians, fund administrators, and client-provided sources. The advisory fee typically ranges from 1% to 2.2% on an annual basis. In addition, for certain clients the advisory fee will be applied pursuant to a tiered schedule, with the advisory fee percentage determined on a client-by-client basis. This tiered schedule is typically applied in a manner in which the asset levels within a tier are charged the advisory fee applicable to that tier. In the instances where a tiered fee schedule is utilized, the percentage for the highest range of the assets under management value achieved for a billing period applies to just the assets under management within that range.

#### Fees for Consulting and Investment Management Services to Retirement Plans



Retirement plan advisory clients will be charged an annual fixed fee, an hourly consulting fee or an asset based fee based on the percentage of Plan assets under management. The form of fees and fee amounts are determined on a client-by-client basis and are set forth in the agreement executed by PWS and the client. The maximum hourly rate charged will not exceed \$250. The maximum flat fee will not exceed \$20,000. In engagements where the fees are charged as a percentage of the value of assets under management, the advisory fee percentage charged to a retirement plan advisory client may be up to 1 % on an annual basis.

#### Fees for Financial Planning and Consulting Services

Clients that receive financial planning services are charged an hourly or a flat fee that is determined upon a client-by-client basis. The amount of the financial planning services fee will vary depending upon the complexity of client's plan, the time required to complete the services and the services to be provided. The fee is paid on a schedule as agreed to by the client and PWS in the financial planning services agreement. The maximum hourly rate charged will not exceed \$450. The maximum flat fee will not exceed \$50,000. In addition, PWS provides consulting and project-based services to clients on either, or both, a fixed fee amount or pursuant to an hourly fee. Actual fees charged are clearly outlined in the financial planning, consulting or project agreement and clients receive invoices reflecting the amount of the fee due and payable.

#### Additional Information Regarding Fees

Notwithstanding the foregoing, PWS and the client may choose to negotiate an advisory, consulting or financial planning fee that varies from the information set forth above. PWS offers a number of different investment strategies each with a corresponding fee schedule, which may or may not be suitable for each investor. Other factors upon which a different advisory, consulting or financial planning fee may be based include, but are not limited to, the size and nature of the relationship, the services rendered, the nature and complexity of the products and investments involved, time commitments, and travel requirements. The advisory fee charged by the Firm will apply to all of the client's assets under management, unless specifically excluded in the client agreement. The advisory fee may include the financial planning services described above. Although PWS believes that its fees are competitive, clients should understand that lower fees for comparable services may be available from other sources and firms.

### **B. Payment of Fees**

PWS generally deducts its advisory fee from a client's investment account(s) held at his/her custodian. Upon engaging PWS to manage such account(s), a client grants PWS this limited authority through a written instruction to the custodian of his/her account(s). The client is responsible for verifying the accuracy of the calculation of the advisory fee; the custodian will not determine whether the fee is accurate or properly calculated. *See* Section A herewith for further information on fee billing. A client may utilize the same procedure for financial planning or consulting fees if the client has investment accounts held at a custodian. The custodian of the client's accounts provides each client with a statement, at least quarterly, indicating separate line items for all amounts disbursed from the client's account(s), including any fees paid directly to PWS.

Although clients generally are required to have their investment advisory fees deducted from their accounts, in some cases, PWS will directly bill a client for investment advisory fees if it determines that such billing arrangement is appropriate given the circumstances.

Clients may make additions to and withdrawals from their account at any time, subject to PWS's right to terminate an account. Additions may be in cash or securities provided that the Firm reserves the right to liquidate transferred securities or decline to accept particular securities into a client's account. Clients may withdraw account assets at any time on notice to PWS, subject to the usual and customary securities settlement procedures. However, the Firm generally designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. PWS may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, short-term redemption fees, fees assessed at the mutual fund level (e.g. contingent deferred sales charges) and/or tax ramifications.

The investment management services between PWS and the client may be terminated at will by either PWS or the client upon written notice. PWS does not impose termination fees when the client terminates the investment management services relationship, except when agreed upon in advance.

Financial planning & consulting clients may terminate their agreement at any time prior to the delivery of a financial plan by providing written notice. For purposes of calculating refunds, all work performed by us up to the point of termination shall be calculated at the hourly fee currently in effect. Clients will receive a pro-rata refund of unearned fees based on the time and effort expended by the Firm.

