

**Item 1 – Cover Page**

**CTM Financial, LLC**

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March 13, 2020

This Brochure provides information about the qualifications and business practices of CTM Financial, LLC (hereinafter “CTM”). If you have any questions about the contents of this Brochure, please contact us at (865) 777-2325. 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.

CTM is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about CTM also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for CTM is 147290.

## Item 2 – Material Changes

This Item of the Brochure will discuss only specific material changes that are made to the Brochure since the last annual update and provide clients with a summary of such changes.

We made the following change to our Brochure:

- All references to BAM Advisor Services, LLC (“BAM”) have been updated to the entity’s new name, Buckingham Strategic Partners, LLC.

Please note that we have updated the Assets Under Management information of Item 4 in accordance with the filing of our Annual Updating Amendment on March 13, 2020.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Patricia Conry Taylor, Managing Member and Chief Compliance Officer, at 865-777-2325.

(Brochure Date: March 13, 2020)

(Date of Most Recent Annual Updating Amendment: March 13, 2020)

### Item 3 -Table of Contents

Item 1 – Cover Page.....	i
Item 2 – Material Changes .....	ii
Item 3 -Table of Contents.....	iii
Item 4 – Advisory Business .....	1
Item 5 – Fees and Compensation .....	4
Item 6 – Performance-Based Fees and Side-By-Side Management.....	6
Item 7 – Types of Clients .....	6
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss .....	7
Item 9 – Disciplinary Information .....	9
Item 10 – Other Financial Industry Activities and Affiliations.....	9
Item 11 – Code of Ethics.....	10
Item 12 – Brokerage Practices.....	11
Item 13 – Review of Accounts .....	13
Item 14 – Client Referrals and Other Compensation .....	14
Item 15 – Custody .....	15
Item 16 – Investment Discretion .....	15
Item 17 – Voting <i>Client</i> Securities.....	15
Item 18 – Financial Information.....	16
Brochure Supplement(s) (Provided to clients)	

## **Item 4 – Advisory Business**

CTM is owned by two individual Members, Patricia Conry Taylor and Jaime A. Conry. CTM has been providing advisory services since 2008.

As of December 31, 2019, CTM managed \$163,236,849 on a discretionary basis and \$7,876,120 on a nondiscretionary basis.

### **Investment Management Services:**

CTM manages investment portfolios for individuals, qualified retirement plans, trusts, charitable organizations, corporations and small businesses. CTM will work with a client to determine the client's investment objectives and investor risk profile and will design a written investment policy statement. CTM uses investment and portfolio allocation software to evaluate alternative portfolio designs. CTM evaluates the client's existing investments with respect to the client's investment policy statement. CTM works with new clients to develop a plan to transition from the client's existing portfolio to the desired portfolio. CTM will then continuously monitor the client's portfolio holdings and the overall asset allocation strategy and hold review meetings with the client regarding the account as necessary.

CTM will typically create a portfolio of no-load mutual funds, and may use model portfolios if the models match the client's investment policy. CTM will allocate the client's assets among various investments taking into consideration the overall management style selected by the client. CTM primarily recommends portfolios consisting of passively managed asset class and index mutual funds. CTM primarily recommends mutual funds offered by Dimensional Fund Advisors (DFA) and Vanguard. DFA sponsored mutual funds follow a passive asset class investment philosophy with low holdings turnover. Client portfolios may also include some individual equity securities in situations where disposition of these securities would present an overriding tax implication or the client specifically requests they be retained for a personal reason. These situations will be specifically identified in the client's Investment Policy Statement (IPS).

CTM manages mutual fund and equity portfolios on a discretionary basis according to the investment policy selected by the client.

A client may impose any reasonable restrictions on CTM's discretionary authority, including restrictions on the types of securities in which CTM may invest client's assets and on specific securities, which the client may believe to be appropriate.

CTM may also recommend fixed income portfolios to investment management clients, which consist of managed accounts of individual bonds. CTM will request discretionary authority from investment management clients to manage fixed income portfolios, including the discretion to retain a third party fixed income manager. CTM will prepare a Fixed Income Investment Policy Statement for any client qualifying for separate fixed income portfolio services.

Pursuant to its discretionary authority, CTM will retain a fixed income securities manager. The fixed income securities manager will be provided with the discretionary authority to invest client assets in fixed income securities consistent with the client's Fixed Income Investment Policy Statement. The manager will also monitor the account for changes in credit ratings, security call provisions, and tax loss harvesting opportunities (to the extent that the manager is provided with cost basis information). The manager will obtain CTM's consent prior to the sale of any client securities.

