



FORM ADV PART 2A

FIRM BROCHURE

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This brochure provides information about the qualifications and business practices of Executive Wealth Management, LLC. If you have any questions about the contents of this brochure, please contact us at 810-229-6446 or [kritsema@ewmadvisors.com](mailto:kritsema@ewmadvisors.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. Executive Wealth Management, LLC is a registered investment advisor. Reference made to the firm as being registered does not imply any particular level of skill or training.

Additional information about Executive Wealth Management, LLC also is available on the SEC's website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 140736.

## ITEM 2 MATERIAL CHANGES

Consistent with SEC rules, we seek to ensure that our clients receive a summary of any material changes to this and subsequent Disclosure Brochures within 120 days after the close of our fiscal year. At times we will also provide you with other disclosures in the event of any material changes to our business.

The last annual amendment filing of this Brochure was made with the SEC in March 2019. Please review carefully the following material changes that have been made since that filing:

- + Executive Wealth Management has replaced the services of Adhesion Wealth Advisor Solutions with GeoWealth, LLC, for portfolio implementation, trading, report consolidation and certain back office functions. See information on GeoWealth in Item 12;
- + We have a new affiliate company called EWM Tax Solutions, LLC. See information on this entity in Item 10;
- + We wanted to offer more clarity around our Administrative fee and how that fee is pro-rated under certain circumstances. See in Item 5;
- + Executive Wealth Management is now claiming general custody under SEC Rule 206(4)-2 where it had not previously. See Item 15;
- Executive Wealth Managements marketing affiliation with Fortunatus Investments LLC, an affiliate company, was stopped in 2019 so this section was removed;
- EWM 401(k) GPS Services are no longer offering intra quarter alerts. This has been removed from Item 4;
- Accounts with Margin balances are now able to participate in block trading aspects of our management. The statement that they do not has been removed from Item 8, Margin Transactions.

Please note that the foregoing represents only material changes made since our last annual updating amendment filing of this Brochure.

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## ITEM 4 ADVISORY BUSINESS

### THIS IS OUR FIRM

Executive Wealth Management, LLC (hereinafter “EWM”) is a SEC-registered investment advisor with its principal place of business in Brighton, Michigan. EWM began conducting business as a registered investment advisor in 2006 and is owned by EWM Capital, LLC, a Michigan limited liability company. EWM is principally managed by a Board of Managers consisting of Albert P. Herzog III, Michael R. Chechel, Jr., Gregory J. Barber, Adam R. Kulesza and Michael J. Lay.

### THESE ARE OUR SERVICES

EWM offers the following advisory services to our clients:

#### ADVISOR REPRESENTATIVE MANAGED PORTFOLIOS

Advisor Representative Managed Portfolios (hereinafter “Advisor Managed”) are discretionary investment accounts managed directly by investment advisor representatives of EWM rather than through a portfolio created and managed by Investment Committee (such as the Fortunatus Separately Managed Account portfolios summarized below). Advisor Managed Portfolios are managed on a discretionary basis though certain legacy clients have engaged the firm to provide advice on a non-discretionary basis. Account management is guided by the stated objectives of the client.

Advisor Managed Portfolios will generally reflect a complete, “stand-alone” portfolio with an appropriate allocation to address the client’s investment needs, objectives and risk profile, or an “add-on” account designed and managed in conjunction with, or in consideration of, the client’s other portfolio holdings.

Advisor Managed Portfolios are reviewed with the client annually by the EWM representative assigned to the account. At any time, if the EWM representative, believes that a portfolio adjustment is necessary (Some examples include a particular investment that is performing inadequately, a client’s situation has changed, or that a different investment is more appropriate for the client account) EWM will enter into transactions for the account in accordance with the fiduciary discretionary authority granted by the client.

#### FORTUNATUS SEPARATELY MANAGED ACCOUNT SERVICES

We offer portfolio management services to clients as the sponsor and investment manager of Fortunatus Separately Managed Account Services wrap fee program (hereinafter “the Program”). A wrap-fee program is an investment management program that provides the client with advisory and brokerage execution services for a bundled fee. The Program client is not typically charged separate fees for these respective components of the total service. Please refer to Executive Wealth Management’s Form ADV, Part 2A *Appendix 1* for further information regarding the EWM Wrap fee program, Fortunatus Separately Managed Account Services.

#### EXECUTIVE WEALTH MANAGEMENT 401(K) GPS SERVICES

Executive Wealth Management 401(K) GPS Services (hereinafter “EWM 401(K) GPS”) consist of allocation recommendations for client-directed fund investments in employer-sponsored retirement plans. Through this advisory service, EWM provides portfolio recommendations with respect to a client’s employer sponsored defined contribution retirement plans. These recommendations are provided via a secure web-based portal. Clients may choose discretionary asset management or non-discretionary self-management for this service.

Once the self-managed client receives recommendations, it is their responsibility to execute the recommendations and rebalance their own account according to those recommendations provided. The client is never obligated to implement any recommendations. Clients who choose the discretionary platform will follow a process to permit EWM to make trades on their behalf. See further information regarding this process in Item 15, CUSTODY.

EWM 401(k) GPS are limited to qualified plans and are provided to individual plan participants. EWM 401(K) GPS evaluates only investment options available within the plan, as provided by the participant and seeks to determine which of these are most appropriate for the client and in what allocations. EWM uses a risk tolerance profile, among other considerations, to develop these allocations. Ongoing services include initial recommendations for changes to the client's current strategy, if appropriate, and further recommendations each calendar quarter to follow. These will include changes if appropriate.

EWM has contracted Fortunatus Investments, LLC (hereinafter "Fortunatus"), an affiliated Registered Investment Advisor under common ownership and control, as subcontractor to EWM to integrate its ProTactical™ investment process into EWM 401(k) GPS. Utilizing the signals and allocations provided by Fortunatus, recommendations are developed and delivered to you through the EWM 401(K) GPS web interface.

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#### PORTFOLIO MANAGEMENT WITHIN RETIREMENT PLANS

EWM is party to arrangements with the sponsors of retirement plans that offer self-directed options to the plan's participants. Under these arrangements, plan participants can separately engage EWM to provide portfolio management services within the individuals plan account(s) through a separate and limited-access advisor portal. EWM, together with the client, develop the participant's personal investment policy and create and manage a portfolio based on that policy using only the investment vehicles available through the plan. EWM will manage these accounts on a discretionary basis (though certain legacy clients have engaged the firm to provide advice on a non-discretionary basis). Account supervision is guided by the stated objectives and time horizon of the client (i.e., maximum capital appreciation, growth, income, or growth and income).

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#### PENSION CONSULTING

Pension Consulting services bundle several advisory services, which EWM provides separately or in combination. While the primary clients for these services are governmental employers, EWM also offers these services to non-profit and private sector employers.

Pension Consulting services are comprised of four distinct services. Clients can choose to use any or all of these services.

*Investment Policy Statement (hereinafter "IPS") Preparation:* EWM will meet with the client to determine the client's investment needs and goals. In the case the client does not already have a written investment policy, EWM will then assist in preparing an Investment Policy Statement (IPS) articulating those needs and goals and include a policy pursuant to which those goals are to be sought. The IPS will list the criteria for investment vehicle selection and the procedures for, and frequency of, investment performance monitoring. The employer client is responsible for adoption of the prepared IPS.

*Selection of Investment Vehicles:* EWM will review various investment options with the client, consisting primarily of mutual funds (both index and managed) and ETFs to determine which of these investments could be appropriate for the implementation of the client's IPS. Only investment vehicles within the boundaries of the IPS will be considered. The client will then determine which investment vehicles to be utilized based on the Investment Policy Statement.

*Monitoring of Investment Performance:* Client investments will be monitored in accordance with the frequency and procedures delineated in the IPS. Although EWM will not be involved in any way in the purchase or sale of these investments, EWM will supervise the client's portfolio and will make recommendations to the client as market factors and the client's needs dictate.