Either party to a retirement plan consulting agreement may terminate at any time by providing written notice to the other party. Full refunds will only be made in cases where cancellation occurs within 5 business days of signing an agreement. After 5 business days from initial signing, either party must provide the other party 30 days written notice to terminate billing. Billing will terminate 30 days after receipt of termination notice. Clients will be charged on a pro-rata basis for any asset-based charges, on an hours-worked basis for hourly work, and a percent of completion basis for flat fee engagements. Clients will incur charges for bona fide advisory services rendered up to the point of termination (determined as 30 days from receipt of said written notice) and such fees will be due and payable.

### **C. Clients Responsible for Fees Charged by Financial Institutions and Third Party Managers**

In connection with PWS's management of an account, a client will incur fees and/or expenses separate from and in addition to PWS's advisory fee. These additional fees may include transaction charges and the fees/expenses charged by any custodian, subadvisor, mutual fund, ETF, third party managers ("Third Party Managers") (and the Third Party Manager's platform manager, if any), limited partnership, or other advisor, transfer taxes, odd lot differentials, exchange fees, interest charges, ADR processing fees, and any charges, taxes or other fees mandated by any federal, state or other applicable law, retirement plan account fees (where applicable), margin interest, brokerage commissions, mark-ups or mark-downs and other transaction-related costs, electronic fund and wire fees, and any other fees that reasonably may be borne by a brokerage account.

Wrap fee clients will not incur transaction costs or brokerage commissions for trades executed and settled by the chosen custodian/ broker. For more information regarding the Wrap Program please see the Wrap Program brochure. For Third Party Managers, clients should review each Third Party Manager's Form ADV 2A disclosure brochure and any contract they sign with the Third Party Manager (in a dual contract relationship). The client is responsible for all such fees and expenses. Please see Item 12 of this brochure regarding brokerage practices.

#### **D. Prepayment of Fees**

As noted in Item 5(B) above, PWS's advisory fees generally are paid in advance. Upon the termination of a client's advisory relationship, PWS will issue a refund equal to any unearned fee for the remainder of the month or other applicable billing period. Generally, PWS will make such refund to the client's account at the client's custodian, unless otherwise such process is unavailable.

#### **E. Outside Compensation for the Sale of Securities or Other Investment Products to Clients**

PWS does not buy or sell securities and does not receive any compensation for securities transactions in any client account, other than the investment advisory fees noted above.

In addition, certain advisory persons of PWS are licensed as insurance professionals and appointed with various life, health, long term care and disability insurance companies through the affiliated entity, Precision Insurance, an insurance agency owned by Darin Robinson. In such capacity they will offer insurance products as a recommendation to a client's financial plan and receive a normal and customary commissions and other indirect benefits as a result of such a purchase. Certain business consulting services are also offered through the affiliated entity, Integrated Consulting, wholly owned by Darin Robinson, who will offer consulting services as defined in separate consulting agreements and receive separate and customary fees for such services.

Please refer to Item 10 below for detailed information regarding these arrangements, along with the conflicts surrounding them and the steps PWS has in place to mitigate these conflicts.

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

PWS does not charge performance-based fees or participate in side-by-side management. Performance-based fees are fees that are based on a share of a capital gains or capital appreciation of a client's account. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. PWS's fees are calculated as described in Item 5 above.

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

PWS offers investment advisory services to individuals, including high net worth individuals, corporations, and entities, including, but not limited to, trusts, estates, private foundations, and pension and profit sharing plans. PWS does not impose a minimum portfolio size or a minimum initial investment to open an account.

However, PWS does reserve the right to accept or decline a potential client for any reason in its sole discretion.

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

### **A. Methods of Analysis and Risk of Loss**

A primary step in PWS's investment strategy is getting to know the clients – to understand their financial condition, risk profile, investment goals, tax situation, liquidity constraints – and assemble a complete picture of their financial situation. To aid in this understanding, PWS offers clients financial planning that is highly customized and tailored. This comprehensive approach is integral to the way that PWS does business. Once PWS has a true understanding of its clients' needs and goals, the investment process can begin, and the Firm can recommend strategies and investments that it believes are aligned with the client's goals and risk profile.

PWS primarily employs qualitative analysis methods and quantitative methods as appropriate, with an additional focus upon minimizing the expenses associated with investing, in developing investment strategies for its clients. Qualitative analysis depends on the kind of discerning intelligence that can identify positive associations with a brand, management trustworthiness, customer satisfaction, competitive advantage and cultural shifts. Relevant information may be inherently difficult to capture with numerical inputs. Research and analysis from PWS is based on numerous sources, including third-party research materials and publicly-available materials, such as company annual reports, prospectuses, and press releases. PWS also utilizes a variety of data providers for additional research. This investment analysis process typically involves an analysis of an issuer's management team, investment strategies, style drift, alpha relative to the market, past performance, reputation and financial strength in relation to the asset class concentrations and risk exposures.