On an ongoing basis, CTM will answer clients' inquiries regarding their accounts and review periodically with clients the performance of their accounts. CTM will periodically, and at least annually, review clients' investment policy, risk profile and to discuss the re-balancing of each client's accounts to the extent appropriate. CTM will provide to investment manager any updated client financial information or account restrictions necessary for investment manager to provide sub-advisory services.

In addition to managing the client's investment portfolio, CTM may consult with clients on various financial areas including income and estate tax planning, business sale structures, college financial planning, retirement planning, insurance analysis, personal cash flow analysis, establishment and design of retirement plans and trust designs, among other things.

#### **Employee Benefit Retirement Plan Services:**

CTM also provides advisory services to participant-directed employee retirement benefit plans. CTM will analyze the plan's current investment platform, and assist the plan in creating an investment policy statement defining the types of investments to be offered and the restrictions that may be imposed. CTM will recommend investment options to achieve the plan's objectives, provide participant education meetings, and monitor the performance of the plan's investment vehicles.

CTM will recommend changes in the plan's investment vehicles as may be appropriate from time to time. CTM generally will review the plan's investment vehicles and investment policy as necessary.

For certain retirement plans, CTM also works in coordination and support with Buckingham Strategic Partners, LLC. Retirement plan clients will engage both CTM and Buckingham Strategic Partners, LLC. Buckingham Strategic Partners, LLC will provide to the client additional discretionary investment management services and will exercise discretionary authority to select the plan investments made available to the plans' participants by selecting and maintain the plans' investments according to the goals and investment objectives of the plan.

CTM will continue to work with plans to monitor plan investments, provide fiduciary plan advice including regular considerations of the goals and objectives of the plan, and provide participant education services to the plan.

### **Financial Planning Services**

CTM also provides advice in the form of Financial Planning. Clients purchasing this service will receive financial planning advice. Various types of reports or financial analysis may be provided to the client. The types of reports provided to clients will vary depending upon the services requested by the client.

In general, the financial analysis or report will address one or all of the following areas of concern:

- PERSONAL: Family records, budgeting, personal liability, estate information and financial goals.
- EDUCATION: Education IRAs, financial aid, state savings 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. CTM may 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.
- INVESTMENTS: Analysis of investment alternatives and their effect on a client's portfolio.

CTM gathers required information through in-depth personal interviews. Information gathered includes a client's current financial status, future goals and attitudes towards risk. Related documents supplied by the client are carefully reviewed.

## **Item 5 – Fees and Compensation**

In certain circumstances, all fees, account minimums and their applications to family circumstances may be negotiable.

CTM has contracted with Buckingham Strategic Partners, LLC, for services including trade processing, collection of management fees, record maintenance, report preparation, marketing assistance, and research. CTM has also contracted with Buckingham Strategic Partners, LLC for sub-advisory services with respect to clients' fixed income accounts. CTM pays a fee for Buckingham Strategic Partners, LLC services based on management fees paid to CTM on accounts which use Buckingham Strategic Partners, LLC. The fee paid by CTM to Buckingham Strategic Partners, LLC consists of a portion of the fee paid by clients to CTM and varies based on the total client assets participating in Buckingham Strategic Partners, LLC through CTM. These fees are not separately charged to advisory clients.

The specific manner in which fees are charged by CTM is established in a client's written agreement with CTM. Generally, Investment Management and Employee Benefit Plan clients will be invoiced in advance of each calendar quarter based upon the value (market value based on independent third party sources or fair market value in the absence of market value; client account balances on which CTM calculates fees may vary from account custodial statements based on independent valuations and other accounting variances, including mechanisms for including accrued interest in account statements) of the client's account at the end of the previous quarter. New accounts are charged a prorated fee for the remainder of the quarter in which the account is inception (date of first trade or date assets transferred in).

For Investment Management and Employee Benefit Plan Services, CTM will request authority from the client to receive quarterly payments directly from the client's account held by an independent custodian. Clients may provide written limited authorization to CTM or its designated service provider, Buckingham Strategic Partners, LLC, to withdraw fees from the account. CTM will send to the client an invoice showing the amount of the fee, the value of the client's assets on which the fee was based, and the specific manner in which the fee was calculated. Clients should verify the accuracy of the fee calculations in such invoices. Client custodians will send at least quarterly statements directly to the client. Custodial statements will only show the amount of the advisory fee.