*Employee Communications:* For pension, profit sharing and 401(k) plan clients, which participants exercise control over individual account assets ("self-directed plans"), EWM also provides educational support and investment workshops designed for the plan participants as the sponsor requests. The nature of the topics to be covered will be determined by EWM and the client under the guidelines established in ERISA Section 404(c). The educational support and investment workshops will not provide Plan participants with individualized, tailored investment advice or individualized, tailored asset allocation recommendations unless the participant separately engages EWM to provide such services.

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## FINANCIAL PLANNING

Clients engaging the firm in writing to provide advice via a Financial Plan will receive a written report, providing the client with a detailed plan designed to help achieve their stated financial goals and objectives.

In general, the financial plan will address any, some, or all, of the following areas of concern:

*Personal:* Family records, budgeting, personal liability, estate information and financial goals;

*Business:* Business valuation, planning, payroll and other business-related issues;

*Education:* Education IRAs, financial aid, state savings and 529 plans, grants and general assistance in preparing to meet dependent's continuing educational needs through development of an education plan;

*Tax & Cash Flow:* Income tax and spending analysis and planning for past, current and future years. EWM will illustrate the impact of various investments on a client's current income tax and future tax liability;

*Death & Disability:* Cash needs at death, income needs of surviving dependents, estate planning and disability income analysis;

*Retirement:* Analysis of current strategies and investment plans to help the client achieve his or her retirement goals; and

*Investments:* Analysis of investment alternatives and their effect on a client's portfolio.

Ongoing question and answer sessions are done and , related documents supplied by the client are carefully reviewed with a written report prepared. Should a client choose to implement the recommendations contained in the plan, EWM suggests the client work closely with their attorney, accountant, insurance agent, and/or other professionals as appropriate and will assist as appropriate and requested by the client.

The length of time it will take to provide a financial plan will depend on each client's personal situation as well as the promptness with which the client provides all information necessary to prepare the plan. All fees are agreed upon in writing prior to entering into a contract with any client.

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## THIS IS YOURS

Portfolio weighting between funds and market sectors will be determined by each client's individual needs and circumstances. Clients will have the opportunity to place reasonable restrictions on the types of investments which

will be made on the client's behalf. However, EWM reserves the right to decline or terminate management within a client's account if it believes the restrictions imposed are not reasonable or otherwise inhibit the effective management of the client's assets.

EWM gathers information through in-depth personal interviews and documents submitted by the client. Information gathered includes a client's current financial status, future goals, attitudes towards risk, address and identity verification, among other things. Clients are encouraged to inform us promptly of any material change to their risk tolerance, financial circumstances, investment options available through their employer-sponsored retirement plan or other information provided so that we can evaluate whether current portfolios continue to be suitable to the client's needs and in their best interest.

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#### THIS IS HOW WE MANAGE

The Program investments and EWM 401k GPS are managed primarily by investment Policy Committee. Our other Advisory services are directed primarily by the Investment Advisor Representative leading your relationship with EWM. Services outside of The Program are reviewed and rebalanced at the account level or relationship level. As further described in Appendix 1 to form ADV Part 2A, participants in The Program are invested in models or model combinations based on stated risk tolerance and rebalancing of investments is done at the model level.

Advisor Managed Portfolios, due to client needs, or other factors, generally hold fewer investments than clients invested through the Fortunatus Separately Managed Account Services portfolios. From time to time these accounts are comprised of a position in a single security or instrument. Under certain circumstances, accounts may hold Advisor Managed positions within Program accounts.

EWM receives a portion of the fee clients pay for Program accounts. Additional information regarding fees are presented in Item 5. Aspects of costs for The Program are detailed in Form ADV Part 2A, Appendix 1, Wrap Fee Brochure. Advisory Services outside of The Program will incur costs related to trade execution and brokerage services in addition to fees and compensation outlined below.

EWM believes the enrollment in The Program relieves a certain amount of operational and administrative burden of the firm. Fees associated with The Program are allocated from the Administrative Fee (detailed in Item 5) that all EWM Clients pay. Clients not enrolled in The Program appear to carry a larger administrative fee burden than clients who are enrolled in The Program. Most EWM Clients are enrolled in The Program. The standardization of fees charged to all EWM clients mitigates the conflicts presented to the owners who are also Private Wealth Advisors of the firm and the non-owner Private Wealth Advisors. Private Wealth Advisors who are also beneficial owners of EWM Capital, LLC, would benefit from additional fees paid to Fortunatus through the Program and create an incentive to choose or promote The Program over other advisory services of Executive Wealth Management. This structure also eliminates the conflict to the non-owner Private Wealth Advisor as they are paid the same should they choose The Program or Advisor Managed services. Eliminating compensation conflicts.

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#### AMOUNT OF MANAGED ASSETS

As of 12/31/2019, we were actively managing \$948,537,000 of clients' assets on a discretionary basis. Assets managed on a nondiscretionary basis totaled \$ 17,590,000.

## ITEM 5 FEES AND COMPENSATION

### THIS IS HOW WE ARE COMPENSATED

The fee paid to EWM for advice and management of discretionary accounts under the Advisor Managed, Management within Retirement Plans, and Pension Consulting is broken down for clarity in two ways; Assets Under Management fees and Administrative fees. Both fee structures are outlined below. The annual asset-based management fee for advice will be charged as a percentage of assets under management, generally according to the following schedule:

Assets Under Management			Annual Fee (%)
First	\$0	- \$249,999	1.50%
On the next	\$250,000	- \$499,999	1.25%
On the next	\$500,000	- \$999,999	1.00%
On the next	\$1,000,000	- \$2,000,000	0.75%
On assets	over	- \$2,000,000	0.75%

In addition to the asset-based management fee, EWM clients are charged an annual administrative fee as set forth below. This administrative fee is charged for maintenance and supervision of client accounts, or, if enrolled in The Program, fees associated with Model Management. Administrative fees are subject to an Annual \$35 minimum fee, billed quarterly in advance.

Assets Under Management			Annual Fee (%)
First	\$0	- \$1,999,999	0.50%
On the next	\$2,000,000	- \$2,999,999	0.45%
On the next	\$3,000,000	- \$4,999,999	0.40%
On the next	\$5,000,000	- \$7,499,999	0.35%
On the next	\$7,500,000	- Above	0.30%

\*Subject to an annual \$35 minimum fee, billed quarterly

Certain assets held in the client's account are excluded from EWM's calculation of asset-based Management fees, such as non-publicly traded REITS and other commissionable products. In addition, Mutual fund C shares or A shares that transfer into EWM managed accounts are excluded from the calculation of Asset Based Management fees and



generally, if in line with our fiduciary duty to our clients, are sold or converted to institutional share classes and incorporated into Advisor Managed Accounts or The Program.

EWM groups certain related client accounts for the purposes of determining the annualized fee for advice and administrative fee. Accounts are grouped based on any or all of the following criteria: nuclear family, control persons and residency, among other considerations.

Certain family members and personal acquaintances of EWM's affiliated persons receive advisory services at a discounted rate which is not available to advisory clients generally. Certain existing clients had engaged EWM under previously applicable fee schedules, including a different administrative fee, which in cases is lower than or otherwise different from those disclosed above. These legacy fee schedules are no longer available to new clients.

Fees for The Program are detailed in ADV Part 2A: Appendix 1, Wrap Fee Brochure. Please reference this document for information around Program fees and what is and is not included in those fees.

Fees for the EWM 401(K) GPS service, which includes initial and ongoing recommendations as described in Section 4, range from 0-\$299.00 annually. There is no minimum fee.