PWS generally employs a long-term investment strategy for its clients, as consistent with their financial goals. At times, the Firm may also buy and sell positions that are more short-term in nature, depending on the goals of the client and/or the fundamentals of the security, sector or asset class.

PWS's recommendations and investment selections are primarily based around an approach called "Life-Timing Allocation" that takes into consideration expected cash flows over a number of years with a purpose of positioning investment funds across three buckets based on when the funds will be needed. The Immediate Term bucket will contain funds potentially needed within the next 3-5 years (exact timing can vary from client to client based on the client's underlying assumptions and cash flow need). Immediate Term funds will be invested in models and strategies that are more conservative in nature and that we deem appropriate for this timeframe. The Short Term bucket will contain funds potentially needed within 6 to 10 years or less (years may vary based on the funding of the Immediate Term bucket). Short Term funds will be invested in models and strategies that are more moderate in nature. The Long Term bucket will contain funds that the client doesn't anticipate needing for 10 years or longer. Long Term funds will be invested in models and strategies that tend to have more risk but we believe have the greater potential return. Other factors will impact the Life-Timing Allocation for any given client, such as overall risk profile.

PWS will also use Asset Allocation strategies. Asset allocation is based on the principle that different assets perform differently in different market and economic conditions. The asset allocation strategy attempts to

balance risk versus reward by adjusting the percentage of each asset in an investment portfolio according to the investor's risk tolerance, goals and investment time frame. A particular asset allocation strategy is typically forecast (wholly or in part) based on statistical relationships (like correlation and variance) that existed historically. Asset allocation is based on the understanding that different asset classes (e.g. stocks, bonds, cash, other investments) offer returns that are not perfectly correlated. Diversification can reduce the overall risk of a portfolio in terms of the variability of returns for a given level of expected return.

Client portfolios with similar investment objectives and asset allocation goals may own different securities and investments. The client's portfolio size, tax sensitivity, desire for simplicity, income needs, long-term wealth transfer objectives, time horizon and choice of custodian are all factors that influence PWS's investment recommendations.

Investing in securities involves a risk of loss. A client can lose all or a substantial portion of his/her investment. A client should be willing to bear such a loss. Some investments are intended only for sophisticated investors and can involve a high degree of risk.

## **B. Material Risks Involved**

Investing in securities involves a significant risk of loss which clients should be prepared to bear. PWS's investment recommendations are subject to various market, currency, economic, political and business risks, and such investment decisions will not always be profitable. Clients should be aware that there may be a loss or depreciation to the value of the client's account. There can be no assurance that the client's investment objectives will be obtained and no inference to the contrary should be made.

Generally, the market value of equity stocks will fluctuate with market conditions, and small- stock prices generally will fluctuate more than large-stock prices. The market value of fixed income securities will generally fluctuate inversely with interest rates and other market conditions prior to maturity. Fixed income securities are obligations of the issuer to make payments of principal and/or interest on future dates, and include, among other securities: bonds, notes and debentures issued by corporations; debt securities issued or guaranteed by the U.S. government or one of its agencies or instrumentalities, or by a non-U.S. government or one of its agencies or instrumentalities; municipal securities; and mortgage-backed and asset- backed securities. These securities may pay fixed, variable, or floating rates of interest, and may include zero coupon obligations and inflation-linked fixed income securities. The value of longer duration fixed income securities will generally fluctuate more than shorter duration fixed income securities. Investments in overseas markets also pose special risks, including currency fluctuation and political risks, and it may be more volatile than that of a U.S. only investment. Such risks are generally intensified for investments in emerging markets. In addition, there is no assurance that a mutual fund or ETF will achieve its investment objective. Past performance of investments is no guarantee of future results.

Additional risks involved in the securities recommended by PWS include, among others:

- *Stock market risk*, which is the chance that stock prices overall will decline. The market value of equity securities will generally fluctuate with market conditions. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. Prices of equity securities tend to fluctuate over the short term as a result of factors affecting the individual companies, industries or the securities market as a whole. Equity securities generally have greater price volatility than fixed income securities.