A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days' written notice. Upon termination of any account at any time after the required 30-day notice, any prepaid, unearned fees will be promptly refunded.

CTM's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds (ETFs) also charge internal management fees, which are disclosed in a fund's prospectus. These fees will generally include a management fee and other fund expenses. All fees paid to CTM for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and ETFs to their shareholders. The services provided by CTM which are designed, among other things, to assist the client in determining which mutual fund, ETF 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 and the fees charged by CTM to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Such charges, fees and commissions are exclusive of and in addition to CTM's fee, and CTM shall not receive any portion of these commissions, fees, and costs.

### **Advisory Fees**

The annual fee for investment management services will be charged as a percentage of assets under management, according to the schedule below:

<b>Assets under management</b>	<b>Annual Fee (%)</b>
First \$500,000	1.00%
Next \$500,000	0.90%
Next \$1,000,000	0.70%
Next \$1,000,000	0.50%
Next \$2,000,000	0.40%
On all amounts thereafter	0.35%

All accounts for members of the client's family (husband, wife and dependent children) or related businesses may be assessed fees based on the total balance of all accounts.

### **Employee Benefit Retirement Plan Services:**

The annual fee for employee benefit retirement plan services will be charged as a percentage of assets within the plan according to the above quoted fees for investment management services.



The annual fee for plan services will be charged as a percentage of assets within the plan.

<u>Assets Under Management</u>	<u>Buckingham's Annual Fee</u>	<u>CTM's Annual Fee</u>	<u>Total Fee</u>
On the first \$1,000,000	0.20%	0.70%	0.90%
On the next \$4,000,000	0.15%	0.45%	0.60%
On the next \$5,000,000	0.08%	0.25%	0.33%
On all amounts above \$10,000,000	0.05%	0.15%	0.20%

### **Financial Planning Services:**

Financial planning fees will be charged as an hourly fee of \$275 per hour. These services are billed to the client after services are rendered.

## **Item 6 – Performance-Based Fees and Side-By-Side Management**

CTM does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client). All fees are calculated as described above and are not charged on the basis of income or capital gains or capital appreciation of the funds or any portion of the funds of an advisory client.

## **Item 7 – Types of Clients**

CTM provides services to individuals, high net worth individuals, trusts, qualified retirement plans and businesses.

CTM generally requires a minimum account size of \$400,000 for Investment Management Services. Complete fixed income portfolio management of individual fixed income securities generally requires a minimum investment of \$400,000 although individual bonds may be purchased in certain circumstances. These minimum account sizes may be negotiable under certain circumstances, including legacy relationships.

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

### **Methods of Analysis and Investment Strategy**

CTM's services are based on long-term investment strategies incorporating the principles of Modern Portfolio Theory. CTM's investment approach is firmly rooted in the belief that markets are "efficient" over periods of time and that investors' long-term returns are determined principally by asset allocation decisions, rather than market timing or stock picking. CTM recommends diversified portfolios, principally through the use of passively managed, asset class mutual funds. CTM selects or recommends to clients' portfolios of securities, principally broadly-traded open end mutual funds or conservative fixed income securities to implement this investment strategy.

Although all investments involve risk, CTM's investment advice seeks to limit risk through broad diversification among asset classes and, as appropriate for particular clients the investment directly in conservative fixed income securities to represent the fixed income class. CTM's investment philosophy is designed for investors who desire a buy and hold strategy. Frequent trading of securities increases brokerage and other transaction costs which CTM's strategy seeks to minimize.

In the implementation of investment plans, CTM therefore primarily uses mutual funds and, as appropriate, portfolios of conservative fixed income securities. CTM may also utilize Exchange Traded Funds (ETFs) to represent a market sector.

Clients may hold or retain other types of assets as well, and CTM may offer advice regarding those various assets as part of its services. Advice regarding such assets will generally not involve asset management services but may help to more generally assist the client.

CTM's strategies do not utilize securities that we believe would be classified as having any unusual risks, and we do not recommend frequent trading, which can increase brokerage and other costs and taxes.

CTM receives supporting research from Buckingham Strategic Partners, LLC and from other consultants, including economists affiliated with Dimensional Fund Advisors ("DFA"). CTM utilizes DFA mutual funds in client portfolios. DFA mutual funds follow a passive asset class investment philosophy with low holdings turnover. DFA provides historical market analysis, risk/return analysis, and continuing education to CTM.