Financial planning fees are charged as a fixed fee, typically ranging from \$250 to \$2,000 depending on the nature and complexity of the client's personal circumstances. At times a retainer is requested upon completion of EWM's fact-finding session with the client; however, advance payment will never exceed \$1,200.00 for work that will not be completed within six months. There is no minimum financial planning fee.

In certain circumstances, all fees can be negotiable.

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#### EWM FEE PAYMENT

Participants in Advisor Managed, Pension Consulting, and Management within Retirement Plan accounts will be directly debited for scheduled fees, in advance, at the beginning of each calendar quarter, as authorized. Fees will be drawn directly from instructed accounts available cash and, at times, assets will be sold to cover debits caused by fees. Fee calculations are based upon the value (market value or fair market value in the absence of market value) of the client's account at the end of the previous quarter. Accounts opened between billing cycles receive pro-rated fees for any partial quarter, charged during the next billing cycle. As such, the first billing cycle of a relationship, or account if opened after initial relationship inception, will include pro-rated fees, based on receipt of accounts, in addition to fees as contracted for the current billing cycle.

Relationships that do not have access to direct debit will be sent an invoice based on the same criteria at or around the same date as direct debits and given a reasonable time to remit payment. Fees are payable by check to Executive Wealth Management. Invoice for fees is not available to all clients and only utilized under firm approval on a case by case basis.

The Program is billed in generally the same way as described above. Please see Form ADV Part 2A: Appendix 1, Wrap Fee Brochure for more information how the process for Program fee billing as well as what is and is not included in that fee.

EWM 401(k) GPS Fees are charged annually or quarterly, in advance, depending on the contracted arrangement with the client.

Financial Planning Fees are due and payable upon presentation of the plan, by check, payable to Executive Wealth Management.

Executive Wealth Management does not accept cash payment for fees and at no time are fees over \$1,200.00 collected more than six months in advance.

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#### WHAT IS NOT COVERED BY YOUR EWM FEES

In addition to EWM's advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers. Such fees include, but are not limited to, any transaction charges, fees for duplicate statements and transaction confirmations, holding of non-standard assets, and fees for electronic data feeds and reports. As disclosed above, clients enrolled in the Fortunatus Separately Managed Account Services wrap fee program will generally not incur separate brokerage charges for transactions executed within The Program. Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information

Fees paid to EWM for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds, ETFs and ETNs to their shareholders. These types of pooled investment vehicles are investments commonly utilized by EWM in most account types including retirement plans. In the case of mutual funds, these fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses and, in some cases, a distribution fee. If the fund also imposes sales charges, a client, in some cases, pays an initial or deferred sales charge.

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#### HOW FEES ARE DEBITED

Accounts billed under the Assets Under Management and Administrative Fee process must pay fees in advance as disclosed above. Exceptions for accounts opened between billing cycles; receive pro-rated fees for any partial quarter charged at the next billing cycle.

A client agreement can be canceled at any time, by either party, for any reason upon written notice. Written terminations can be mailed to the investment advisor representative at their address of record or emailed to our Chief Operation Officer Michael J Lay at [mjay@ewmadvisors.com](mailto:mjay@ewmadvisors.com). Clients always have the right to terminate an agreement without penalty within five business days after entering into the agreement.

As disclosed above, most fees are paid in advance of services provided. Should written termination of an account be received prior to the end of the billing period, any prepaid, unearned fees will be refunded as promptly as administratively possible. In calculating a client's reimbursement of fees, EWM will pro rate the reimbursement according to the number of days remaining in the billing period.

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#### OTHER COMPENSATION

Certain Investment Advisor Representatives of EWM are licensed Insurance Agents and/or also Registered Representatives of an unrelated Broker Dealer as disclosed in ITEM 10. In these capacities, individuals will collect additional compensation in the form of sales charges, service fees and or asset-based sales charges.

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#### THIS IS A CONFLICT

The acceptance of additional compensation for products presents a conflict of interest as there is incentive to recommend insurance or Brokerage products based on the compensation received, rather than on client need. EWM works to address this conflict by ensuring first that financial goals and objectives of the client are agreed too and documented through the EWM Client Information and Risk Profile. Though discussion, financial plans are created, formal and informal, and discussed with the client. Brokerage or insurance products sold with additional charges are done on a non-discretionary basis only with full client awareness and consent. Products sold when individuals are

acting as Insurance Agents or Registered Representatives are supervised through the Member Broker Dealer for client suitability.

Any product or service generating additional fees or charges to clients are disclosed through the product disclosure documents or prospectus as appropriate. We also bring this conflict to your attention here.

Advisor recommendations to transfer outside held retirement accounts to the management of EWM also creates a conflict of interest. In a typical case, we will receive a fee from assets moved to EWM but will not earn a fee if the assets stay with the outside company within the plan. This repeats the additional compensation conflicts. We disclose that to you here and also provide you with our Qualified Plan Rollover document to review and sign with your Advisor to help you understand those conflicts and costs.

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#### YOU HAVE A CHOICE

Clients have the option to purchase investment products that are recommended by your Private Wealth Advisor, or in their separate capacity as Registered Representatives, through other brokers or agents that do not affiliate with Executive Wealth Management.

A client could also invest in a mutual fund directly, without the services of EWM. In that case, the client would not receive the services provided by EWM which are designed, among other things, to assist the client in determining which fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds or other investments and the fees charged by EWM to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

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#### SMALL PART

EWM does not generate more than 50% of revenue from advisory client commissions or other compensation for the sale of investment products. EWM does not adjust asset under management fees to offset commissions or markups charged. Assets under management fees and commissions or markups on brokerage or insurance products are charged separately.

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#### GENERAL INFORMATION AROUND FEES AND COMPENSATION

There is no minimum account size required for Advisor Managed Accounts, Pension Consulting, Financial Plan Preparation or Management within Retirement plans. The Program has a \$2,000.00 minimum initial investment/account size. More information on The Program can be found in Part 2A Appendix 1 of Form ADV: Wrap Fee Program Brochure.

Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisors for similar or lower fees.

### ITEM 6 PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

EWM does not charge performance-based fees to any client.

## ITEM 7 TYPES OF CLIENTS

### THIS IS YOU

EWM provides advisory services to individuals, high net worth individuals, pension and profit-sharing plans, retirement plan participants and sponsors, trusts, estates, charitable organizations, corporations and other businesses.

In order to open and maintain an account with EWM, data is gathered on our Client Information and Risk Profile. That information is utilized to satisfy certain regulatory requirements such as our necessity to prevent and detect money laundering activity, among other things. An Investment Advisory Agreement outlining our discretionary relationship and fees is also obtained.

We do not currently impose minimum account balance requirements for opening or maintaining an account with our firm. Accounts valued at less than \$7,000.00 will incur higher fees than what is indicated above due to the firm's \$35.00 minimum required administrative fee. Consequently, such smaller accounts are costly, and you may determine are impractical to maintain with the firm.

## ITEM 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

### METHODS OF ANALYSIS

Regardless of methods utilized, investing in securities involves the risk of loss, including the risk of complete loss of principal invested. We use the following methods of analysis in different situations when formulating our investment advice and/or managing client assets. Individual investment advisor representatives of EWM, Private Wealth Advisors, have the option to utilize some or all of these methods of analysis within portfolios:

#### FUNDAMENTAL ANALYSIS

We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it could be a good time to buy) or overpriced (indicating it could be a good time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock. Fundamental analysis places importance on the historical performance of a company which creates risk should that company not be able to continue or repeat that performance.

#### TECHNICAL ANALYSIS

We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investors behavior and potentially predict future price movement. Technical analysis employed by EWM includes trend following and relative strength analysis.

### *Trend Following*

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Trend following is a method of analysis that objectively determines whether portfolios should have exposure to a rising asset class or preserve capital during unfavorable market environments.