- *Sector risk*, which is the chance that significant problems will affect a particular sector, or that returns from that sector will trail returns from the overall stock market. Daily fluctuations in specific market sectors are often more extreme than fluctuations in the overall market.
- *Issuer risk*, which is the risk that the value of a security will decline for reasons directly related to the issuer, such as management performance, financial leverage, and reduced demand for the issuer's goods or services.
- *Non-diversification risk*, which is the risk of focusing investments in a small number of issuers, industries or foreign currencies, including being more susceptible to risks associated with a single economic, political or regulatory occurrence than a more diversified portfolio might be.
- *Value investing risk*, which is the risk that value stocks not increase in price, not issue the anticipated stock dividends, or decline in price, either because the market fails to recognize the stock's intrinsic value, or because the expected value was misgauged. If the market does not recognize that the securities are undervalued, the prices of those securities might not appreciate as anticipated. They also may decline in price even though in theory they are already undervalued. Value stocks are typically less volatile than growth stocks, but may lag behind growth stocks in an up market.
- *Smaller company risk*, which is the risk that the value of securities issued by a smaller company will go up or down, sometimes rapidly and unpredictably as compared to more widely held securities. Investments in smaller companies are subject to greater levels of credit, market and issuer risk.
- *Foreign (non-U.S.) investment risk*, which is the risk that investing in foreign securities result in the portfolio experiencing more rapid and extreme changes in value than a portfolio that invests exclusively in securities of U.S. companies. Risks associated with investing in foreign securities include fluctuations in the exchange rates of foreign currencies that may affect the U.S. dollar value of a security, the possibility of substantial price volatility as a result of political and economic instability in the foreign country, less public information about issuers of securities, different securities regulation, different accounting, auditing and financial reporting standards and less liquidity than in the U.S. markets.
- *Interest rate risk*, which is the chance that prices of fixed income securities decline because of rising interest rates. Similarly, the income from fixed income securities may decline because of falling interest rates.
- *Credit risk*, which is the chance that an issuer of a fixed income security will fail to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that fixed income security to decline.
- *Exchange Traded Fund (ETF) risk*, which is the risk of an investment in an ETF, including the possible loss of principal. ETFs typically trade on a securities exchange and the prices of their shares fluctuate throughout the day based on supply and demand, which may not correlate to their net asset values. Although ETF shares will be listed on an exchange, there can be no guarantee that an active trading market will develop or continue. Owning an ETF generally reflects the risks of owning the underlying securities it is designed to track. ETFs are also subject to secondary market trading risks. In addition, an ETF may not replicate exactly the performance of the index it seeks to track for a number of reasons, including transaction costs incurred by the ETF, the temporary unavailability of certain securities in the secondary market, or discrepancies between the ETF and the index with respect to weighting of securities or number of securities held.
- *Management risk*, which is the risk that the investment techniques and risk analyses applied by PWS may not produce the desired results and that legislative, regulatory, or tax developments,

affect the investment techniques available to PWS. There is no guarantee that a client's investment objectives will be achieved.

- *Real Estate risk*, which is the risk that an investor's investments in Real Estate Investment Trusts ("REITs") or real estate-linked derivative instruments will subject the investor to risks similar to those associated with direct ownership of real estate, including losses from casualty or condemnation, and changes in local and general economic conditions, supply and demand, interest rates, zoning laws, regulatory limitations on rents, property taxes and operating expenses. An investment in REITs or real estate-linked derivative instruments subject the investor to management and tax risks.
- *Investment Companies ("Mutual Funds") risk*, when an investor invests in mutual funds, the investor will bear additional expenses based on his/her pro rata share of the mutual fund's operating expenses, including the management fees. The risk of owning a mutual fund generally reflects the risks of owning the underlying investments the mutual fund holds.
- *Commodity risk*, generally commodity prices fluctuate for many reasons, including changes in market and economic conditions or political circumstances (especially of key energy-producing and consuming countries), the impact of weather on demand, levels of domestic production and imported commodities, energy conservation, domestic and foreign governmental regulation (agricultural, trade, fiscal, monetary and exchange control), international politics, policies of OPEC, taxation and the availability of local, intrastate and interstate transportation systems and the emotions of the marketplace. The risk of loss in trading commodities can be substantial.
- *Cybersecurity risk*, which is the risk related to unauthorized access to the systems and networks of PW Sand its service providers. The computer systems, networks and devices used by PWS and service providers to us and our clients to carry out routine business operations employ a variety of protections designed to prevent damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches. Despite the various protections utilized, systems, networks or devices potentially can be breached. A client could be negatively impacted as a result of a cybersecurity breach. Cybersecurity breaches can include unauthorized access to systems, networks or devices; infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow or otherwise disrupt operations, business processes or website access or functionality. Cybersecurity breaches cause disruptions and impact business operations, potentially resulting in financial losses to a client; impediments to trading; the inability by us and other service providers to transact business; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or other compliance costs; as well as the inadvertent release of confidential information. Similar adverse consequences could result from cybersecurity breaches affecting issues of securities in which a client invests; governmental and other regulatory authorities; exchange and other financial market operators, banks, brokers, dealers and other financial institutions; and other parties. In addition, substantial costs may be incurred by those entities in order to prevent any cybersecurity breaches in the future.
- *Alternative Investments / Private Funds risk*, investing in alternative investments is speculative, not suitable for all clients, and intended for experienced and sophisticated investors who are willing to bear the high economic risks of the investment, which can include:
  - loss of all or a substantial portion of the investment due to leveraging, short-selling or other speculative investment practices;
  - lack of liquidity in that there may be no secondary market for the investment and none expected to develop;
  - volatility of returns;