### Analysis of a Client's Financial Situation

In the development of investment plans for clients, including the recommendation of an appropriate asset allocation, CTM relies on an analysis of the client's financial objectives, current and estimated future resources, and tolerance for risk. To derive a recommended asset allocation, CTM may use a Monte Carlo simulation, a standard statistical approach for dealing with uncertainty. As with any other methods used to make projections into the future, there are several risks associated with this method, which may result in the client not being able to achieve their financial goals. They include:

- The risk that expected future cash flows will not match those used in the analysis
- The risk that future rates of return will fall short of the estimates used in the simulation
- The risk that inflation will exceed the estimates used in the simulation
- For taxable clients, the risk that tax rates will be higher than was assumed in the analysis

### Risk of Loss

**Investing in securities involves risk of loss that clients should be prepared to bear.**

All investments present the risk of loss of principal – the risk that the value of securities (mutual funds, ETFs and individual bonds), when sold or otherwise disposed of, may be less than the price paid for the securities. Even when the value of the securities when sold is greater than the price paid, there is the risk that the appreciation will be less than inflation. In other words, the purchasing power of the proceeds may be less than the purchasing power of the original investment.

The mutual funds and ETFs utilized by CTM may include funds invested in domestic and international equities, including real estate investment trusts (REITs), corporate and government fixed income securities and commodities. Equity securities may include large capitalization, medium capitalization and small capitalization stocks. Mutual funds and ETF shares invested in fixed income securities are subject to the same interest rate, inflation and credit risks associated with the underlying bond holdings.

Among the riskiest mutual funds used in CTM's investment strategies funds are the U.S. and International small capitalization and small capitalization value funds, emerging markets funds, and commodity futures funds. Conservative fixed income securities have lower risk of loss of principal, but most bonds (with the exception of Treasury Inflation Protected Securities, or TIPS) present the risk of loss of purchasing power through lower expected return. This risk is greatest for longer-term bonds.

Certain funds utilized by CTM may contain international securities. Investing outside the United States involves additional risks, such as currency fluctuations, periods of illiquidity and price volatility. These risks may be greater with investments in developing countries.

More information about the risks of any particular market sector can be reviewed in representative mutual fund prospectuses managing assets within each applicable sector.

## **Item 9 – Disciplinary Information**

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

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

### Affiliated Accounting Firms

Members of CTM are also partners of the accounting firm of Conry-Taylor and Morrow CPAs PC (CT&M CPA) and are practicing CPAs. CT&M CPA may recommend CTM to accounting clients in need of advisory services. CTM may recommend CT&M CPA to advisory clients in need of accounting services. Accounting services provided by CT&M CPA are separate and distinct from the advisory services of CTM, and are provided for separate and typical compensation. No CTM client is obligated to use CT&M CPA for any accounting services as no CT&M CPA client is obligated to use CTM for advisory services.

### Buckingham Strategic Partners, LLC

As described above in Item 4, CTM may exercise discretionary authority provided by a client to select an independent third party investment manager for the management of portfolios of individual fixed income securities. CTM selects Buckingham Strategic Partners, LLC for such fixed income management. CTM also contracts with Buckingham Strategic Partners, LLC for back office services and assistance with portfolio modeling. CTM has a fiduciary duty to select qualified and appropriate managers in the client's best interest, and believes that Buckingham Strategic Partners, LLC effectively provides both the back office services that assist with its overall investment advisory practice and fixed income portfolio management services. The management of CTM continuously makes this assessment. While CTM has a contract with Buckingham Strategic Partners, LLC governing a time period for back office services, CTM has no such fixed commitment to the selection of Buckingham Strategic

Partners, LLC for fixed income management services and may select another investment manager for clients upon reasonable notice to Buckingham Strategic Partners, LLC.

### **Business Continuity and Succession Planning**

In order to ensure continuity of investment advisory services to clients in the event of the death or prolonged incapacity of CTM's investment representative, CTM has contracted with Buckingham Wealth Partners, LLC, an affiliate of Buckingham Strategic Partners, LLC, to act as sub-advisor to clients' portfolios. CTM's agreement with Buckingham Wealth Partners, LLC provides that Buckingham Wealth Partners, LLC may determine, for a period of up to one-hundred eighty (180) days following such death or incapacity, to act as sub-advisor and to provide portfolio management and related services to CTM's clients. In the event of the investment representative's death or incapacity, and prior to activating Buckingham Wealth Partners, LLC's sub-advisory authority, a written notice will be provided to each client.