### *Relative Strength*

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This method of analysis seeks to objectively identify market strength in order to ensure that clients invest in the best performing segments while underweighting or avoiding the weaker segments.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that, regardless of market trends or relative strength measured, a poorly managed or financially unsound company will still underperform. Though technical analysis is mathematically driven, there is the risk that the trend proves fleeting leading to whipsaw risk. This is a change in a securities trend, triggering buy or sell action, followed quickly by another change in the opposite direction. It is impactful to account performance should our trends not trigger exit or re-entry.

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### **MUTUAL FUND AND/OR ETF ANALYSIS**

We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. We do not control the underlying investments in a fund or ETF. Managers of different funds held by the client, in some cases, hold the same security. This increases the risk to the client if that security were to fall in value. There is also a risk that a manager deviates from the stated investment mandate or strategy of the fund or ETF, which could make the fund or ETF less suitable of the client's portfolio.

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### **LEGACY HOLDINGS**

Investment advice is offered on any investments held by a client at the start of the advisory relationship. Depending on tax considerations and client sentiment, these investments will be integrated into the appropriate EWM strategy, held or sold. As with any investment decision, there is the risk that EWM's timing with respect to the sale and reinvestment of these assets will be less than ideal or even result in a short term or long-term loss to the client.

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### **OTHER INVESTMENT VEHICLES**

On rare occasions, and as appropriate, investment advice is also provided on investments in commodity pool fund of funds, limited partnerships and private placement partnerships (each a "Private Fund"). For private investments such as these, traditional fundamental, technical or other securities analysis is not possible when formulating recommendations. Instead, we rely on our due diligence process of the Private Funds and their investment managers in determining which funds to invest in on behalf of our clients.

The principal driver of portfolio selection is the relative skill set of the underlying fund managers in research, trading, risk management and organization building, with integrity of the individual(s) managing the Private Funds the paramount consideration. A primary source of information used to identify potential Private Funds for investment include personal references, qualitative reviews of fund's portfolio managers as described above, and review of the

Fund Offering Memorandum, Limited Partnership Agreement, Subscription Agreement, performance records and other documents.

It is our policy and practice to conduct initial due diligence with respect to the investment manager of any prospective Private Fund investment. EWM monitors selected investment managers on an initial and annual basis to determine and evaluate the portfolio management team's background, history, investment parameters, and the adequacy and effectiveness of the manager's operational and compliance controls and infrastructure, among other things. Annually this due diligence is repeated. EWM seeks to avoid investment in any Private Fund where we determine the manager of such fund has failed to adopt certain minimal operational and compliance controls and safeguards.

One of the primary risks of investing with a third-party fund manager based, in part, on successful past performance is that he/she may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a third-party manager's portfolio, there is also a risk that a manager deviates from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as we do not control the manager's daily business and compliance operations, it is possible for us to miss the absence of internal controls necessary to prevent fraud or other business, regulatory or reputational deficiencies.

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#### COMPUTER SOFTWARE

Through service offerings of EWM we use computerized financial planning software to organize data and create an analysis of the client's current and projected financial picture. In order to analyze security performance and risk, we use a variety of data supplied by third parties as well as percentile rankings of mutual fund managers' adjusted risk performance.

A risk of such computer programs is that projections and recommendations formulated from the program are generated from assumptions entered by the software's programmers, often based on how markets or securities have historically performed. However, markets and securities can and often do perform differently than they have in the past.

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#### RISKS FOR ALL FORMS OF ANALYSIS

Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data is incorrect, there is always a risk that our analysis be compromised by inaccurate or misleading information.

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#### INVESTMENT STRATEGIES

As appropriate, we use some or all of the following strategy(ies) in managing client accounts:

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#### ASSET ALLOCATION

The primary investment strategy used by EWM is based on diversification of the client's assets among a variety of investment vehicles and asset classes, popularly termed "Asset Allocation." The focus of EWM's recommendations is primarily to achieve a diversified portfolio of investment assets with risk and return characteristics like those desired by EWM's clients. The strategies include evaluation of the current percentage allocation of assets among or within various broad categories with recommendations, if appropriate, to reposition assets to work toward the client's desired results.

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## FORTUNATUS WRAP FEE PROGRAM AND PROTACTICAL™ INVESTING

As disclosed at Item 10 of this Brochure, we have engaged Fortunatus Investments, LLC (hereinafter “Fortunatus”) as a subadvisor to provide model investment portfolios for EWM clients enrolled in The Program. Fortunatus is a registered investment advisor affiliated with EWM through common ownership and control. EWM and Fortunatus share their principal place of business. Due to our affiliation and shared principal office, we are familiar with the background, experience and philosophy of Fortunatus’ Investment Committee members; the process by which the firm makes investment decisions; the firm’s risk management controls, evaluation processes, and the adequacy and effectiveness of the its operational and compliance controls and infrastructure. Fortunatus uses an approach to investment analysis and strategy that it refers to as ProTactical™. See the Form ADV Part II, Appendix 1 Wrap Fee Program for more information regarding model portfolio management and implementation.

A risk of ProTactical™ investing is that the Fortunatus Investment Committee’s assumptions regarding relative strength, trend analysis and the continued momentum of a particular asset class prove to be incorrect.

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## LONG-TERM PURCHASES

We purchase securities with the idea of holding them in the client's account for a year or longer. Typically, we employ this strategy when:

- we believe the securities to be currently undervalued; and/or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, short-term gains that could be realized are not. Moreover, if our predictions are incorrect, a security can decline sharply in value before we make the decision to sell.

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## SHORT-TERM PURCHASES

When utilizing this strategy, securities are purchased with the intention of selling them within a relatively short time (typically a year or less). We do this in attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

A short-term purchase strategy poses risks should the anticipated price swing not materialize; we are then left with the option of having a long-term investment in a security that was designed to be a short- term purchase, or potentially taking a loss. This strategy also involves more frequent trading than does a longer-term strategy and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

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## OPTIONS

Within advisor managed accounts the use of options including writing (selling) covered calls, writing cash-secured puts and, at times, uncovered options, spreads, and the purchase of options are utilized. Participation in options contracts involves a significant degree of risk that is not suitable for all investors. Prior to options participation, Investors wishing to participate in an options strategy with EWM will be provided the most recent Options Clearing Corporation booklet and amendments:

### **“Characteristics and Risks of Standardized Options”**

Options can be useful tools of risk management when utilized to hedge current positions. Options also pose genuinely unlimited potential for loss. Options are generally short-term investments and carry the risks associated with short-term investments. Individuals should not participate in options without awareness and acceptance of these risks and all risks presented in the booklet and all applicable updates.

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## MARGIN TRANSACTIONS

Margin is primarily utilized temporarily during trade overlap or as a cash flow solution and is not a standard part of EWM investment process. Active use of Margin in client accounts is done on a non-discretionary basis as requested by the client after appropriate custodial documentation is completed. For certain clients, and under their direction, we also purchase stocks for their portfolio with money borrowed from your brokerage account. This allows the purchase of more stock than you would be able to with your available cash. It also allows us to purchase stock without selling other holdings.

Margin transactions are not appropriate for all clients. Entering into margin transactions opens accounts to the risks of amplified losses, margin calls (investor required to inject cash into account to keep account compliant), forced liquidation of securities in the case that cash is not available for a margin call, involves a significant degree of risk, and interest rate risk. It is common that accounts have small margin balances during trade settlement periods. Any account that will enter into a Margin Balance beyond trade settlement will be done on a nondiscretionary basis only.

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## RISK OF LOSS

Regardless of methods or analysis, securities investments are not guaranteed, and you can lose money on your investments. We ask that you work with us to help us understand your risk tolerance. Any changes to your current situation or risk tolerance should be promptly reported to EWM.

## ITEM 9 DISCIPLINARY INFORMATION

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management. Neither our firm nor our management personnel have any reportable disciplinary events to disclose.

## ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

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### REGISTRATIONS

All management persons, most Private Wealth Advisors and certain employees of EWM are separately licensed as Registered Representatives of an unaffiliated broker dealer. EWM does not have any associated persons that are involved with the futures commission, commodity pool operators, commodity trading advisors or are associated persons of those entities.

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### OTHER ACTIVITIES



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## BROKER-DEALER

Certain associated persons of EWM are separately registered as representatives of Private Client Services, LLC (hereinafter "PCS"), a FINRA-member broker-dealer unaffiliated with EWM. If the services of a Broker Dealer are requested by the client, EWM will recommend the use of PCS, as appropriate, for implementation of recommendations involving securities transactions provided that this recommendation is consistent with EWM's fiduciary duty to the client.

As Registered Representatives with Private Client Services, LLC Member FINRA/SIPC, these individuals are able to effect securities transactions, interests in limited partnerships, real estate investment trusts (REITs), and other securities, for which they will receive separate, yet customary compensation.

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## OTHER INVESTMENT ADVISOR OR FINANCIAL PLANNER

EWM is related through common ownership and control to Fortunatus Investments, LLC, a registered investment advisor. As disclosed at Item 8 of this Brochure, EWM has entered into an agreement with Fortunatus to compensate that firm for providing model portfolios which are utilized by EWM in the management of Fortunatus Separately Managed Account Services accounts. Officers of EWM are the primary members of the Fortunatus Investment Policy Committee. This committee determines the aspects and actions of Fortunatus Model Portfolios.

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## ACCOUNTANT OR ACCOUNTING FIRM:

EWM is related through common ownership and control to EWM Tax Solutions, LLC (hereinafter "EWMTS"). This entity prepares and files federal income tax returns, and applicable tax returns for the state and local taxing authorities in which individuals declare residency. Certain EWM officers, Private Wealth Advisors and employees act in a separate capacity for this entity. Use of EWMTS requires separate engagement with this company. Fee is based on the complexity of the return.

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## INSURANCE COMPANY OR AGENCY

Certain officers of EWM are also officers of Executive Financial Planning, Inc. (hereinafter "EFP"), a licensed insurance agency related to EWM through common ownership and control. Certain officers and associated persons of EWM are also insurance agents or brokers for one or more insurance companies that are not affiliated with EWM. Acting as a licensed agent allows these individuals to offer insurance products and services such as long term care insurance, annuities, life insurance and, on occasion, health insurance. When acting as insurance agents, these individuals will receive customary compensation at the time of sale and/or ongoing for each of these products or services.

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## ALSO, IMPORTANT

While the officers, directors and other associated persons of EWM endeavor at all times to put the interests of the clients first as part of EWM's fiduciary duty, clients should be aware that the receipt of additional compensation for outside, related activities itself creates an inherent conflict of interest, which affect the judgment of these individuals when making recommendations. There is incentive to recommend insurance or brokerage products based on the compensation received, rather than on client need.

Clients are under no obligation to engage these entities when considering implementation of tax services, brokerage or insurance recommendations. The implementation of any or all services or recommendations through these entities lies solely at the discretion of the client. No affiliated person of EWM receives commission or other transaction-based compensation in connection with trades placed in any account managed by EWM on a discretionary basis. Although these products are included on a client's relationship summary, when requested it for consolidated reporting

purposes, no advisory or administrative fees are charged by EWM for these products. Clients should understand that if they elect to have investment recommendations implemented through PCS and an associated person of EWM through his/her separate capacity as a registered representative of PCS, lower commissions or better execution could be achieved, for certain types of securities, elsewhere.

The arrangement between EWM and Fortunatus creates additional conflicts in that EWM's officers, who are also Private Wealth Advisors, with an indirect ownership interest in Fortunatus have incentive to enroll their client accounts in the Program rather than another platform or to separately manage the account because revenue received from Fortunatus will inure to the benefit of those officers.

EWM seeks to address these conflicts of interest in the following ways:

- We have adopted Code of Ethics provisions reminding all supervised persons of their fiduciary obligations to EWM clients (refer to Item 11 of this Brochure). Specifically, their obligations around account type choice and additional compensation;
- Payment of fees to Fortunatus to participate in The Program are structured internally to reduce officer conflict of interest and are limited to reasonable compensation. This information is expanded on above in Item 4 of this brochure;
- We clearly disclose the existence of our financial industry activities and affiliations and the resulting conflicts here in our Disclosure Brochure to existing and prospective clients. This allows clients and prospective clients to assess the inherent conflicts of interest and make a fully informed investment decision; and
- The individual outside business activities of EWM Investment Advisor Representatives are provided via form ADV Part 2B – Brochure Supplement. We encourage you to review these documents prior to relationship inception and periodically thereafter to assess whether conflicts have changed.

## ITEM 11 CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

### CODE OF ETHICS

Our firm has adopted a Code of Ethics, which sets forth the high ethical standards of conduct we require of our officers, directors and otherwise associated persons. EWM and our personnel owe a duty of loyalty, fairness and good faith towards our clients. All associated persons of EWM are required to comply with applicable federal and state securities law. Persons have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, confidentiality of client information, gifts, enforcement and recordkeeping provisions.

EWM's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to Kyrstin Ritsema, Chief Compliance Officer, at [kritsema@ewmadvisors.com](mailto:kritsema@ewmadvisors.com), or by calling us at 810-229-6446. No principal or otherwise associated person of our firm is permitted to put his or her own interest above the interest of an advisory client.

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#### MATERIAL INTEREST

EWM nor any associated persons, act in a principal capacity, recommend investments where individuals or officers are acting as general partner or act as investment advisor to any recommended funds or investment companies.

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#### PERSONAL TRADING

Officers and associated persons of EWM are permitted to invest personally in securities that are the same or different than those we recommend to clients. This creates times that related persons have material financial interest in positions traded within models or that EWM recommends to clients. This creates a conflict of interest. Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and/or individuals associated with our firm are permitted to buy or sell for their personal account's securities identical to or different from those recommended to our clients. Associated persons may engage in transactions that are the same as or different than transactions recommended to or made for your account. Often, related person(s) also have an interest or position in a certain security(ies) which are also recommended to a client.

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#### TRADING POLICY

It is the expressed policy of our firm that no person employed by us can purchase or sell any security immediately pre or post (as applicable) a transaction(s) being implemented for a discretionary advisory account. This prevents such employee(s) from benefiting from transactions placed on behalf of advisory accounts. Trades occurring across multiple accounts under the discretion of the same Private Wealth Advisor will be entered as a blocked trade with average pricing. The associated person may participate in these blocks to reduce possible conflicts. Should these policies not be adhered too, associated persons will be subject to the EWM disciplinary policy and trades being cancelled in their personal accounts.

Associated persons and officers of EWM maintain personal accounts invested within The Program Fortunatus model portfolios. Trades within the models are executed in a block fashion with average pricing. Associated person accounts will be treated identically to client accounts during those trading occurrences. To address any conflicts in the case of partial execution, client accounts will be given priority for allocation over associated person or otherwise related accounts.

These situations present actual or potential conflicts of interest to our clients. In addition to items summarized above in Item 11, we have established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

-EWM delivers the Code of Ethics annually to all associated persons and requires a written acknowledgement of receipt;

-Associated persons of EWM are required to report any possible or actual violations to the Code of Ethics. No person who submits a concern made in good faith will experience retaliation, harassment or unfavorable or adverse employment consequences; and

-Any individual who violates the Code of Ethics will be subject to disciplinary action up to and including termination.

As disclosed at Item 10 of this Brochure, related persons of our firm are separately registered as securities representatives of a broker-dealer, investment advisor representatives of another registered investment advisor, and/or licensed as an insurance agent/broker of various insurance companies. Please refer to the preceding section for a detailed explanation of these relationships and important conflict of interest disclosures.