- restrictions on transferring interests in the investment;
  - potential lack of diversification and resulting higher risk due to concentration of trading authority when a single adviser is utilized;
  - absence of information regarding valuations and pricing;
  - delays in tax reporting;
  - less regulation and higher fees than mutual funds;
  - risks associated with the operations, personnel, and processes of the manager of the funds investing in alternative investments.
- *Closed-End Funds risk*, Closed-end funds typically use a high degree of leverage. They may be diversified or non-diversified. Risks associated with closed-end fund investments include liquidity risk, credit risk, volatility and the risk of magnified losses resulting from the use of leverage. Additionally, closed-end funds may trade below their net asset value.

The Firm generally invests client cash balances in money market funds, FDIC Insured Certificates of Deposit, high-grade commercial paper and/or government backed debt instruments. Ultimately, the Firm tries to achieve the highest return on client cash balances through relatively low-risk conservative investments. In most cases, at least a partial cash balance will be maintained in a money market account so that the Firm may debit fees for our services, as applicable.

There also are risks surrounding various insurance products that are recommended to PWS clients from time to time. Such risks include, but are not limited to loss of premiums. Prior to purchasing any insurance product, clients should carefully read the policy and applicable disclosure documents.

PWS may select certain Third Party Managers to manage a portion of its clients' assets. In these situations, the success of such recommendations relies to a great extent on the Third Party Managers' ability to successfully implement their investment strategies. In addition, PWS generally may not have the ability to supervise the Third Party Managers on a day-to-day basis.

Clients are advised that they should only commit assets for management that can be invested for the long term, that volatility from investing can occur, and that all investing is subject to risk. PWS does not guarantee the future performance of a client's portfolio, as investing in securities involves the risk of loss that clients should be prepared to bear.

Past performance of a security or a fund is not necessarily indicative of future performance or risk of loss.

### **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of the adviser and the integrity of the adviser's management. PWS has no information applicable to this Item.

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

#### Licensed Insurance Professionals



Certain advisory persons of PWS are licensed as insurance professionals, appointed through Precision Insurance, an insurance agency owned by Darin Robinson. Mr. Robinson, in such capacity, earns commission-based compensation for selling insurance products to clients. Insurance commissions earned by advisory persons who are insurance professionals are separate from and in addition to PWS's advisory fee. This practice presents a conflict of interest as an advisory person who is an insurance professional has an incentive to recommend insurance products for the purpose of generating commissions rather than solely based on client needs. PWS addresses this conflict through disclosure and strives to make recommendations which are in the best interests of its clients. Clients are under no obligation to purchase insurance products through any person affiliated with PWS.

#### Business Consulting Services

Darin Robinson provides business consulting services through the affiliated entity, Integrated Consulting. Mr. Robinson earns flat fee compensation for providing this service to clients, separate from and in addition to PWS's advisory fee. As Mr. Robinson is the sole owner of PWS & Integrated Consulting, this practice presents a conflict of interest as he is providing business consulting services and has an incentive to recommend advisory services for the purpose of generating additional revenue rather than solely based on client needs. PWS addresses this conflict through disclosure and strives to make recommendations which are in the best interests of its clients. Clients are under no obligation to use PWS for investment advisory services before, during, or after their consulting engagement.

#### Third Party Managers

PWS may recommend that clients use Third Party Managers based on clients' needs and suitability. PWS does not receive separate compensation, directly or indirectly, from such Third Party Managers for recommending that clients use their services. PWS does not have any other business relationships with the recommended Third Party Managers.

