



FORM ADV – PART 2A
(Brochure)

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This brochure provides information about the qualifications and business practices of Preston Wealth Advisors, LLC (“PWA” or “the Firm”). If you have any questions about the contents of this Brochure, please contact us at (703)-757-0419. Additional information about PWA is also available on the SEC’s website at: www.adviserinfo.sec.gov.

In this brochure, PWA refers to itself as a registered investment adviser. This means that PWA is registered as an investment adviser under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Registration as an Investment Adviser does not imply any level of skill or training.

The headings in this brochure correspond to the Item headings of Form ADV Part 2A.

Item 2 – Material Changes

This section discusses only material changes since the last update of this Brochure. This Brochure was previously updated by PWA in August 2019.

The following changes have been made to this disclosure brochure:

- ***Item 5 – Fees and Compensation-*** the Sub-Advised Accounts section has been updated to reflect the current strategies PWA is a Sub-Advisor for. Please see Item 5 for specific information.
- ***Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss,*** Investment Strategies has been updated to reflect the current strategies. Please see Item 8 for specific information.

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Item 4 – Advisory Business

Preston Wealth Advisors, LLC (“PWA” or “the Firm”) was organized as a limited liability company under the laws of the State of Delaware on October 16, 2012 and registered with U.S. Securities and Exchange Commission (“SEC”) as an investment adviser pursuant to the U.S. Investment Advisers Act of 1940, as amended (“Advisers Act”) on April 13, 2015.

Currently Theodore J. Doremus is a 60% owner of PWA and Gregory D. Mattingly is a 40% owner. The Managing Member, Chief Executive Officer (“CEO”) and Chief Compliance Officer (“CCO”) of PWA is Theodore J. Doremus. The Chief Financial Officer (“CFO”) of PWA is Gregory D. Mattingly.

Description of Advisory Services

PWA provides directly, and as a sub-adviser to certain non-affiliated investment advisers, discretionary and nondiscretionary investment advice to individuals, families and their related entities, such as trusts, pension and profit sharing plans, not-for-profit organizations, other tax-exempt entities, limited liability companies, corporations and other entities and businesses.

Accounts

PWA does not generally provide investment advice to clients with respect to individual securities but will on occasion. PWA is an active manager and generally invests the assets under management in individual stocks, mutual funds and ETFs (“Investment Funds”) utilizing specific strategies (“Portfolio Strategies”). “Accounts” means both Separate Accounts (as defined below) for private clients and Sub-Advised Accounts (as defined below) where PWA acts as a sub-adviser to another registered investment adviser.

Private Clients. The Firm’s advisory services to private clients are provided based on individual client needs. This means that when the Firm establishes a separately-managed account (each, a “Separate Account”), the Firm will obtain certain information from each client regarding the client’s financial situation, risk tolerance or investment objective and whether he, she or it wishes to impose or modify existing investment restrictions. The Firm will not enter into an investment adviser relationship with a prospective client whose investment objectives may be considered incompatible with its investment philosophy or strategies or where the prospective client seeks to impose unduly restrictive investment guidelines.

Each client must appoint PWA as his, her or its investment adviser of record on that client’s Separate Account(s) pursuant to an investment advisory agreement (“IAA”). Each Separate Account is managed by PWA and invested in Portfolio Strategies based upon the client’s

financial situation, investment objectives and risk tolerance. These Portfolio Strategies may differ from those offered to Sub-Advised Separately Managed Accounts, defined below.

The client will be responsible for notifying PWA of any updates regarding his, her or its financial situation, risk tolerance or investment objective and whether he, she or it wishes to impose or modify existing investment restrictions; However, the Firm will attempt to contact the client at least annually to discuss any changes or updates regarding the client's financial situation, risk tolerance or investment objectives. The Firm is always reasonably available to consult with clients relative to the status of the related Separate Account(s). Each client has the ability to impose reasonable restrictions on the management of the client assets, including the ability to instruct the Firm not to invest in certain Portfolio Strategies. The Firm may also, upon request and direction of a client, and without discretion, trade (or hold in the Separate Account) a specific security or securities on the client's behalf.

Sub-Advised Separately Managed Accounts ("Sub-Advised Accounts"). PWA acts as sub-adviser to unaffiliated independent investment advisers ("Independent Advisers") for all or a portion of the assets of certain Independent Adviser's ("Sub-Advised Clients") clients as designated from time to time by the Independent Adviser. Generally, PWA does not have discretion to allocate Sub-Advised Client assets among the Portfolio Strategies, however, PWA is designated with full power and authority and discretion to buy, sell or otherwise trade for the Portfolio Strategies selected by the Independent Adviser in the Sub-Advised Accounts. The Independent Adviser: (a) shall be solely responsible for determining the suitability of investing with PWA for Sub-Advised Clients and with respect to the Portfolio Strategy or Portfolio Strategies being pursued by PWA with respect to the various related Sub-Advised Accounts, (b) shall have the sole responsibility for meeting with Sub-Advised Clients, determining their investment objectives, counseling them with respect to investment objectives and strategies and otherwise providing Sub-Advised Clients with personalized investment advice, and (c) shall be responsible for periodically contacting Sub-Advised Clients to determine whether there have been changes in their investment objectives or financial circumstances.

Private Fund Management

PWA serves as the investment adviser and provides investment management services on a discretionary basis to the GovCon Fund, LP (the "***Fund***"). The Fund is relying on an exemption from registration provided by Section 3(c)(1) of the Investment Company Act of 1940, which excludes from the definition of investment company any issuer whose outstanding securities are beneficially owned exclusively by no more than 100 beneficial owners and which is not making and does not at that time propose to make a public offering of such securities.

Prospective investors will be provided with a Confidential Private Placement Memorandum (the “Offering Memorandum”), when available, and Limited Partnership Agreement and Subscription Documents that give the details of the investment objectives, risks, fees, and other important information about the Fund.

The GovCon Fund, LP's investment objective is to seek long-term capital appreciation by making equity, equity-related, and debt investments (“Investments”) in companies that earn a majority of their annual revenues from prime contracts or sub-contracts with the United States federal government (“Portfolio Companies”). The Fund intends to focus on Portfolio Companies that qualify for certain contracts that are set aside by government agencies and departments for small businesses.

The GovCon Fund, LP seeks to make debt, equity and preferred equity Investments into Portfolio Companies that tend to specialize in ‘set-aside’ contracts with the United States federal government (“GovCon Companies”). ‘Set-aside’ contracts are contracts with the United States government that are set-aside for small businesses. Preston Wealth Advisors, LLC is the Investment Manager (“Investment Manager”) and believes that set-aside contracts tend to be harder to transact, but typically have the same margins and value as ‘full and open’ contracts, which have no restrictions on who can bid on the work (i.e., not limited to small businesses). The Investment Manager has found that, due to the restrictions of set-aside contracts, many brokers do not want to put in the work to match buyers and sellers of GovCon Companies, which the Investment Manager believes has resulted in the market for GovCon Companies becoming illiquid and lead to depressed valuations of GovCon Companies.

Companies who bid for full and open contracts tend to transact at higher EBITDA and, if such companies do have contracts, such set-aside contracts are often valued as worthless since the acquiring company is typically bigger and cannot keep contracts that have been set-aside for small businesses. The most qualified prospective buyers of GovCon Companies oftentimes do not have enough money to finance the transaction or sufficient assets to warrant a loan from a bank. Relatedly, the erratic cash flows of GovCon Companies typically make it harder for GovCon Companies to support the three to five-year loan terms typically demanded by the banks, and the majority of banks are unwilling or unable to extend those loan terms either due to lack of interest or the requirements of their banking charter.

Market Indicator Subscriptions

PWA provides, pursuant to a Research Provider Agreement, unaffiliated independent investment advisers (each also, an “Independent Adviser”) the ability to obtain the market

indicators for some of PWA's Portfolio Strategies. The Firm obtains these market indicators from software trading programs that are licensed by PWA pursuant to a software license agreement with a third party ("Software Provider") or from proprietary algorithms. This service is limited to providing access to information only.

Financial Planning Services

PWA offers financial planning services, which involve preparing a written financial plan covering specific or multiple topics which may include investment planning, retirement planning, insurance planning, tax planning, portfolio review, and asset allocation. When providing financial planning and consulting services, the goal of the client's financial planner is to find ways to help the client understand his, her or its overall financial situation and help the client set financial objectives. Written financial plans prepared by the Firm do not include specific recommendations of individual securities.