## ITEM 12      BROKERAGE PRACTICES

### CUSTODIAL AND TRADE RELATIONSHIPS

EWM has evaluated and recommend several broker-dealers/custodians, all members FINRA/SIPC, and Bond providers. We believe that establishing accounts at custodians recommended can provide our clients with a blend of execution services, compensation arrangements, commission costs (as applicable), client facing technology, custody, business continuity, accuracy and professionalism that will assist EWM in meeting its fiduciary obligations to clients.

### SOFT DOLLAR BENEFITS

EWM does not participate in any soft dollar arrangements with reviewed providers. Certain benefits provided to EWM from these custodians may not directly benefit you or your account. A conflict arises in the case where our recommendation of these custodians is not unbiased due to these benefits received. EWM mitigates this conflict with ongoing due diligence, best execution reviews and comparative analysis with other custodians and platforms.

### REFERRALS

EWM participates in a custodial referral program that requires referred clients to maintain their custodial relationships with the referee. This creates a conflict of interest. The firm would have incentive to select or recommend this custodial broker-dealer based on firm interest in receiving client referrals, rather than our client's interest in receiving most favorable execution. EWM mitigates this risk by evaluating the referral custodian for brokerage and execution quality against competitors to confirm these are in line with industry standards.

EWM does not direct client transactions on a trade by trade basis in return for client referrals. Rather, as participants in the referral program, EWM benefits from client referrals that may, or may not, be related to assets under management at this custodian, among other things. EWM tracks these referred clients and regularly communicates with the referring custodian to evaluate this program and its continued benefits to the clients referred.

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## DIRECTED BROKERAGE

For discretionary relationships EWM requests clients direct the use of custodians we recommend to them, as appropriate, for custody and brokerage services related to the client's account. Clients must direct regarding which broker dealer to use for trades placed in the client's account. This direction is provided by the client on the signed Investment Advisory Agreement executed at time of relationship inception. Not all advisors require or request their clients to direct brokerage.

EWM is independently owned and operated and is not affiliated with any custodians it recommends for directed brokerage relationships. Please refer to information above regarding client referral arrangements through certain of these custodians.

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## TD AMERITRADE

Clients should note that EWM participates in TD Ameritrade's Institutional customer program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. (hereinafter "TD Ameritrade") member FINRA/SIPC. There is no employee or agency relationship between EWM and TD Ameritrade. TD Ameritrade offers to independently registered investment advisor services which include custody of securities, trade execution, and clearance and settlement of transactions. There is no direct link between EWM's participation in the program and the investment advice it gives to its clients, although EWM receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors.

These benefits include the following products and services provided without cost to EWM: duplicate client statements and confirmations; research related products and tools; consulting services; access to a dedicated trading desk serving advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain Institutional money managers; discounts on compliance, marketing, research, technology, and practice management products or services provided by third party vendors, and; low-cost or no cost business consulting, coaching and development services provided to EWM by third party vendors referred to EWM by TD Ameritrade, among other benefits.

TD Ameritrade pays for or reimburses expenses (including travel, lodging, meals and entertainment expenses) for our personnel to attend conferences or meetings relating to the program or to TD Ameritrade's advisor custody and brokerage services. Some of the products and services made available by TD Ameritrade through the program do benefit EWM but don't directly benefit its client accounts. Other services made available by TD Ameritrade are intended to help EWM manage and further develop its business enterprise. The benefits received by EWM or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. Clients should be aware, however, that the receipt of economic benefits by EWM or its related persons in and of itself creates a conflict of interest and can indirectly influence our recommendation of TD Ameritrade for custody and brokerage services. (Please see Item 14 of this Brochure for additional disclosure regarding EWM's participation in TD Ameritrade's AdvisorDirect Program).

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## NATIONAL FINANCIAL SERVICES/FIDELITY

EWM clients also maintain certain accounts at National Financial Services, LLC (hereinafter "NFS"), an affiliate of Fidelity Brokerage Services, LLC (hereinafter "Fidelity"), an unaffiliated SEC registered and FINRA member broker dealer. There is no employee or agency relationship between EWM and NFS or Fidelity. EWM receives certain benefits from Fidelity by participating in Fidelity's platform services offered to independent investment advisor. As

part of these services, EWM receives benefits that it would not receive if it did not offer investment advice to clients. These benefits include, among other things, brokerage, custodial, administrative support, record keeping and related services that are intended to support intermediaries like EWM in conducting business and in serving the best interests of our clients.

Fidelity charges brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Fidelity enables EWM to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Fidelity's commission rates are generally considered discounted from customary retail commission rates. The commissions and transaction fees charged by Fidelity may, or may not, be higher or lower than those charged by other custodians and broker-dealers.

As part of the platform services arrangement, Fidelity makes available to our firm, at no additional charge to us, certain research and brokerage services, including research services obtained by Fidelity directly from independent research companies, as selected by EWM (within specified parameters). Without this arrangement, we might be compelled to purchase the same or similar services at our own expense.

As a result of receiving such services for no additional cost, we have an incentive to continue to use or expand the use of Fidelity's services. We examined this conflict of interest when we chose to enter into the relationship with Fidelity and have determined that the relationship is in the best interests of EWM's clients and satisfies our client obligations, including our duty to seek best execution. A client at times will pay a commission that is higher than another qualified broker-dealer charges to affect the same transaction where we determine in good faith that the commission is reasonable in relation to the value of the brokerage and research services received.

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## FIXED INCOME

For transactions in certain fixed income securities such as bonds, EWM generally requests that the client provide a separate verbal direction to execute such trades at one of two bond providers EWM has researched and recommends; the Bond Center at Advisors Asset Management, Inc (AAM) and/or Income Solution Partners. No person affiliated with EWM will receive transaction-based compensation on any fixed income trade placed through these bond centers. Bond centers provide EWM tracking of previously sold positions, rates, maturity and data on current inventory not generally available to the public. Though recommendation of bond centers vs. custodian execution is based on inventory availability to client need, EWM does receive these benefits which create incentive to use a bond center over executing fixed income needs based solely on custodial inventory. At times this leads to clients paying a higher premium for the positions received via a bond center vs. a custodian. EWM feels the services provided by the bond centers inure the possibility of higher premiums to be fair, reasonable, and in the best interest of the client.

EWM reserves the right to decline acceptance of any client account custodied at a firm that we believe the client's choice would hinder our ability to service the account. In directing the use of any particular broker dealer, it should be understood that EWM will not have authority to negotiate commissions on a trade-by-trade basis or to necessarily obtain volume discounts, and best execution may not be achieved. From time to time a disparity in commission charges exist between the commissions charged to the client and those charged to other clients (who direct the use of a different broker dealer). When these situations occur, it results in higher costs to the client than would otherwise be obtained if we were free to select the broker dealer on a trade-by- trade basis. Clients should note, while EWM has a reasonable belief that recommended custodians are able to obtain competitive execution prices, EWM will abide by the client's brokerage instructions and will not independently seek best execution price capability through other broker dealers on a trade-by- trade basis.

EWM has evaluated and adopted this practice based on certain custodial abilities around trade allocation, execution, and technology capability. Though EWM does not require clients to direct brokerage, our determination is that the recommended custodians offer the most complete and seamless experience EWM is seeking to offer. By directing brokerage, EWM will not seek out better execution capability for client transactions and this practice may cost clients more money.

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## ORDER AGGREGATION

The policy of EWM is to block trades as often as administratively possible. Financial Planning and EWM 401(K) GPS, due to the nature of the services and client needs, do not include the implementation of investment recommendations. Therefore, we do not block trades, negotiate commissions with broker dealers, or seek to obtain volume discounts or the best price in the execution of trades for any Financial Planning Services or EWM 401(K) GPS client. Implementation of these recommendations are entirely at the client's discretion.