### **Item 11 – Code of Ethics, Participation or Interest in Client Transactions**

#### **A. Description of Code of Ethics**

PWS has a Code of Ethics (the "Code") which requires PWS employees ("supervised persons") to comply with their legal obligations and fulfill the fiduciary duties owed to the Firm's clients. Among other things, the Code sets forth policies and procedures related to conflicts of interest, outside business activities, gifts and entertainment, compliance with insider trading laws and policies and procedures governing personal securities trading by supervised persons. Upon employment with the Firm, and at least annually thereafter, all representatives of PWS will acknowledge receipt, understanding and compliance with the Code. PWS and its representatives must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients.

Personal securities transactions of supervised persons present potential conflicts of interest with the price obtained in client securities transactions or the investment opportunity available to clients. The Code addresses these potential conflicts by prohibiting securities trades that would breach a fiduciary duty to a client and requiring, with certain exceptions, supervised persons to report their personal securities holdings

and transactions to PWS for review by the Firm's Chief Compliance Officer. The Code also requires supervised persons to obtain pre-approval of certain investments, including initial public offerings and limited offerings.

PWS will provide a copy of the Code of Ethics to any client or prospective client upon request.

## **Item 12 – Brokerage Practices**

### **A. Factors Used to Select Custodians and/or Broker-Dealers**

PWS generally recommends that its investment management clients utilize the custody and brokerage services of an unaffiliated broker/dealer custodians (a "BD/Custodian") with which PWS has an institutional relationship. Currently, this includes TDA Ameritrade Institutional, a division of TDA Ameritrade, Inc., member FINRA/SIPC, ("TDA"), which is a "qualified custodian" as that term is described in Rule 206(4)-2 of the Advisers Act. Each BD/Custodian provides custody of securities, trade execution, and clearance and settlement of transactions placed on behalf of clients by the Firm. If your accounts are custodied at TDA, TDA will hold your assets in a brokerage account and buy and sell securities when we instruct them to. Clients will pay fees to TDA for custody and the execution of securities transactions in their accounts.

In making BD/Custodian recommendations, PWS will consider a number of judgmental factors, including, without limitation: 1) clearance and settlement capabilities; 2) quality of confirmations and account statements; 3) the ability of the BD/Custodian to settle the trade promptly and accurately; 4) the financial standing, reputation and integrity of the BD/Custodian; 5) the BD/Custodian's access to markets, research capabilities, market knowledge, and any "value added" characteristics; 6) PWS's past experience with the BD/Custodian; and 7) PWS's past experience with similar trades. Recognizing the value of these factors, clients may pay a brokerage commission in excess of that which another broker might have charged for effecting the same transaction.

PWS participates in the institutional adviser program offered by TDA. In exchange for using the services of TDA and participating in this program, PWS may receive, without cost, computer software and related systems support that allows PWS to monitor and service its clients' accounts maintained with TDA. TDA also makes available to the Firm products and services that benefit the Firm but may not directly benefit the client or the client's account. These products and services assist PWS in managing and administering client accounts. They include investment research, both TDA's own and that of third parties. PWS may use this research to service all or some substantial number of client accounts, including accounts not maintained at TDA. In addition to investment research, TDA also makes available software and other technology that:

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

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

- educational conferences and events;
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants, and insurance providers.

TDA may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to the Firm. TDA may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. TDA may also provide the Firm with other benefits such as occasional business entertainment of Firm personnel.

The benefits received by PWS through its participation in the TDA custodial platform do not depend on the amount of brokerage transactions directed to TDA. In addition, there is no corresponding commitment made by PWS to TDA to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of participation in the program. While as a fiduciary, we endeavor to act in our clients' best interests, our recommendation that clients maintain their assets in accounts at TDA will be based in part on the benefit to PWS of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by TDA. The receipt of these benefits creates a potential conflict of interest and may indirectly influence PWS's choice of TDA for custody and brokerage services.

PWS will periodically review its arrangements with the BD/Custodians and other broker-dealers against other possible arrangements in the marketplace as it strives to achieve best execution on behalf of its clients. 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, but not limited to, the following:

- a broker-dealer's trading expertise, including its ability to complete trades, execute and settle difficult trades, obtain liquidity to minimize market impact and accommodate unusual market conditions, maintain anonymity, and account for its trade errors and correct them in a satisfactory manner;
- a broker-dealer's infrastructure, including order-entry systems, adequate lines of communication, timely order execution reports, an efficient and accurate clearance and settlement process, and capacity to accommodate unusual trading volume;
- a broker-dealer's ability to minimize total trading costs while maintaining its financial health, such as whether a broker-dealer can maintain and commit adequate capital when necessary to complete trades, respond during volatile market periods, and minimize the number of incomplete trades;
- a broker-dealer's ability to provide research and execution services, including advice as to the value or advisability of investing in or selling securities, analyses and reports concerning such matters as companies, industries, economic trends and political factors, or

services incidental to executing securities trades, including clearance, settlement and custody; and

- a broker-dealer's ability to provide services to accommodate special transaction needs, such as the broker-dealer's ability to execute and account for client-directed arrangements and soft dollar arrangements, participate in underwriting syndicates, and obtain initial public offering shares.