The Firm also offers consultations in order to discuss financial planning issues when a client does not need a written financial plan. The Firm offers a one-time consultation, which covers mutually agreed upon areas of concern related to investments or financial planning. The Firm also offers "as-needed" consultations, which are limited to consultations in response to a particular investment or financial planning issue raised or request made by clients. Under an "as-needed" consultation, it will be incumbent upon the client to identify those particular issues for which the client are seeking the Firm's advice or consultation on.

Financial Planning services may include recommendations with respect to investments, retirement planning, college expense planning, and insurance planning.

The Firm's financial planning and consulting services do not involve implementing any transaction on the client's behalf or the active and ongoing monitoring or management of its investments or accounts. The client has the sole responsibility for determining whether to implement the Firm's financial planning and consulting recommendations. To the extent that a client would like to implement any of the Firm's investment recommendations through the Firm, the client must execute a separate written agreement with PWA and establish an Account.

Fiduciary Services

The Firm may enter into an IAA or Sub-Advisory Agreement with the responsible fiduciary ("Plan fiduciary") of an employee benefit plan ("Plan") covered by the Employee Retirement Income Security Act of 1974, as amended ("ERISA") under which an unaffiliated investment adviser provides services as investment adviser with respect to certain Plan assets held in an account ("Plan Account").

Investment Advisory Services via Portfolio Strategies. If a Plan fiduciary elects to include any of the PWA Portfolio Strategies as available options for the Plan, then the Plan fiduciary client (or the participant) will direct the allocation of Plan assets among Portfolio Strategies and will be allowed to impose reasonable restrictions upon the management of the Account. PWA will retain discretion to buy, sell or hold investments in the Portfolio Strategies selected by the client, in the sole discretion of PWA without first consulting with the client. PWA will not have any authority to add or remove Portfolio Strategies to the Plan without the consent of the client.

Non-Discretionary Investment Advice. PWA provides Plan fiduciary clients with general, non-discretionary investment advice regarding asset classes and investment options, consistent with the Plan's investment policy statement. PWA will not have investment discretion or any authority to add or remove investment options or trade securities of the Plan. The client will determine whether or not to implement PWA's advice and any implementation will be solely the responsibility of the client.

Additional Services. Where PWA provides Investment Advisory Services via Portfolio Strategies or Non-Discretionary Investment Advice, PWA may, upon request of the Plan fiduciary client, also provide some or all of the following "Additional Services".

Investment Selection Services. PWA will provide Client with recommendations of investment options consistent with ERISA section 404(c).

Investment Due Diligence Review. PWA will provide client with periodic due diligence reviews of the Plan's reports, investment options and recommendations.

Investment Monitoring. PWA will assist in monitoring investment options by reviewing investment reports that document investment performance, consistency of fund management and conformation to the guidelines set forth in the investment policy statement and PWA will make recommendations to maintain or remove and replace investment options. All documents will be provided to PWA by the Plan fiduciary or the plan fiduciary client.

Individualized Participant Advice. PWA will provide one-on-one advice to Plan participants regarding their individual situations.

Participant Education. PWA will provide education services to the Plan participants about general investment principles and the investment alternatives available under the Plan.

Participant Enrollment. PWA will assist in the group enrollment meetings.

Due Diligence Review. PWA will provide clients with periodic due diligence reviews of the Plan's fees and expenses and the Plan's service providers.

PWA provides the above services to the Plan as a fiduciary (within the meaning of Section 3(21) of ERISA) and will act in a manner consistent with the requirements of a fiduciary under ERISA for all services for which PWA is considered a fiduciary under ERISA.

Restrictions on Investing

PWA generally does not provide investment advice to Account holders with respect to individual securities. PWA is an active manager and invests the assets under management with respect to client Accounts in Investment Funds utilizing the Portfolio Strategies as described in Item 8 as well as other proprietary models for Private client accounts only. It is possible PWA will manage accounts that are not invested in the Portfolio Strategies when it is in the best interest of the Private client account or per client request. Although PWA generally provides advice only with respect to the Portfolio Strategies, PWA reserves the right to offer advice on any investment product that may be suitable for each client's specific circumstances, needs, goals and objectives.

PWA has clients that are in a wrap fee program, however, PWA is not currently moving any clients to this program.

Client Assets Managed by PWA

As of December 31, 2019 PWA has \$145,664,737 in assets under management. \$129,757,512 is managed in a discretionary manner and \$15,907,224 is managed in a non-discretionary manner.

Item 5 – Fees and Compensation

Accounts

Advisory fees ("Advisory Fee") are charged by PWA for advisory services to Accounts.

Private Clients.

The Advisory Fee charged to a client for Separate Account advisory services is based on a percentage of assets under management, billed in advance (at the start of the billing period) on a quarterly calendar basis and calculated based on the fair market value of that client's Separate Account as of the last business day of the prior billing period. Fees are prorated (based on the number of days service is provided during the initial billing period) for any

Separate Account opened at any time other than the beginning of the billing period. If investment advisory services are commenced in the middle of the billing period, then the prorated fee for that billing period is based on the value of the Separate Account when services commence and is due immediately and will be deducted from the Separate Account when services commence.

The IAA executed by the client and PWA continues in effect until terminated by either party (*i.e.*, PWA or the client) by providing written notice of termination to the other party. Any prepaid, unearned fees will be promptly refunded by PWA to the client if possible. Fee refunds will be determined on a *pro rata* basis using the number of days services are actually provided during the final period.

The Advisory Fee for a client is negotiable based on, among other things, the type of client, the complexity of the client's situation and the potential for additional account deposits.

In general, for the Firms' investment advisory services, Separate Account clients will be charged the following annual Advisory Fee based upon the amount of assets under management, although a different or lesser amount may be charged in PWA's sole discretion:

<u>Assets Under Management</u>	<u>Annual Advisory Fee</u>
\$0 to \$25,000	1.60%
\$25,001 to \$250,000	1.60%
\$250,001 to \$1,000,000	1.60%
\$1,000,001 to \$2,000,000	1.60%
\$2,000,001 to \$2,500,000	1.25%
\$2,500,001 and above	1.25%

The actual asset management fee to be charged will be specified in your Investment Advisory Agreement.

There is a minimum account size of \$250,000 per household, although lesser amounts may be accepted at the sole discretion of PWA. The annual Advisory Fee charged by the Firm will not be more than 3% of the client's assets under management. Separate Accounts will not include the use of margin.

The Advisory Fee will be deducted from each Separate Account and paid directly to the Firm by the qualified custodian(s) of the Separate Account. Each client will authorize the custodian(s) to deduct the Advisory Fee from its Separate Account(s) and pay such fees directly to the Firm. See *Item 15 – Custody* for more details.

Each client is instructed to review its Separate Account statements received from the custodian(s) to verify that appropriate Advisory Fees are being deducted. The custodian(s) will not verify the accuracy of the Advisory Fees deducted.

Brokerage commissions and/or transaction ticket fees charged by the custodian(s) are billed directly to the client. PWA does not receive any portion of such commissions or fees from the client or the custodian. In addition, a client may incur certain charges imposed by third parties other than PWA in connection with investments made through his, her or its account including, but not limited to, mutual fund sales loads, 12(b)-1 fees and surrender charges, variable annuity fees and surrender charges, IRA and qualified retirement plan fees, and charges imposed by the custodian(s). Advisory Fees charged by PWA are separate and distinct from these fees and expenses.

If services are terminated within five (5) business days of executing an agreement for services, services will be terminated without penalty. If terminated after the initial five (5) business days, the client will be responsible for payment of fees for services completed prior to termination of services. If services are terminated mid-period, a prorated fee is charged based on the number of days that services were provided during that period. If an Advisory Fee has been paid in advance, PWA will promptly issue a pro-rated refund to the Client if possible.

Sub-Advised Accounts

For each Sub-Advised Account, PWA receives a sub-advisory fee (“Sub-Advisory Fee”) that will be determined in the Sub-Advisory Agreement between the Independent Adviser and PWA.

The Sub-Advisory Agreement continues in effect until terminated by either party (i.e., PWA or the Independent Adviser) by providing written notice of termination to the other party. Any prepaid, unearned fees will be promptly refunded by PWA to the Independent Adviser if possible. Fee refunds will be determined on a pro rata basis using the number of days services are actually provided during the final period.

The Advisory Fee for Sub-Advised Clients is negotiable with the Independent Adviser based, among other things, on the type of Sub-Advised Clients and the potential for additional account deposits.