### **Item 11 – Code of Ethics**

CTM has adopted a Code of Ethics expressing the firm's commitment to ethical conduct. CTM's Code of Ethics describes the firm's fiduciary duties and responsibilities to clients and sets forth CTM's practice of supervising the personal securities transactions of employees with access to client information. Individuals associated with CTM may buy or sell securities for their personal accounts identical or different than those recommended to clients. It is the expressed policy of CTM that no person employed by the firm shall prefer his or her own interest to that of an advisory client or make personal investment decisions based on investment decisions of advisory clients.

To supervise compliance with its Code of Ethics, CTM requires that anyone associated with this advisory practice with access to advisory recommendations provide annual securities holding reports and quarterly transaction reports to the firm's principal. CTM also requires such access persons to receive approval from the Chief Compliance Officer prior to investing in any IPO's or private placements (limited offerings).

CTM's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information and protecting the confidentiality of client information. CTM requires that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices. Any individual not in observance of the above may be subject to discipline.

CTM will provide a complete copy of its Code of Ethics to any client or prospective upon request.

It is CTM's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. CTM will also not cross trades between client accounts.

## **Item 12 – Brokerage Practices**

### **Investment Management Services:**

CTM participates in the institutional customer program offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions.

The TD Ameritrade brokerage program will generally be recommended to advisory clients for the execution of mutual fund and equity securities transactions. CTM regularly reviews this program to ensure that its recommendation is consistent with its fiduciary duty. This trading platform is essential to CTM's service arrangements and capabilities, and CTM may not accept clients who direct the use of other brokers. As part of this program, CTM receives benefits that it would not receive if it did not offer investment advice (See the disclosure under Item 14).

As CTM will not request the discretionary authority to determine the broker dealer to be used or the commission rates to be paid in these situations, clients must direct CTM as to the broker dealer to be used. In directing the use of a particular broker or dealer, it should be understood that CTM will not have authority to negotiate commissions among various brokers or obtain volume discounts, and best execution may not be achieved. Not all investment advisers require clients to direct the use of specific brokers.

CTM will not exercise authority to arrange client transactions in fixed income securities. Clients will provide this authority to a fixed income manager retained by CTM on client's behalf by designating the portfolio manager with trading authority over client's brokerage account. Clients will be provided with the Disclosure Brochure (Form ADV Part 2) of portfolio manager.

TD Ameritrade does not generally charge clients a custody fee and are compensated by account holders through commissions or other transaction-related fees for securities trades

that are executed through the broker or that settle into the clients' accounts held at the broker. Trading client accounts through other brokers may result in fees (including mark-ups and mark-downs) being charged by the custodial broker and an additional broker. While CTM will not arrange transactions through other brokers, the authority of the fixed income portfolio manager includes the ability to trade client fixed income assets through other brokers.

CTM does not have any arrangements to compensate any broker dealer for client referrals.

CTM does not maintain any client trade error gains. CTM makes client whole with respect to any trade error losses incurred by client caused by CTM. For clients utilizing TD Ameritrade for brokerage services, TD Ameritrade maintains a policy that any trade error gains will be donated by TD Ameritrade to charity.

CTM generally does not aggregate any client transactions in mutual fund or other securities. Client accounts are individually reviewed and managed, and transaction costs are not saved by aggregating orders in almost all circumstances in which CTM arranges transactions. Buckingham Strategic Partners, LLC, in the management of fixed income portfolios, will aggregate certain transactions among client accounts that it manages, in which case a CTM client's orders may be aggregated with an order for another client of Buckingham Strategic Partners, LLC who is not a CTM client. See Buckingham Strategic Partners, LLC Form ADV Part 2.

#### **Employee Benefit Plan Services:**

CTM does not typically arrange for the execution of securities transactions for participant-directed 401k plans as a part of this service. Transactions are executed directly through employee plan participation.