PWS's clients may utilize qualified custodians other than PWS for certain accounts and assets, particularly where clients have a previous relationship with such qualified custodians.

#### Brokerage for Client Referrals

PWS does not select or recommend BD/Custodians based solely on whether or not it may receive client referrals from a BD/Custodian or third party.

#### Client-Directed Brokerage

Generally, in the absence of specific instructions to the contrary, for brokerage accounts that clients engage PWS to manage on a discretionary basis, PWS has full discretion with respect to securities transactions placed in the accounts. This discretion includes the authority, without prior notice to the client, to buy and sell securities for the client's account and establish and affect securities transactions through the BD/Custodian of the client's account or other broker-dealers selected by PWS. In selecting a broker-dealer to execute a client's securities transactions, PWS seeks prompt execution of orders at favorable prices.

A client, however, may instruct PWS to custody his/her account at a specific broker-dealer and/or direct some or all of his/her brokerage transactions to a specific broker-dealer. In directing brokerage transactions, a client should consider whether the commission expenses, execution, clearance, settlement capabilities, and custodian fees, if any, are comparable to those that would result if PWS exercised its discretion in selecting the broker-dealer to execute the transactions. Directing brokerage to a particular broker-dealer may involve the following disadvantages to a directed brokerage client:

- PWS's ability to negotiate commission rates and other terms on behalf of such clients could be impaired;
- such clients could be denied the benefit of PWS's experience in selecting broker-dealers that are able to efficiently execute difficult trades;
- opportunities to obtain lower transaction costs and better prices by aggregating (batching) the client's orders with orders for other clients could be limited; and
- the client could receive less favorable prices on securities transactions because PWS may place transaction orders for directed brokerage clients after placing batched transaction orders for other clients.

In addition to accounts managed by PWS on a discretionary basis where the client has directed the brokerage of his/her account(s), certain institutional accounts may be managed by PWS on a non-discretionary basis and are held at custodians selected by the institutional client. The decision to use a particular custodian and/or broker-dealer generally resides with the institutional client. PWS endeavors to

understand the trading and execution capabilities of any such custodian and/or broker-dealer, as well as its costs and fees. PWS may assist the institutional client in facilitating trading and other instructions to the custodian and/or broker-dealer in carrying out PWS's investment recommendations.

### Trade Errors

PWS's goal is to execute trades seamlessly and in the best interests of the client. In the event a trade error occurs, PWS endeavors to identify the error in a timely manner, correct the error so that the client's account is in the position it would have been had the error not occurred, and, after evaluating the error, assess what action(s) might be necessary to prevent a recurrence of similar errors in the future.

Trade errors generally are corrected through the use of a "trade error" account or similar account at TDA, or another BD, as the case may be. In the event an error is made in a client account custodied elsewhere, PWS works directly with the broker in question to take corrective action. In all cases, PWS will take the appropriate measures to return the client's account to its intended position.

## **B. Trade Aggregation**

To the extent that the Firm determines to aggregate client orders for the purchase or sale of securities, including securities in which the Firm's supervised persons may invest, the Firm will generally do so in a fair equitable manner in accordance with applicable rules promulgated under the Advisers Act and guidance provided by the staff of the SEC and consistent with policies and procedures established by the Firm.

## **Item 13 – Review of Accounts**

### **A. Periodic Reviews**

#### Investment Management and Qualified Plan Client Account Reviews

While investment management accounts and qualified plan client accounts are monitored on an ongoing basis, PWS's investment adviser representatives seek to have at least one annual meeting with each client to conduct a formal review of the clients' accounts. Accounts are reviewed for consistency with the investment strategy and other parameters set forth for the account and to determine if any adjustments need to be made.

Qualified Plan Consulting clients receive reviews of their retirement plans for the duration of the service. These clients do not receive written or verbal updated reports regarding their plans unless they choose to engage our firm for ongoing services, in a separate agreement.