In general, for the Firms’ sub-advisory services, Sub-Advised Clients will be charged the following annual Advisory Fee based upon the amount of assets under management in each

Independent Adviser Client's account although a different or lesser amount may be charged in PWA's sole discretion:

PWA OTC Hedge Portfolio	0.50% annually
PWA Long/Short Government Bond Portfolio	0.50% annually

Typically, the Sub-Advisory Fee will be deducted from each Sub-Advised Account and paid directly to the Firm by the custodian(s) of such Account. Each Independent Adviser Client will authorize the custodian(s) to deduct the Advisory Fee from its Sub-Advised Account(s) and pay such fees directly to the Firm. In some cases, the Independent Adviser will pay the Firm directly based on total client AUM. The management fee to be charged and method of payment will be specified in your client agreement.

The Independent Adviser agrees to direct each Independent Adviser Client to review its Sub-Advised Account statements received from the custodian(s) to verify that appropriate Sub-Advisory Fees are being deducted. The custodian(s) will not verify the accuracy of the Sub-Advisory Fees deducted.

Brokerage commissions and/or transaction ticket fees charged by the custodian(s) are billed directly to the Independent Adviser or the Sub-Advised Clients. PWA does not receive any portion of such commissions or fees. In addition, an Independent Adviser Client's Account may incur certain charges imposed by third parties other than PWA in connection with investments made through his, her or its account including, but not limited to, mutual fund sales loads, 12(b)-1 fees and surrender charges, variable annuity fees and surrender charges, IRA and qualified retirement plan fees, and charges imposed by the custodian(s). Sub-Advisory Fees charged by PWA are separate and distinct from these fees and expenses.

Either party may terminate services by providing written notice of termination to the other party. There is no penalty or "termination fee" for the termination of services. If services are terminated within five (5) business days of executing an agreement for services with Independent Adviser, services will be terminated without penalty. If terminated after the initial five (5) business days, the Independent Adviser Client will be responsible for payment of fees for services completed prior to termination of services. If services are terminated mid-period, a prorated fee is charged based on the number of days that services were provided during that period. If Sub-Advisory Fee has been paid in advance, PWA will promptly issue a pro-rated refund if possible.

Private Fund Management

The GovCon Fund, LP (the Fund) pays PWA an annual management fee as disclosed below:

Management Fee;

For Accredited Investors, the Fund shall pay the Investment Manager, on a monthly basis in advance, a fee (the “Management Fee”) equal to (a) during the Investment Period, 0.25% (a 3.0% annual rate) of the Total Committed Capital of each Limited Partner, and (b) following the expiration or termination of the Investment Period, 0.25% (a 3.0% annual rate) of the unreturned Capital Contributions of each Limited Partner (excluding Capital Contributions with respect to Investments that have been completely written-off).

For Qualified Investors, the Fund shall pay the Investment Manager, on a monthly basis in advance, a fee (the “Management Fee”) equal to (a) during the Investment Period, 0.167% (a 2.0% annual rate) of the Total Committed Capital of each Limited Partner, and (b) following the expiration or termination of the Investment Period, 0.167% (a 2.0% annual rate) of the unreturned Capital Contributions of each Limited Partner (excluding Capital Contributions with respect to Investments that have been completely written-off). These clients will also pay the Investment Manager a Performance Based fee of 20% of returns obtained after the investors have received 100% return of their invested capital and a 10% preferred rate of return.

Management fees are based upon the contributed capital of each limited partner, not their account balance. Management fees are generally not refundable and are deducted from each limited partner’s capital account monthly in advance. PWA may agree to a waiver or variation of the management fee in its sole discretion with respect to certain limited partners.

Market Indicator Subscriptions

The “Research Fee” paid to PWA for this service will be negotiated between the parties and ranges from .50% to 1.0% annually of the assets under management utilizing the market indicators provided to the Independent Adviser who purchases such market indicators. Research Fees are payable by the Independent Adviser to PWA following collection by the Independent Adviser of its fees from its Sub-Advised Clients, but not later than thirty (30) days after the end of each quarter. Any Research Fee for services rendered during a portion of any quarter will be pro-rated.

Fees for Financial Planning Services

PWA may provide financial planning services, for clients other than their Private Clients, under an hourly fee arrangement. An hourly fee of \$250 per hour is charged by PWA for financial planning services under this arrangement. Before commencing financial planning services, PWA provides an estimate of the approximate hours needed to complete the requested financial planning services. If PWA anticipates exceeding the estimated amount

of hours provided, PWA will contact the client to receive authorization to furnish additional services. Each financial planning client will pay in advance a mutually agreed upon retainer against which PWA will bill hourly fees against for its financial planning services; however, under no circumstances will PWA require a financial planning client to pay fees more than \$500 more than six (6) months in advance. Upon presentment of the invoice to the financial planning client, PWA will deduct the hourly fees due to the Firm against its current retainer balance and the client is required to pay PWA immediately any outstanding balance of hourly fees due.

The fees for the financial planning services may be waived by PWA at its sole discretion. Financial planning service fees are included in the Advisory Fee paid by Private Clients and there is no additional charge.

To the extent PWA provides a financial planning client with general investment recommendations as part of the financial planning services and that client implements such investment recommendations through the Firm, PWA may waive or reduce the fees for financial planning services.

To the extent PWA desires to engage an outside professional (i.e. attorney, independent investment adviser or accountant) while providing financial planning and consulting services to a client, fees for the services of such outside professional will be in addition to and separate from the fees charged by PWA, and the client will be responsible for the payment of the fees for the services of such an outside professional. In no event will the services of an outside professional be engaged without the client's express approval.

The financial planning services terminate upon delivery of the written financial plan or upon either party providing the other party with written notice of termination. In the event that the financial planning client terminates the financial planning services at any time prior to presentment of the written plan by providing notice to PWA, there will be no penalty or fees due. For financial planning services performed by PWA under an hourly arrangement, the financial planning client will pay the Firm for any hourly fees incurred at the rates described above. In the event that there is a remaining balance of any fees paid in advance after the deduction of fees from the final invoice, those remaining proceeds will be refunded by PWA to the client.

Fiduciary Services

With respect to Plan Accounts to which PWA provides Investment Advisory Services via Portfolio Strategies, PWA receives a quarterly investment advisory fee (the "Fee"), in advance, based on the value of the assets in the ERISA Accounts using Portfolio Strategies on the last business day of the prior billing quarter as set forth on the fee schedule to the

Agreement. Fees for partial billing periods will be prorated based on the number of days that services were provided during the billing period. In the relevant agreement, the Plan fiduciary client authorizes the Plan's qualified custodian(s) to deduct the Fee from each ERISA Account and to direct such Fee to PWA.

With respect to Non-Discretionary Advisory Services to Plan Accounts, PWA receives a quarterly Fee, payable in arrears, based on the value of Plan assets on the last billing day of the prior billing quarter, as is set forth in relevant agreement. Fees for partial billing periods are prorated based on the number of days that services were provided during the billing period.

No separate fees are charged by PWA with respect to Additional Services, which services are provided only to clients with which PWA has an agreement to provide Non-Discretionary Advisory Services or Advisory Services via Portfolio Strategies.

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

PWA charges Performance Based Fees Under certain situations. PWA charges performance-based fees to certain investors in the Fund who meet the definition of “qualified client”. As a result, PWA has developed two basic fee schedules. The first fee schedule, illustrated above in Item-5, is applied to non-qualified clients and the second fee schedule is applied to qualified clients.

To be considered a qualified client, the client must have at least \$1 million under management with Preston Wealth Advisors, LLC immediately after entering into an advisory contract or PWA must have reasonable belief that the client has a net worth of more than \$2 million at the time the Subscription agreement is executed.

For Qualified Investors, the Fund shall pay the Investment Manager, on a monthly basis in advance, a fee (the “Management Fee”) equal to (a) during the Investment Period, 0.167% (a 2.0% annual rate) of the Total Committed Capital of each Limited Partner, and (b) following the expiration or termination of the Investment Period, 0.167% (a 2.0% annual rate) of the unreturned Capital Contributions of each Limited Partner (excluding Capital Contributions with respect to Investments that have been completely written-off). These clients will also pay the Investment Manager a Performance Based fee of 20% of returns obtained after the investors have received 100% return of their invested capital and a 10% preferred rate of return.

As stated above, in addition to the annual fee based on the value of the client's assets under management, PWA, as the Investment Manager, is compensated for asset management services through a performance-based fee. Under this arrangement, the

client will be charged a fee contingent upon the performance within the client's account(s). The performance-based fee will be tied to the capital appreciation (i.e. capital gains) within the account as evaluated at the end of each calendar year. The performance-based fee will be payable annually. The performance-based fee will generally not exceed 20% of the capital appreciation attained within the Fund after the investors have received their preferred return as explained above.