#### **Financial Planning Services:**

CTM's financial planning practice, due to the nature of its business and client needs, does not include blocking trades, negotiating commissions with broker dealers or obtaining volume discounts, nor necessarily obtaining the best price. Clients will be required to select their own broker dealers and insurance companies for the implementation of financial planning recommendations. CTM may recommend any one of several brokers. CTM clients must independently evaluate these brokers before opening an account. The factors considered by CTM when making this recommendation are the broker's ability to provide professional services, CTM's experience with the broker, the broker's reputation, and the broker's financial strength, among other factors. CTM's financial planning clients may use any broker or dealer of their choice.

## **Item 13 – Review of Accounts**

### **Reviews:**

#### **Investment Management Services:**

Account assets are supervised continuously and formally reviewed quarterly by an Investment Advisor Representative of CTM. The review process contains each of the following elements:

- a. assessing client goals and objectives;
- b. evaluating the employed strategy(ies);
- c. monitoring the portfolio(s); and
- d. addressing the need to rebalance.

Additional account reviews may be triggered by any of the following events:

- a. a specific client request;
- b. a change in client goals and objectives;
- c. an imbalance in a portfolio asset allocation; and
- d. market/economic conditions.

For fixed income portfolios, certain account review responsibilities are delegated to a third party investment manager as described above in Item 4.

#### **Employee Benefit Plan Services:**

Retirement plan assets are reviewed no more than quarterly, and according to the standards and situations described above for investment management accounts.

#### **Financial Planning Services:**

Financial Planning accounts will be reviewed as contracted for at the inception of the advisory relationship.

### **Reports:**

#### **Investment Management Services:**

All clients will receive quarterly performance reports, prepared by Buckingham Strategic Partners, LLC and reviewed by CTM, that summarize the client's account and asset allocation.



Clients will also receive monthly statements from their account custodian, which will outline the client's current positions and current market value.

**Employee Benefit Plan Services:**

Plan sponsors are provided with quarterly information and annual performance reviews from CTM. In addition, plan participant education information may also be provided to the Plan Sponsor or Administrator for distribution to the participants of the plan.

**Financial Planning:**

Financial Planning clients will receive reports as contracted for at the inception of the advisory relationship.

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

As indicated under the disclosure for Item 12, CTM participates in TD Ameritrade's institutional program. TD Ameritrade provides CTM with access to institutional trading and custody services, which are typically not available to retail investors. There is no direct link between CTM's participation in the program and the investment advice it gives to its clients, although CTM receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. The services include brokerage, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

TD Ameritrade also makes available to CTM other products and services that benefit CTM but may not benefit its clients' accounts. Some of these other products and services assist CTM in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of CTM's fees from its clients' accounts, and assist with back-office functions, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of CTM accounts. The recommended broker also makes available to CTM other services intended to help CTM manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. CTM does not, however, enter into any commitments with TD Ameritrade for transaction levels in exchange for any services or products from brokers. While as a

fiduciary, CTM endeavors to act in its clients' best interests, CTM's requirement that clients maintain their assets in accounts at TD Ameritrade may be based in part on the benefit to CTM of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by TD Ameritrade, which may create a potential conflict of interest.

CTM also receives software from DFA, which CTM utilizes in forming asset allocation strategies and producing performance reports. DFA also provides continuing education for CTM personnel. These services are designed to assist CTM plan and design its services for business growth.

## **Item 15 – Custody**

Investment Management and Employee Benefit Plan Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. CTM urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

## **Item 16 – Investment Discretion**

CTM requests that it be provided with written authority to determine which securities and the amounts of securities that are bought or sold. For fixed income securities, this authority will include the discretion to retain a third party money manager for fixed income accounts. Any limitations on this discretionary authority shall be included in this written authority statement. Clients may change/amend these limitations as required. Such amendments shall be submitted in writing.

When selecting securities and determining amounts, CTM observes the investment policies, limitations and restrictions of the clients for which it advises. Investment guidelines and restrictions must be provided to CTM in writing.

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

Proxy Voting: As a matter of firm policy and practice, CTM does not accept the authority to and does not vote proxies on behalf of advisory client. Clients retain the responsibility for

receiving and voting proxies for any and all securities maintained in client portfolios. Clients will receive applicable proxies directly from the issuer of securities held in clients' investment portfolios. CTM, however, may provide advice to clients regarding the clients' voting of proxies.

Class Actions, Bankruptcies and Other Legal Proceedings: Clients should note that CTM will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held or previously were held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct CTM to transmit copies of class action notices to the client or a third party. Upon such direction, CTM will make commercially reasonable efforts to forward such notices in a timely manner.

## **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about CTM's financial condition. CTM has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.