#### Financial Planning and Consulting Services Account Reviews

Generally, the Firm provides ongoing services to financial planning clients through various collaborative online planning platforms like eMoney, but PWS representatives are also willing to meet with such clients upon their request to discuss updates to the plan. PWS will work with the client to update their financial information (i.e. insurance, investments, assets, income and expenses) upon client request only. Because much of PWS's planning occurs through collaborative online portals, Financial Planning clients do not necessarily receive written or verbal updated reports regarding their financial plans unless they specifically

request one. Financial Planning clients may also separately engage our firm for a post-financial plan meeting or update to their initial written financial plan should they so choose. Reviews are conducted by an advisor of PWS who is appropriately licensed to provide financial planning services.

### **B. Other Reviews and Triggering Factors**

In addition to the periodic reviews described above, reviews may be triggered by changes in an account holder's personal, tax or financial status. Other events that may trigger a review of an account are material changes in market conditions as well as macroeconomic and company- specific events. Clients are encouraged to notify PWS of any changes in his/her/its personal financial situation that might affect his/her investment needs, objectives, or time horizon.

### **C. Regular Reports**

Written brokerage statements are generated no less than quarterly and are sent directly from the qualified custodian. These reports list the account positions, activity in the account over the covered period, and other related information. Clients are also sent confirmations following each brokerage account transaction unless confirmations have been waived.

Typically the Firm does not provide independent written reports unless asked to do so, although in certain circumstances we may provide written commentary as we deem appropriate. Verbal reports to clients take place on at least an annual basis.

Clients are urged to carefully review all custodial account statements and compare them to any statements and reports provided by the Firm. PWS statements and reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

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

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients**

PWS does not receive benefits from third parties for providing investment advice to clients, however as outlined above PWS receives an economic benefit from TDA because it may receive support services and/or products from TDA without cost or a discount.

### **B. Compensation to Non Supervised Persons for Client Referrals**

PWS is party to a client solicitation agreement with unaffiliated or affiliated persons ("Solicitors). The client solicitation agreement provides for compensation to the Solicitor for client referrals to PWS. If a client is introduced to PWS by either an unaffiliated or an affiliated solicitor, PWS pays the solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from the Firm's investment management fee, and shall not result in any additional charge to the client. Solicitation arrangements inherently give rise to potential conflicts of interest because solicitors receive an economic benefit for the recommendation of advisory services. PWS addresses these conflicts through this disclosure. If the client is introduced to PWS by an unaffiliated solicitor, the solicitor, at the time of solicitation, shall

disclose the nature of his/her/its solicitor relationship, and shall provide each prospective client with a copy of PWS's written Brochure with a copy of the written disclosure statement from the solicitor to the client disclosing the terms of the solicitation arrangement between the Firm and the solicitor, including the compensation to be received by the solicitor.

### **Item 15 – Custody**

All clients must utilize a “qualified custodian” as detailed in Item 12. Clients are required to engage the custodian to retain their funds and securities and direct PWS to utilize the custodian for the client's securities transactions. PWS's agreement with clients and/or the clients' separate agreements with the B/D Custodian may authorize PWS through such BD/Custodian to debit the clients' accounts for the amount of PWS's fee and to directly remit that fee to PWS in accordance with applicable custody rules.

The BD/Custodian recommended by PWS has agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to the Firm. PWS encourages clients to review the official statements provided by the custodian, and to compare such statements with any reports or other statements received from PWS. For more information about custodians and brokerage practices, see “Item 12 - Brokerage Practices.”

### **Item 16 – Investment Discretion**

Clients have the option of providing PWS with investment discretion on their behalf, pursuant to a grant of a limited power of attorney contained in PWS's client agreement. By granting PWS investment discretion, a client authorizes PWS to direct securities transactions and determine which securities are bought and sold, the total amount to be bought and sold, and the costs at which the transactions will be effected. Clients may impose reasonable limitations in the form of specific constraints on any of these areas of discretion with the consent and written acknowledgement of PWS if PWS determines, in its sole discretion, that the conditions would not materially impact the performance of a management strategy or prove overly burdensome for the Firm. See also Item 4(C), Client-Tailored Advisory Services.

### **Item 17 – Voting Client Securities**

PWS does not accept the authority to and does not vote proxies on behalf of clients. Clients retain the responsibility for receiving and voting proxies for all and any securities maintained in client portfolios.

### **Item 18 – Financial Information**

PWS is not required to disclose any financial information pursuant to this item due to the following:

- a) PWS does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of rendering services;
- b) PWS is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts; and
- c) PWS has never been the subject of a bankruptcy petition.