In order for the Firm to receive a performance-based fee, PWA must achieve capital appreciation within the account.

The exact fee and fee arrangements may vary or be different than that described above based on the complexity of client's situation, number of accounts managed, total assets under management and other factors specific to the client. The exact fee arrangements for each client will be specified in that client's advisory services agreement with PWA.

Item 7 – Types of clients

PWA provides directly, and as a sub-adviser to certain non-affiliated investment advisers, discretionary and nondiscretionary investment advice to individuals, families and their related entities, such as trusts and private foundations, pension and profit-sharing plans, not-for-profit organizations, other tax-exempt entities, limited liability companies, corporations, other entities and businesses, Plan fiduciaries and Private Investment Funds.

Minimum Investment Amounts Required

There is a minimum account size for Separate Accounts of \$250,000 per household, although lesser amounts may be accepted at the sole discretion of PWA. To reach this account minimum, clients can aggregate all household accounts.

PWA is not currently accepting any new Sub-Advised Accounts.

The minimum fee generally charged for financial planning services provided on an hourly basis is \$250, unless otherwise agreed by PWA in its sole discretion.

The minimum investment for Fiduciary Services is \$50,000, unless otherwise agreed by PWA in its sole discretion.

Private Fund Management

The minimum initial investment in the Fund is generally \$250,000.00 although the General Partner may vary or waive the minimum investment in its sole discretion.

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

Methods of Analysis

PWA's methods of analysis include charting, fundamental, technical and cyclical.

- **Technical** - This form of value analysis focuses on patterns of volume and price fluctuations for a given stock as compared to the activity of the larger, general market indicators. Securities are evaluated for purchase or sale based on an analysis of market statistics such as volume and prices over time as seen on charts, etc. that are believed to establish relational patterns that can predict future movements in the markets. This relative comparison has little to no concern for the company's fundamental structure, production or worth. Technical analysis assumes that all the market factors are known to and considered by all the market's participants, although the market can act in irrational ways. Technical analysis purports to see repeatable patterns in similar market conditions, but any one of many factors may alter the outcome of an otherwise similar situation.
- **Cyclical** - There are industries in which profits rise and fall on a cyclical basis. As profits of companies follow cyclical patterns, so do their stocks: going up and down, reflecting the current stage of the business cycle. There are a wide variety of industries that can be described as having distinct business cycles: oil and gas, semi-conductors, car-manufacturing, mining, home-building, fertilizer production and many others. Their main feature is that their profits and thus stock prices follow similar rising and falling patterns over the long run. There is no guarantee that historical trends will indicate current cycles.
- **Charting** - In this type of technical analysis, charts are used to plot price movements, volume, settlement prices, open interest, and other indicators in order to anticipate future price movements. Also charts of market, security, and economic data are used to help identify the timing of the market moving up or down and to predict how long trends may last and when trends might reverse. A chart is a historical record of price movements. Charting will often reveal patterns that repeat over and over with the same outcome but there is no guarantee in finding these tendencies and patterns or that historical records are an indicator of current or future movements.
- **Strategic**- This method of analysis involves setting target allocations for various asset classes and periodically rebalancing the portfolio back to the original allocations when they deviate significantly from the initial settings due to differing returns from various assets. In strategic asset allocation, the target allocations

depend on a number of factors such as the investor's risk tolerance, time horizon and investment objectives. These factors may change over time as the parameters change. Strategic asset allocation is compatible with a "buy and hold" strategy and is based on modern portfolio theory, which emphasizes diversification in order to reduce risk and improve portfolio returns.

- **Quantitative-** In this type of analysis, mathematical and statistical models are used in an attempt to obtain a more accurate depiction of how different sectors of the market are reacting to market data at any given point in time. A risk for this type of analysis could be that historical patterns or correlations between market data and sector specific reactions do not always repeat themselves.

PWA selects the mutual funds and ETFs contained in its Portfolio Strategies. The main sources of information that PWA uses include:

- Publicly available sources such as newspapers, company press releases, annual reports and corporate rating services,
- Subscription services such as stockcharts.com,
- Custodial research to help choose specific securities that have lower expense ratios, no transaction fee, no loads or other low cost comparable options for the Client;
- Research from the third-party providers of PWA's trading models.

Investment Strategies

Portfolio Strategies

PWA Core Hedged Equity is specifically designed for investors looking to acquire enhanced capital appreciation, while mitigating systematic and non-systematic risk through the incorporation of engineered beta. This portfolio is composed of four separate strategies running simultaneously. The core portion utilizes a diversified set of mutual funds, which track U.S. and International equities and fixed-income securities. These mutual funds are strategically allocated and rebalanced every quarter. This section seeks to keep an allocation of 80/20 in a bullish quarter or 60/40 in a bearish quarter, equity to fixed income, at the manager's discretion. The second portion of this strategy incorporates a diversified set of stocks that are traded monthly and strictly integrates specific sectors, industries or asset classes that display momentum and strong outperformance relative to the benchmark. This portion can go to a 50% cash allocation in the event that the market signals an upcoming bearish quarter. The third part incorporates a long-short equity strategy which aims to provide a hedge through the incorporation of, via an ETF, the NASDAQ 100, Dow Jones or TLT. The final portion is invested in an alternative sleeve consisting of but not

limited to commodities, a Managed Futures strategy or other such non-correlating defensive strategies. No single position will account for more than 50% of the portfolio.

PWA Core Hedged Moderate Growth is specifically designed for investors looking to acquire enhanced capital appreciation, while mitigating systematic and non-systematic risk through the incorporation of engineered beta. This portfolio is composed of four separate strategies running simultaneously. The core portion utilizes a diversified set of mutual funds, which track U.S. and International equities and fixed-income securities. These mutual funds are strategically allocated and rebalanced every quarter. This section seeks to keep an allocation of 70/30 in a bullish quarter or 50/50 in a bearish quarter, equity to fixed income, at the manager's discretion. The second portion of this strategy incorporates a diversified set of stocks that are traded monthly and strictly integrates specific sectors, industries or asset classes that display momentum and strong outperformance relative to the benchmark. This portion can go to a 50% cash allocation in the event that the market signals an upcoming bearish quarter. The third part of this portfolio is a long-short equity strategy aimed at providing a hedge through the incorporation of, via an ETF, the NASDAQ 100, Dow Jones or TLT. The final portion is invested in an alternative sleeve consisting of but not limited to commodities, a Managed Futures strategy or other such non-correlating defensive strategies. No single position will account for more than 50% of the portfolio.

PWA Core Hedged Income & Growth is designed for investors who are looking to acquire capital appreciation along with current income, while mitigating systematic and non-systematic risk through the incorporation of engineered beta. This portfolio is composed of three separate strategies running simultaneously. The core portion of this multi-disciplined strategy utilizes a diversified set of mutual funds, which track U.S. and International equities and fixed-income securities. These mutual funds are strategically allocated and rebalanced every quarter. This portion seeks to keep an allocation of 50/50 in a bullish quarter or 30/70 in a bearish quarter, equity to fixed income, at the manager's discretion. The second portion of this strategy incorporates a diversified set of low volatility stocks that are traded monthly as this portion of the portfolio strictly integrates the 15 largest companies, by market cap, of the S&P 500 Index. In an attempt to further protect the principal invested, this portion can use cash as an allocation in the event that none of the companies meet our investment criteria. The final portion is invested in an alternative sleeve consisting of but not limited to commodities, a Managed Futures strategy or other such non-correlating defensive strategies. No single position will account for more than 50% of the portfolio.

PWA Core Conservative Growth is designed for investors who are looking to acquire capital appreciation along with current income, while mitigating systematic and non-systematic risk through the incorporation of engineered beta. This portfolio is composed

of four separate strategies running simultaneously. The core portion of this multi-disciplined strategy utilizes a diversified set of mutual funds, which track U.S. and International equities and fixed-income securities. These mutual funds are strategically allocated and rebalanced every quarter. This section seeks to keep an allocation of 30/70 in a bullish quarter or 10/90 in a bearish quarter, equity to fixed income, at the manager's discretion. The second portion of this strategy incorporates a diversified set of low volatility stocks that are traded monthly as this portion of the portfolio strictly integrates the 15 largest companies, by market cap, of the S&P 500 Index. In an attempt to further protect the principal invested, this portion can use cash as an allocation in the event that none of the companies meet our investment criteria. The third portion of this portfolio is our Managed Dividend strategy whose primary objective is volatility reduction and income appreciation. This strategy aims to provide the overall model with above-average dividend and current yield while suppressing the annual standard deviation of the portfolio. This is done through the inclusion of 7 specific ETF's. The final portion is invested in an alternative sleeve consisting of but not limited to commodities, a Managed Futures strategy or other such non-correlating defensive strategies. No single position will account for more than 50% of the portfolio.