Typically, for Portfolio Management within Retirement Plans, plan sponsors will select the account custodian and broker dealer through which trades placed in plans must be executed. Most of the securities available within accounts are mutual funds that trade at one price at the end of each day. Trades executed through Portfolio Management within Retirement Plans are not blocked and any procedures are in place to ensure that single trades are done without favor or bias.

As of January 1, 2020, EWM has contracted the services of GeoWealth Management, LLC (hereinafter "GeoWealth") as subadvisor to EWM. GeoWealth is a registered investment advisor with the securities and exchange commission offering trade, model implementation and other back office capabilities to EWM. Trade needs and program enrollment requests are sent to GeoWealth for aggregation, block execution and allocation to client accounts. Prior to January 1, 2020, block trading was done primarily through the services of Atria Investments or custodial provided platforms. EWM still utilizes custodial provided platforms for certain block trade types not available through GeoWealth, including, but not limited to, options.

From time to time, clients will request trades in their individual accounts that do not correspond to trades being instituted within a block. These will be executed independently. Client directed trades and accounts with trade restrictions, from time to time, will not be eligible for block trading. Clients should note that positions excluded or otherwise ineligible from blocked trades undergo different execution which can result in more or less favorable terms for the transaction. A disparity will exist from time to time between the price paid or received by the client and/or the commission charged to the client and the price paid or received and/or commissions charged to other clients participating in an aggregated trade. Less favorable execution would result in block-excluded or ineligible trades being more costly to the investor.

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## TRADE ERROR POLICY

While EWM endeavors at all times to enter trades correctly, errors will sometimes occur. It is EWM's policy and practice to identify and correct trade errors promptly without disadvantaging the client and placing the client in the same position they would have been in had the trade been executed correctly. Should EWM discover a trade error attributable to the action or inaction of EWM or its staff, it is the firm's policy to correct the error so as to place the client in as good a position as he/she would have been in had the error not occurred. If a trade error results in a profit, the gains will be donated to a 501(c)(3) charity of EWM's choosing.

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## FORTUNATUS SEPARATELY MANAGED ACCOUNT SERVICES

Please refer to EWM's *Form ADV, Part 2A, Appendix 1: Fortunatus Separately Managed Account Services* for information regarding the firm's brokerage practices with regard to accounts enrolled in the Program.

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### ITEM 13 REVIEW OF ACCOUNTS

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#### REVIEW OF ACCOUNTS

Generally, with the exception noted below, clients meet with their lead Private Wealth Advisor annually to review their accounts, risk tolerance, objectives, financial plan and progress toward goals. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. Updates and recommendations will be made at this time and as needed between appointments. These meetings can be in person, conference call or webinar as requested by the client.

Accounts of Financial Planning Services clients are reviewed as contracted for at the inception of the advisory relationship. Financial Planning clients will receive a completed financial plan in a format acceptable to the client directed toward their stated goals, objectives and risk tolerance. Additional or ongoing reports and/or advice will not typically be provided unless otherwise contracted for at the inception of the advisory relationship. As stated, recommendations provided within a financial plan are fully at the client's discretion to implement.

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#### WHAT TRIGGERS A REVIEW

More frequent reviews are triggered by request, material changes in variables such as the client's individual circumstances, or the market, political or economic environment. Though clients can update profile data at any time in the EWM 401(K) GPS interface, it is a system requirement that they review and update their risk and provided data every 3 years.

We request that clients promptly notify us of any material change to risk tolerance, financial circumstances, investment options offered within the employer-sponsored plan or other information so that we may ensure that our recommendations continue to be in the best interest of the client's needs.

As appropriate and as applicable, EWM will periodically conduct the following reviews of certain, but not necessarily all, Managed Accounts:

- Vulnerable Client reviews;
- Updated risk data;
- Concentrated positions; and/or
- Margin reviews.

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#### CLIENT REPORTS

Qualified custodians send trade confirmations and account statements not less than quarterly. These are delivered by US Mail or electronically as elected by the client. It is important that's review these statements for accuracy.



EWM offers written quarterly or annual reports summarizing account performance, balances and holdings. These are provided by request. These summary reports are not official statements of your accounts. In order to ensure that all account transactions, holdings and values are correct and current, EWM urges clients to compare our firm's account summaries with those statements you receive directly from your qualified independent custodian. Contact EWM directly with any questions or discrepancies.

Dependent on client relationship with their Private Wealth Advisor, clients enrolled in EWM 401(k) GPS will be sent allocation recommendations via email up to quarterly, but not less than annually. Should a discretionary relationship exist with EWM that includes the trading of these accounts by your lead EWM Private Wealth Advisor, these reports go directly to them and the client will not receive them. At times, there will be no changes recommended from the current allocation. All correspondence and use of the service is done electronically. Recommendations provided by EWM 401(K) GPS are fully at the client's discretion to implement unless a discretionary relationship has been entered into contractually with EWM.

## ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION

### INDUSTRY BENEFITS

As disclosed at Item 12 of this Brochure, EWM receives certain economic benefits through its participation in TD Ameritrade's Institutional customer program. We also participate in Fidelity's platform services offered to independent investment advisors by Fidelity. As part of these services, EWM receives benefits that it would not receive if it did not offer investment advice to clients. Please refer to Item 12 of this Brochure for complete details regarding these arrangements and the conflicts of interest that arise as a result.

EWM invites experts to speak about relevant economic topics at client facing events. These speakers are often sponsored by fund companies and made available to EWM at no or reduced cost. These companies may also attend and sponsor certain client facing events. Generally, EWM has significant client assets invested in the companies that participate in these events. This creates a conflict of interest. EWM could feel obligated to utilize these fund companies due to their contributions, monetary or otherwise, over other fund companies. EWM addresses this conflict by ensuring event sponsors are clearly defined in all event invitations, and funds are selected on the analysis of the fund and not participation in events.

These benefits are only available to EWM because of the investment advice and advisory services we provide our clients. While we endeavor at all times to put the interest of our clients first as part of our fiduciary duty, the possibility of receiving incentive awards creates a conflict of interest and has the potential to affect the judgment of these individuals when making recommendations.

### SOLICITORS

EWM receives client referrals from TD Ameritrade through its participation in TD Ameritrade AdvisorDirect Program. TD Ameritrade has established AdvisorDirect as a means of referring its brokerage customers, and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisors. In addition to meeting the minimum eligibility criteria for participation in AdvisorDirect, EWM has been selected to participate in AdvisorDirect based on the amount and profitability to TD Ameritrade of the assets in, and trades placed for, client accounts maintained with TD Ameritrade. TD Ameritrade is a discount broker-dealer independent of and unaffiliated with EWM and there is no employee or agency relationship between them.

EWM pays TD Ameritrade an on-going fee for each successful client referral. This fee is usually a percentage (not to exceed 25bps of the total account value that the referred client has set up with EWM ("Solicitation Fee"). Historically, the fee was a percentage of the advisory fee (not to exceed 25%) and certain grandfathered accounts are still under that relationship. EWM will also pay TD Ameritrade the Solicitation Fee on any advisory fees or accounts received by EWM from any of a referred client's family members, including a spouse, child or any other immediate family member who resides with the referred client and hired EWM on the recommendation of such referred client. The determination of the fee is based on the originally referred client's relationship. EWM will not charge clients referred through AdvisorDirect any fees or costs higher than its standard fee schedule offered to its clients or otherwise pass Solicitation Fees paid to TD Ameritrade to its clients. For information regarding additional or other fees paid directly or indirectly to TD Ameritrade, please refer to the TD Ameritrade AdvisorDirect Disclosure and Acknowledgement Form.