PWA Tactical Hedged Equity- (taxable) is designed for investors looking to acquire enhanced capital appreciation, while mitigating systematic and non-systematic risk through the incorporation of engineered beta. This portfolio is comprised of four separate strategies running simultaneously. The first portion utilizes a diversified set of ETF's, which track U.S. and International equities that are strategically allocated and rebalanced every quarter. Within this strategy we are either 100% invested in equities (bullish signal) or 100% in a bond fund or cash (bearish signal). The second portion of this strategy incorporates a diversified set of stocks that are traded monthly and integrates specific sectors, industries or asset classes that display momentum and strong outperformance relative to the benchmark. This section of the portfolio has the ability to go to 50% cash with a bearish signal. The third portion is a tactical Long/Short Equity portfolio that is either in a 4 position sector model or short the S&P 500 using an inverse ETF. The final portion is invested in an alternative sleeve consisting of but not limited to commodities, a Managed Futures strategy or other such non-correlating defensive strategies. No single position will account for more than 50% of the portfolio.

PWA Tactical Hedged Equity- (tax-deferred) is designed for investors looking to acquire enhanced capital appreciation, while mitigating systematic and non-systematic risk through the incorporation of engineered beta. This portfolio is comprised of four separate strategies running simultaneously. The first portion utilizes a diversified set of ETF's, which track U.S. and International equities that are strategically allocated and rebalanced every quarter. Within this strategy we are either 100% invested in equities (bullish signal) or

100% in a bond fund or cash (bearish signal). The second portion of this strategy incorporates a diversified set of stocks that are traded monthly and integrates specific sectors, industries or asset classes that display momentum and strong outperformance relative to the benchmark. This section of the portfolio has the ability to go to 50% cash with a bearish signal. The third portion is a tactical Long/Short Equity portfolio that is either in a 4 position sector model or short the S&P 500 using an inverse ETF. The final portion is invested in an alternative sleeve consisting of but not limited to commodities, a Managed Futures strategy or other such non-correlating defensive strategies. No single position will account for more than 50% of the portfolio.

PWA Managed Dividend Portfolio is designed for investors who are seeking volatility reduction and income appreciation. This strategy aims to provide above-average dividend yields and current yields, while suppressing the overall annual standard deviation (risk) of the portfolio. This is accomplished using up to seven specific exchange traded funds, which aim to provide diversification through a mix of fixed-income instruments and equity securities. These ETF's also supplement this model with above-average dividend yields, as any security incorporated within the model must have a minimum current yield of 3% providing the client with a minimum average income yield of 3% annually. These investments are tactically allocated and are selected and integrated by using a proprietary investment algorithm, which incorporates several technical indicators. These indicators include long-term price trend and momentum, which provide us with a better understanding as to which asset classes, sectors, or industries are outperforming the general market. Lastly, all ETF's that are considered must meet a strict volatility threshold. Ultimately, the average annual standard deviation of this subset strategy must be equal to or less than 6%.

PWA Strategically Managed Alpha is designed as a strategic asset allocation model that employs quarterly re-balancing in an effort to reduce non-systematic risk among risk-assets and equity securities, while employing counter-cyclical assets through the inclusion of a small stake in treasury notes. This portfolio incorporates approximately 25-30 equity securities and seeks to reduce non-systematic risk among all of these securities by reducing the portion or overall allocation of each security. These equity securities are selected based on macroeconomic, fundamental, and technical indicators, as the equity selection process includes all of these investment disciplines in order to incorporate a more holistic approach to stock selection. The ultimate goal of this specific strategy is to provide investors with excess alpha, as a portion of their overall annual return by reducing the portfolio's beta or total systematic risk to be equal to or less than that of the general market.

PWA Strategically Managed Alpha Moderate is designed as a strategic asset allocation model that employs quarterly re-balancing in an effort to reduce non-systematic risk among risk-assets and equity securities, while employing counter-cyclical assets through the

inclusion of a moderate stake in treasury notes. This portfolio incorporates approximately 25-30 equity securities and seeks to reduce non-systematic risk among all of these securities by reducing the portion or overall allocation of each security. These equity securities are selected based on macroeconomic, fundamental, and technical indicators, as the equity selection process includes all of these investment disciplines in order to incorporate a more holistic approach to stock selection. This strategy specifically incorporates a larger portion of equity securities within the defensive super sector to reduce volatility and correlation to the overall market. The ultimate goal of this specific strategy is to provide investors with excess alpha, as a portion of their overall annual return by reducing the portfolio's beta or total systematic risk to be about half of that of the market.

PWA Strategically Managed Alpha Conservative is designed as a strategic asset allocation model that employs quarterly re-balancing in an effort to reduce non-systematic risk among risk-assets and equity securities, while employing counter-cyclical assets through the inclusion of a majority stake in treasury notes. This portfolio incorporates approximately 25-30 equity securities and seeks to reduce non-systematic risk among all of these securities by reducing the portion or overall allocation of each security. These equity securities are selected based on macroeconomic, fundamental, and technical indicators, as the equity selection process includes all of these investment disciplines in order to incorporate a more holistic approach to stock selection. This strategy specifically incorporates a larger portion of equity securities within the defensive super sector to reduce volatility and correlation to the overall market. The ultimate goal of this specific strategy is to provide investors with excess alpha, as a portion of their overall annual return by reducing the portfolio's beta or total systematic risk to be about a third of that of the market.

PWA Strategic Growth is designed as a strategic asset allocation model that employs quarterly re-balancing in an effort to reduce non-systematic risk among all equity securities within the portfolio. This portfolio incorporates approximately 12-14 equity securities and a counter-cyclical asset, which is included through the implementation of shorter-dated treasury securities. This is done to ultimately reduce the portfolios volatility, while providing investors with a hedge against systematic financial risk, event risk, and non-systematic risk associated with their holdings. This also aids in reducing the portfolio's correlation to the market and its overall beta value, in an effort to give investors an enhanced alpha value or excess return without excess risk. Finally, the equity securities associated with this growth portfolio are included using technical and fundamental analysis with a focus on more cyclical and rate-sensitive securities that could aid in increasing overall return over the long-run.

PWA Strategic Moderate is designed as a strategic asset allocation model that employs quarterly re-balancing in an effort to reduce non-systematic risk among all equity securities

within the portfolio. This portfolio incorporates approximately 12-14 equity securities and counter-cyclical assets, which is included through the implementation of a moderate portion of shorter-dated treasury securities and an exchange-trade fund that employs gold. This is done to ultimately reduce the portfolios volatility, while providing investors with a hedge against systematic financial risk, event risk, debasement risk, and non-systematic risk associated with their holdings. This also aids in reducing the portfolio's correlation to the market and its overall beta value, in an effort to give investors an enhanced alpha value or excess return without excess risk. Finally, the equity securities associated with this growth portfolio are included using technical and fundamental analysis with a focus on more defensive and rate-sensitive securities that could aid in decreasing volatility and correlation to the market.

PWA Strategic Conservative is designed as a strategic asset allocation model that employs quarterly re-balancing in an effort to reduce non-systematic risk among all equity securities within the portfolio. This portfolio incorporates approximately 12-14 equity securities and counter-cyclical assets, which is included through the implementation of a majority portion of shorter-dated treasury securities and an exchange-trade fund that tracks gold. This is done to ultimately reduce the portfolios volatility, while providing investors with a hedge against systematic financial risk, event risk, and non-systematic risk associated with their holdings. This also aids in reducing the portfolio's correlation to the market and its overall beta value, in an effort to give investors an enhanced alpha value or excess return without excess risk. Finally, the equity securities associated with this growth portfolio are included using technical and fundamental analysis with a focus on more defensive and low-beta positions in order to reduce volatility, potential for loss, and overall portfolio beta.

PWA Dynamic Treasury Portfolio is designed for investors who are seeking a more aggressive way to invest in the U.S. Treasury markets or to utilize a strategy to provide non-correlation to their outside equity positions. This portfolio aims to take advantage of volatility in the U.S. 20-30 Year Treasury by actively trading several mutual funds within the strategy. The portfolio will consist of only one (1) mutual fund at a time. Like all PWA portfolios, cash is always an option for our portfolio managers. The portfolio managers will either go long, short or to cash based on the current market conditions of the U.S. 20-30 Year Term Treasury. This strategy seeks to outperform the Bloomberg Barclays Aggregate Bond Index.

PWA's OTC Hedge Portfolio is designed for investors who are seeking to enhance investment performance while reducing risk and protecting their assets from market volatility and uncertainty. PWA OTC Hedge holds one (1) position at a time going either long or short in the Nasdaq 100, or investing in long-term Treasury bonds or cash.

PWA 401k Aggressive is designed for investors who are seeking capital appreciation. This portfolio is designed to help investors fully participate in the growth the stock market has to offer through both fixed-income and equity exposure. The portfolio utilizes both PWA's proprietary blend of technical indicators on the equity side and a buy & hold for the fixed income portion. PWA incorporates both domestic and international sector specific ETF's, as well as a full range of commodity, currency & broad index ETF's in order to seek the best possible return. Investments will be allocated between equities or fixed-income based upon an analyses of market conditions. The Fixed Income portion of the portfolio will be invested in a broad-based Bond Index ETF, such as the "BND" or "AGG. The portfolio is rebalanced on a quarterly basis based on the current outlook for both equities & fixed income. The maximum equity exposure is 100%. Should our indicators signal a bearish quarter, the model will flip from 100% equities to 100% fixed income or cash. If our indicators signal a downtrend in the fixed-income space, the portfolio can be moved entirely to cash in order to seek preservation of your principal investment. The strategy seeks to outperform the Standard & Poor's 500 Total Return Index ("S&P 500®).

PWA 401k Growth is designed for investors who are seeking capital appreciation. This portfolio is designed to help investors fully participate in the growth the stock market has to offer through both fixed-income and equity exposure. The portfolio utilizes both PWA's proprietary blend of technical indicators on the equity side and a buy & hold for the fixed income portion. PWA incorporates both domestic and international sector specific ETF's, as well as a full range of commodity, currency & broad index ETF's in order to seek the best possible return. Outperforming sectors may be overweighted in order to maximize returns. Investments will be allocated between equities and fixed-income based upon an analyses of market conditions. The Fixed Income portion of the portfolio will be invested in a broad-based Bond Index ETF, such as the "BND" or "AGG. The bond portion is rebalanced on a quarterly basis based on the current outlook for fixed income. The minimum bond exposure will be no less than 10% and the maximum bond exposure will be no more than 70%. If our indicators signal a downtrend in either the equity or fixed-income space, both parts of the portfolio can be moved partially or entirely to cash in order to seek preservation of your principal investment. The strategy seeks to outperform the Standard & Poor's 500 Total Return Index ("S&P 500®).

PWA 401(k) Moderate Growth is designed for investors who are seeking long term growth with moderate volatility. This portfolio is built with a focus on providing balanced and varied exposure by investing in both equity and fixed income sectors. The portfolio utilizes both PWA's proprietary blend of technical indicators on the equity side and a buy & hold strategy for the fixed income portion. PWA incorporates both domestic and international sector specific ETF's, as well as a full range of commodity, currency & broad based index ETF's in order to seek the best possible return. Outperforming sectors may be

overweighted in order to maximize returns. Investments will be allocated between equities and fixed-income based upon an analyses of market conditions. The Fixed Income portion of the portfolio will be invested in a broad-based Bond Index ETF such as "BND" or "AGG". The bond portion is rebalanced on a quarterly basis based on the current outlook for fixed income. The minimum bond exposure will be no less than 40% and the maximum bond exposure will be no more than 80%. If our indicators signal a downtrend in either the equity or fixed-income space, both parts of the portfolio can be moved partially or entirely to cash in order to seek preservation of your principal investment. The strategy seeks to outperform a blended benchmark of 60% Standard & Poor's 500 Total Return Index ("S&P 500[®]) & 40% Barclays Aggregate Bond Index.

PWA 401(k) Conservative Growth Strategy is designed for investors who are seeking moderate capital appreciation combined with current income. This portfolio is built with a focus on fixed income sectors first and equity exposure second. The portfolio utilizes both PWA's proprietary blend of technical indicators on the equity side and a buy & hold strategy for the fixed income portion. PWA incorporates both domestic and international sector specific ETF's, as well as a full range of commodity, currency & broad based index ETF's in order to seek the best possible return. Outperforming sectors may be overweighted in order to maximize returns. Investments will be allocated between equities and fixed-income based upon an analyses of market conditions. The Fixed Income portion of the portfolio will be invested in a broad-based Bond Index ETF such as "BND" or "AGG". The bond portion is rebalanced on a quarterly basis based on the current outlook for fixed income. The minimum bond exposure will be no less than 70% and the maximum bond exposure will be no more than 90%. If our indicators signal a downtrend in either the equity or fixed-income space, both parts of the portfolio can be moved partially or entirely to cash in order to seek preservation of your principal investment. The strategy seeks to outperform a blended benchmark of 70% Barclays Aggregate Bond Index & 30% Standard & Poor's 500 Total Return Index ("S&P 500[®]).

All market indicator signals for all Portfolio Strategies are determined based upon mathematical trading models that are licensed by PWA pursuant to a software license agreement with a Software Provider, through a subscription agreement or was created by PWA using proprietary market indicators. While PWA will generally trade based upon the signals generated by such models, the Firm may elect not to trade in accordance with the signals if it believes the signals are compromised or otherwise not in the best interest of PWA clients. Trades instructions are sent to the relevant custodian who then executes the trades for the relevant Accounts. PWA does not have control over the custodians and/or broker-dealers ability to execute these trades.

Risk of Loss

Market Risk. The success of model portfolio activities and a client's portfolio will be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, commodity prices, economic uncertainty, changes in laws, trade barrier, currency fluctuations and controls, as well as national and international political circumstances. These factors may affect the level of volatility of securities prices and the liquidity of investments in client portfolios. Such volatility or illiquidity could impair profitability or result in losses.

Increased Regulations. Events during the past several years and adverse financial results have focused attention upon the necessity to maintain adequate risk controls and compliance procedures. These events have led to increased governmental and self-regulatory authority scrutiny of the financial industry. Various national governments have also expressed concern regarding disruptive effects of speculative trading and the need to regulate the markets in general. Any regulations that restrict the ability to employ, or broker-dealers and counterparties to extend, credit or restrict trading activities could adversely impact profit potential.

Short Sales. PWA may invest in Investment Funds which utilize short sales. Short sales involve a finite opportunity for appreciation, but a theoretically unlimited risk of loss. Short positions are also subject to a "short squeeze" that could lead to accelerating losses for those short that particular security.

Potential Concentration. PWA may invest in Investment Funds that target certain securities in particular market sectors. The lack of diversification may magnify losses from erroneous investment decisions and expose the Investment Funds, and thus the Accounts, to losses from market declines in the sectors in which one (1) or more of the Investment Funds may have substantial exposure.

Model Risk Trading. Decisions for the Portfolio Strategies are determined by utilizing either software trading programs that are licensed by PWA pursuant to a software license agreement with Software Providers or was created by PWA using proprietary market indicators. With respect to Accounts, the model(s) determine when to buy or sell Investment Funds in the Portfolio Strategies. Therefore, the Portfolio Strategies is subject to substantial model risk, *i.e.*, the risk that the model may fail to produce accurate results under certain market conditions.

A technical trading system may underperform other trading methods when fundamental factors dominate price moves within a given market. Because technical analysis generally does not take into account fundamental factors such as supply, demand and political and economic events (except to the extent they influence the technical data used as input

information for the trading program), a technical trading method may be unable to respond to fundamental causation events until after their impact has ceased to influence the market. Positions dictated by the resulting price movements may be incorrect due to the fundamental factors then affecting the market. When fundamental factors dominate the markets, strict application of the trading signals generated by the trading program may cause substantial losses due to its inability to respond to fundamental factors until they have a sufficient effect on the market to create a trend of enough magnitude to generate a reversal of trading signals.

Trading models generally need to be updated regularly as market dynamics shift over time (for example, due to changed market conditions, regulations, investor populations and changes in underlying economic data) in order to remain effective. A previously highly successful model often becomes outdated or inaccurate, perhaps without the Software Provider or PWA recognizing that fact before substantial losses are incurred (it being, for example, often difficult to quickly determine whether a factor in a model or unusual market events are responsible for unexpected losses). There can be no assurance that the models utilized by PWA will continue to remain effective.