Clients should note that EWM's participation in AdvisorDirect raises conflicts of interest that do not necessarily arise in the context of other third-party referral arrangements. TD Ameritrade will refer clients through AdvisorDirect only to investment advisors that retain those assets at TD Ameritrade and whose client accounts are profitable to TD Ameritrade. Consequently, in order to obtain client referrals from TD Ameritrade, EWM has an incentive to recommend to clients that the assets under management by EWM be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. In addition, EWM has agreed not to solicit clients referred to it through AdvisorDirect to transfer their accounts from TD Ameritrade or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. EWM's participation in AdvisorDirect does not diminish its duty to seek best execution of trades for client accounts.

From time to time, we compensate, either directly or indirectly, third parties, whether natural persons or a company, for client referrals. These individuals are Solicitors for EWM. We are aware of the special considerations promulgated under Section 206(4)-3 of the Investment Advisors Act of 1940 and similar state regulations. As such, appropriate disclosure shall be made, all written instruments will be maintained by EWM and all applicable Federal and/or State laws will be observed. The fee paid to a solicitor by us will be specified in a separate disclosure document provided to the client. Payment of referral fees for prospective client referrals creates a conflict of interest to the extent that such a referral is not unbiased. The solicitor is, at least partially, motivated by financial gain. Therefore, it is possible that such a referral may be made even if our advisory services are not the most suitable to a particular client's needs or when entering into an advisory relationship with us is not, overall, in the best interest of the client. EWM is under no obligation to accept the referred client. As these situations present a conflict of interest, we have established the following restrictions in order to ensure our fiduciary responsibilities:

All such referral fees are paid in accordance with the requirements of Rule 206(4)-3 of the Investment Advisors Act of 1940, and any corresponding state securities law requirements;

- Referrals received that EWM feels will not benefit from our services will be declined;
- Any such referral fee will be paid solely from our advisory fee, and will not result in any additional charge to the client; and
- All referred clients are required to sign a Solicitors Disclosure Document that fully discloses the solicitor's relationship with our firm and acknowledges the receipt of our Firm Brochure and other appropriate disclosures.

Several EWM investment advisor representatives, who are also registered representatives of Private Client Services, LLC, are contracted through EWM to participate in a networking agreement with a certain bank to offer non-deposit

investment vehicles and investment advice on the premises of the bank. EWM pays rent to these banks and credit unions for the space utilized by these representatives within their buildings. As appropriate, these banks will refer clients to EWM.

Clients referred to EWM through these arrangements are not charged higher fees than other EWM clients not referred by a third party. These arrangements create certain conflicts of interest as the advisors contracted within the networking agreement have incentive to spend a disproportionate percentage of their time on the premises of these financial institutions, or in servicing clients referred by these financial institutions in order to generate additional referrals. EWM seeks to mitigate this conflict through the Private Wealth Advisors acceptance of the EWM Code of Ethics, and ongoing review and monitoring of bank and non-bank clients of the Private Wealth Advisor. EWM closely follows the guidance and requirements set forth by the INTERAGENCY STATEMENT ON RETAIL SALES OF NONDEPOSIT INVESTMENT PRODUCTS dated February 15, 1994, and the letter dated November 24, 1993 from the Securities and Exchange Commission to Chubb Securities Corporation.

## ITEM 15 CUSTODY

### WHAT IS CUSTODY

Custody is defined by regulators as having access or control over client funds and/or securities and is not limited to physically holding those funds or securities. Under regulatory interpretation of Rule 206(4) - 2, EWM is deemed to have custody of client assets under the following circumstances:

- EWM has the ability to deduct client fees directly from custodial accounts and receive fees as payment;
- Certain clients granting EWM standing authority to direct the transfer assets from custodial accounts to unrelated third parties;
- Client provision of log-in information for outside held retirement accounts through EWM 401(k) GPS in order for EWM to manage and trade the investments on behalf of the client;
- The occasional receipt of stock certificates for processing into the clients custodial account; and
- The occasional receipt of third-party checks for processing into the clients custodial account.

As disclosed at item 5 of this brochure, we directly debit our fees from client accounts as authorized. Under applicable regulatory interpretations, because of this authority, we are deemed to have constructive custody of client assets. As part of this billing process, the client's custodian is advised of the amount of our fee. The custodian then debits from the client's account. EWM aggregates the Asset Management Fee and Administrative fee indicated in Item 5 into one fee reported to the custodian. On no less than a quarterly basis, the custodian will send a statement to the client that shows all transactions in the account during the reporting period. As the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of this calculation, among other things. Clients should contact us directly if they believe that there has been an error in the calculation of their fee, or any other information provided in their statement.

EWM accepts custody of certain client assets as a party to standing letters of authorization (SLOA). EWM accepts the client granted authority to disburse money, by request, to a third party pursuant to a SLOA signed by the client and filed with the account custodian. EWM does not receive an annual surprise exam in relation to this custody as we maintain records regarding third party recipients and have worked with our unaffiliated custodians to comply with stated SEC guidelines. Clients receive confirmation of asset transfers directly from the account custodian and account statements not less quarterly.

EWM 401(k) GPS services allow for the client to choose discretionary or non-discretionary participation. Discretionary participants provide EWM with certain sensitive account information such as username and password for employer sponsored retirement plans. Because these sites are intended for the use of the account beneficiary, and not a third party, they often allow for the ability to make changes to beneficiary contact information, make distribution requests and other administrative functions generally reserved for the account owner/beneficiary. These capabilities, among others, qualify these accounts as having custody and an independent annual surprise exam is required in relation to the custody, we take on these outside held accounts.

EWM encourages all clients to send stock certificates and/or checks for deposit directly to the desired custodian for processing into the client account. Third party checks are often sent to EWM branch locations for deposit into custodial accounts. On an occasional basis, stock certificates are sent to EWM Branch offices for deposit into custodial accounts. In an effort to better service our clients and streamline their deposit process, EWM claims custody of these checks and certificates as reported in our ADV. An independent annual surprise exam is required in relation to the custody we take when in possession of the checks and certificates.

## ITEM 16 INVESTMENT DISCRETION

### DISCRETIONARY ASSET MANAGEMENT

Clients primarily engage us to provide discretionary asset management services. In which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission. Under these circumstances, our discretionary authority includes the ability to do the following without contacting the client:

- Determine the security to buy or sell; and/or
- Determine when to buy or sell a security; and/or
- Determine the amount of the security to buy or sell.

Clients give EWM discretionary authority when they sign the EWM Investment Advisory Agreement. Clients also provide this authority to the directed custodian via the custodial account agreement or limited power of attorney. Clients are permitted to limit this authority by giving us written instructions. Client's limitations include, but are not limited to, prohibition on the purchase or sale of certain securities, among other things. Clients are able to change/amend such limitations by once again providing us with written or verbal instructions.

Financial Planning does not include the direct management of a client's account and the firm does not accept investment discretion for these client arrangements.

Legacy clients that have not granted EWM discretionary authority are advised that trades in their accounts are, in some instances, executed subsequent to trades placed in discretionary accounts for the same security due to the time involved in obtaining the requisite client approval. In some cases, trades for non-discretionary clients, out of necessity, are placed on a different day than clients granting discretion authority. Consequently, non-discretionary clients are generally excluded from blocked trades and there could be a difference in the price paid per share of a given security and, if applicable, the commission rates or mark-up/down paid by these clients as compared to other clients. EWM currently offers asset management services on a discretionary basis only.

Clients interested in or enrolled in the Fortunatus Separately Managed Account Services Program should refer to that program's Form ADV, Part 2A, Appendix 1 disclosure document for additional information.

#### ITEM 17 VOTING CLIENT SECURITIES

As a matter of firm policy, EWM does not vote proxies on behalf of clients. Therefore, although our firm provides investment advisory and asset management services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

We provide clients with consulting assistance regarding proxy issues only if they contact us with questions at our principal place of business.

#### ITEM 18 FINANCIAL INFORMATION

This item is not applicable to this brochure. 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. EWM does not have any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. EWM has not been the subject of a bankruptcy petition at any time during the past ten years or prior.