Reliance on Systems, Information Technology and Third Parties. In addition to the risks associated with the use of trading models generally, the use of any computer program contains an inherent risk that the software and hardware used or relied upon may malfunction, or contain or develop defects. Such defects could include, but are not limited to, design errors, inaccurate data, computer viruses and vulnerability to hacking and unauthorized access. Such or other defects could result in the execution of unanticipated trades, the failure to execute anticipated trades, the failure to properly allocate trades, the failure to properly gather and organize available data and/or the failure to take certain risk mitigating actions or other consequences. Such defects can be extremely difficult to detect, and it is entirely possible that a defect in the trading programs could go undetected for a long period of time (or perhaps never be detected). The impact of a defect (or multiple defects) may be compounded over time, resulting in substantial losses. Even if a defect is detected, it may result in substantial losses before it is identified or there has been an opportunity correct it. Any malfunction or defects in the software or hardware relied upon by PWA on could result in substantial losses.

PWA's strategies rely heavily on computer hardware and software, online services and other computer-related or electronic technology and equipment to facilitate trading activities. Electronic trading creates exposures to risks associated with system or component failure, which could result in an inability to enter new orders, execute existing orders or modify or cancel previously entered orders. System or component failure may also result in loss of orders or order priority. If unanticipated events cause a disruption in the operation of any technology or equipment, PWA's investment programs may be

severely impaired, causing investors to experience substantial losses or other adverse effects.

Further, PWA does not have control over the custodians and/or broker-dealers who execute the trades for client Accounts. Custodians and/or broker-dealers may, due to communication, technical or for other reasons, fail to make trades or otherwise manage the Accounts as directed by PWA.

Third-Party Data. In performing its duties, PWA will rely upon information provided by the Software Provider(s) pursuant to software license agreements and on information provided by other third parties (all such information, the “Third-Party Data”). PWA makes no representations or with regard to any Third-Party Data or any derivative information and analyses based on such Third-Party Data, including, but not limited to, any warranty as to the general accuracy, time accuracy, historical accuracy, completeness, integrity or any other aspect of the Third-Party Data or its content. The software license agreement may be terminated by PWA or by the Software Provider. PWA may not have the ability to pursue its investment strategies in Accounts without the Third-Party Data.

Risks Related to Mutual Funds

General. PWA invests in unaffiliated Mutual Funds and has no control over the management of the Mutual Funds or the securities in which such Mutual Funds invest. These Mutual Funds will charge their own management and other fees, so that if the Firm invests in them, each Account will bear an additional level of fees and expenses. Mutual Funds have risks associated with the following asset classes in which they invest and may also have unique risks of loss as described in their offering documents.

Equity Risk. Investments in equity securities generally involve a high degree of risk. Prices are volatile and market movements are difficult to predict. These price movements may result from factors affecting individual companies or industries. Price changes may be temporary or last for extended periods. In addition to, or in spite of, the impact of movements in the overall stock market, the value of investments may decline if the particular investments within the portfolio do not perform well in the market. Prices of growth stocks may be more sensitive to changes in the specific company’s current or expected earnings than the prices of other types of stocks. Prices of stocks may fall or fail to appreciate regardless of movements in securities markets.

Fixed Income Risks. Investments in fixed income securities represent numerous risks such as credit, interest rate, reinvestment, and prepayment risk, all of which affect their price (i.e., value). These risks represent the potential for a large amount of price volatility. In general, securities with longer maturities are more sensitive to price changes. Additionally, the prices of high yield, fixed-income securities fluctuate more than high quality debt

issues. Prices are especially sensitive to developments affecting the company's business and to changes in the ratings assigned by rating agencies. Prices are often closely linked with the company's stock prices. High yield securities can experience sudden and sharp price swings due to changes in economic conditions, stock market activity, large sales by major investors, default, and/or other factors. Developments in the credit market may have a substantial impact on the companies the Firm may invest in and will affect the success of such investments. In the event of a default, the investment may suffer a partial or total loss.

Small Capitalization Companies. Both debt and equity securities of smaller less established companies tend to be more volatile than larger, more established companies. Such volatility could adversely impact client portfolios.

Large Company Risk. Large capitalization stocks can perform differently from other segments of the equity market or from the equity market as a whole. Large capitalization companies may be less flexible in evolving markets or unable to implement change as quickly as smaller capitalization companies.

Non-U.S. Investments. Investments in securities (debt, equity, currencies, derivatives, etc.) domiciled outside of the United States expose the portfolio to a number of risks that may not exist in the domestic market alone. Such risks include, among other things; trade balances and imbalances, related economic policies, currency exchange rate fluctuations, imposition of exchange control regulation, withholding taxes, limitations on the removal of funds or other assets, possible nationalization of assets or industries, political difficulties, and political instability in foreign nations.

Private Fund – Risk of Loss

An investment in the Fund involves a high degree of risk, including, without limitation, uncertain returns, market risk, risks associated with Limited Partner default, indemnification risks, illiquidity, possible lack of diversification, lack of management control, tax risks as well as potential conflicts of interest.

The private fund, managed by PWA, is an unregistered pooled investment vehicle. There are certain inherent risks associated with investing in private pooled investment vehicles which include but are not necessarily limited to the following.

- Private offerings often are speculative, high risk and illiquid investments. An investor can lose his or her entire investment in a private offering.
- Private offerings are generally not subject to the same laws and regulations, which are designed to protect investors, as registered securities offerings.
- Private offerings typically have not been reviewed by a regulator to make sure

risks associated with the risks of private investments have been adequately disclosed to prospective investors.

- Private offerings often project higher rates of return, but this is typically because the risks of the underlying the private investment are also higher.
- Private offerings are generally illiquid, meaning there are limited opportunities to resell the underlying security of the private placement. Therefore, an investor may be forced to hold the private placement security indefinitely.
- Investors in a private placement offering are usually provided with less disclosure information than they would receive in a public security offering. Consequently, investors know much less about the private placement investment and the people behind it.
- Before investing in a private placement offering, an investor should carefully read and fully understand the subscription agreement and the offering memorandum/private placement memorandum.

Item 9 – Disciplinary Information

In November 2014 the Florida Office of Financial Regulation alleged a contested technical violation of Florida investment advisor registration requirements. To avoid the expense associated with litigating that issue (and with no admission of a violation), PWA and the individuals agreed to resolve the issue, pay a modest fine and, in return, receive the requested Florida Investment Advisory registrations. The firm's Florida registrations were approved in December 2014.

In September of 2016, the State Corporation Commission of the Commonwealth of Virginia alleged a violation of 21 VAC 5-80-160 A (19) of the Commission's Rule regarding Investment Advisors, requiring supervision of employees and investment advisor representatives. In 2014, after speaking with a local (Virginia) securities attorney, PWA permitted an employee to participate in certain communications to facilitate the purchase, by five (5) PWA clients, of securities issued by a private real estate fund. Although fund disclosures stated that the securities were exempted from registration requirements, the State Corporation Commission of the Commonwealth of Virginia, which regulated PWA during the relevant period, determined that the securities were neither registered with the Division of Securities and Retail Franchising (the "Division") nor exempt from registration. The Division alleged that PWA violated rules requiring investment advisors to maintain "written procedures to supervise the activities of employees and investment advisor representatives that are reasonably designed to achieve compliance with applicable securities laws and regulations." To avoid the expense of litigating that issue (and with no admission or denial of the violation), PWA agreed to resolve the matter, pay a modest fine,

and undertake not to violate the Virginia Securities Act in the future. There was no allegation of investor harm or losses in the private real estate fund.

Item 10 – Other Financial Industry Activities and Affiliations

PWA is not and does not have a related person that is a broker/dealer, municipal securities dealer, government securities dealer or broker, an investment company or other investment adviser or financial planner, a futures commission merchant, commodity pool operator, or commodity trading advisor, a banking or thrift institution, an accountant or accounting firm, a lawyer or law firm, an insurance company or agency, a pension consultant or a real estate broker or dealer.

PWA is not engaged in any other business activities and offers no other services except those described in this Brochure. However, while PWA does not sell products or services other than investment advice, PWA representatives may sell other products or provide services outside of their role as investment adviser representatives.

Theodore J. Doremus, CEO and CCO, is a minority investor in a private placement real estate investments Blue Line Capital, LLC (25% owner). Two (2) of the other 2 owners in this investment are also existing PWA clients. This ownership interest creates a conflict of interest which is addressed by ensuring that the particular investment meets the suitability and investment objectives of each client solicited and requiring the client provide a written acknowledgement of the conflict of interest.

Theodore J. Doremus, CEO and CCO, is registered as an insurance agent. As such, he may recommend clients purchase disability insurance, life insurance, annuities, or other insurance products. This creates a conflict of interest as the commission of the sale of insurance, if done through PWA, would benefit him and the Firm. However, Mr. Doremus personally does not currently charge or receive any commissions as a result of his being registered as an insurance agent. The Firm receives any commission charged.

Rena Jabbour, Vice President, also acts in a separate capacity as a mortgage broker. When acting in such separate capacity as a mortgage broker, Rena Jabbour may assist clients in obtaining mortgages through various products and may receive a commission with respect to such mortgage products. Consequently, certain advice rendered to a client could be biased. A client is under no obligation to implement any mortgage transaction through Rena Jabbour.

Ownership of Private Fund General Partner

PWA is the owner of PWA GovCon Fund, LLC which acts as the General Partner of the GovCon Fund, LP, a pooled investment vehicle. TJ Doremus will devote approximately 10% of his time while Greg Mattingly will devote approximately 25% of his time to the performance of their duties as owners of the General Partner. This creates a conflict of interest. PWA addresses this conflict of interest by fully disclosing the relationship among the General Partner, PWA and the Fund in the Fund's Offering Memorandum. Although TJ Doremus and Greg Mattingly's control of the investment adviser and the general partner may give them heightened control and discretion over the Fund, they manage any conflicts of interest by strictly adhering to the investment strategy discussed in the Fund's Offering Memorandum.

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

Code of Ethics

Pursuant to SEC Rule 204A-1, PWA has adopted a written Code of Ethics ("Code") that sets forth standards of conduct and federal securities law requirements applicable to all supervised persons as defined in the Advisers Act. In addition to providing general guidelines overseeing client professional services, the Code stresses the avoidance of actual or perceived conflicts of interest by specifically prohibiting its employees from engaging in certain transactions or activities. The Code also includes ethics policies, prohibitions, and principles for doing business designed to emphasize that supervised persons are in a position of trust with clients. All supervised persons are required to comply with ethical restraints relating to clients and their accounts, including restrictions on giving gifts to, and receiving gifts from, clients in violation of the firm's gift policy. Further, employees are required to report all Code violations to the Chief Compliance Officer ("CCO"). Code violations may result in disciplinary action or dismissal. The Code also contains policies involving the safeguarding of proprietary and non-public information by supervised personnel along with restrictions on the use of insider information and the use of non-public information regarding a client.

Participation or Interest in Client Transactions

PWA acts as an investment manager to numerous clients. PWA may give advice and take action with respect to any Accounts it manages that may differ from action taken by the Firm on behalf of other Accounts. PWA is not obligated to recommend, buy, or sell or refrain from recommending, buying, or selling any security that the Firm or its access persons, as defined by rules under the Advisers Act and the U.S. Securities and Exchange Act of 1940, as amended ("1940 Act"), may buy or sell for their own accounts or for the accounts of any other client. PWA is not obligated to refrain from investing in securities

held by Investment Funds or Accounts that it manages except to the extent that such investments violate the Code adopted by the Firm.

PWA manages investments for multiple clients and may give them advice or take actions for them or for other separate accounts that is different from the advice PWA provides to any client or actions taken for a client. The Firm is not obligated to buy, sell or recommend to any client any security or other investment that the Firm may buy, sell or recommend for other clients or for its (or its employees') own accounts.

Certain PWA officers, members, and employees ("Related Persons") are also clients or investors. PWA may invest client accounts in, among other things, securities in which the Firm or its Related Persons have a financial interest. PWA or its Related Persons may purchase for themselves securities or other investments which one (1) or more clients own, previously owned, or will own in the future. As these situations may represent a potential conflict of interest, PWA has adopted procedures relating to personal securities transactions and insider trading that are reasonably designed to prevent actual conflicts of interest.

PWA, directly or through an affiliate, may manage simultaneously parallel with similar objectives but with differing fees to the Firm. PWA also may similarly manage simultaneously certain accounts that may hold short positions in a security for which other managed accounts are long. PWA's policy is to manage each account independently and fairly and recognize and seek to control the conflicts of interests inherent in such practices.

Personal Trading

The Code requires all supervised personnel to report their personal securities holdings and transactions and requires the CCO or his designee to pre-approve certain investments, including investments in IPOs. Personnel are required to submit an annual report of brokerage accounts and holdings along with an annual acknowledgement and certification stating that the individual will comply with the Code. In addition, supervised personnel are required to submit semi-annual transaction reports that detail the individual's securities transactions for the quarter. These reports or confirmations and statements are submitted to and reviewed by the CCO or his designee

PWA will provide a copy of its Code to any client or prospective client upon request.

Item 12 – Brokerage Practices

As a fiduciary to its Clients, the Firm has a duty to "execute securities transactions for clients in such a manner that the clients' total costs or proceeds in each transaction are the

most favorable under the circumstances.” [*In the Matter of Kidder, Peabody & Incorporated*, Investment Advisers Act Release No. 232 (Oct. 16, 1968).] This obligation generally constitutes the Firm’s duty of “best execution” in connection with managing trades and the selection of brokers executing portfolio trades on behalf of the Firm’s private client(s). While the Firm is not required to obtain the lowest available commission rate for executing a given trade, it is PWA’s fiduciary obligation to use “best efforts” to obtain a reasonable commission rate in relation to the quality of the execution and the value of brokerage services received from the executing broker. Therefore, the Firm has adopted standards with respect to executing broker selection.

In determining which broker will offer best execution, the Firm may consider some or all of the following factors:

- execution capability;
- research capability;
- block trading coverage for a particular security;
- commission and pricing structure;
- effective communication;
- responsive personnel;
- ability to position trades (for example: the trading of odd lots) distribution;
- underwriting capabilities;
- use of electronic efficiencies;
- ability to execute and settle trades efficiently;
- mutual funds offered at minimal transaction costs;
- client custodial relationships;
- client reporting and convenience;
- financial stability; and/or
- general reputation.

On an ongoing basis, the Firm will monitor and discuss the execution services provided by brokers with the foregoing factors in mind. When a question is raised with respect to a broker’s execution of trades for client accounts, senior management of the Firm will assess the quality of the execution received to ensure that client trades receive best execution as determined by the applicable factors listed above.

Because the Firm does not hold client assets for Accounts, private clients are required to establish custodial accounts with Charles Schwab & Co, a FINRA-registered broker-dealer, Member SIPC (“Schwab”) or E*Trade Advisor Services, an independent Custodian and Member FDIC (“E*Trade”). Sub-advisory clients may establish custodial accounts

with either Schwab, E*Trade or such other independent custodian(s) as the Firm selects, to maintain custody of clients' assets and to effect trades for their Sub-Advised Accounts.

The Firm has determined that having Schwab and/or E*Trade execute trades is consistent with its duty to seek "best execution" of client transactions. Schwab provides PWA with access to its institutional trading and custody services which are typically not available to Schwab retail investors. These services are generally available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained at Schwab Institutional. For PWA clients' Accounts maintained in its custody, Schwab generally does not charge separately for the custody services but is compensated by account holders through commissions or other transaction-related or asset based fees for securities trades that are executed through Schwab or that settle into Schwab accounts. While E*Trade does not provide the additional services provided by Schwab, it does typically have lower trading costs than Schwab on some investment types, quicker execution time and the ability to trade more complex strategies.

Private Fund Transactions

Transactions for the GovCon Fund, LP will be placed through the Millennium Trust Company and First Republic Bank.

PWA has a duty to select custodians based on the best interest of Fund. In this regard, the primary factor in selecting a custodian will be that the services are provided in a cost-effective manner. PWA will not receive traditional "soft dollars" with respect to private fund transactions.

Directed Brokerage for Sub-Advisory Accounts

The Firm generally recommends that Private Clients and Sub-Advised Clients utilize qualified custodian(s) selected by the Firm and the broker/dealer(s) selected by such custodian(s). All Private Clients must use Schwab or E*Trade, however, Sub-Advised Clients may select the custodian(s) and/or broker-dealer(s) that will be used for their accounts. Sub-Advised Clients directing the use of a particular custodian and/or broker/dealer are advised that (i) the Firm may not be able to obtain the best prices and execution for the transactions, (ii) clients may receive less favorable prices than would otherwise be the case if the client had not designated a particular broker/dealer or custodian, and (iii) a disparity in commission charges may exist between the commissions charged to clients who direct PWA to use a particular broker or dealer versus clients who do not direct the use of a particular broker or dealer. In some circumstances, the Firm may be unable to invest client assets using a particular custodian's platform and the client will need to

designate another custodian or use one of the Firm's selected custodians. The Firm reserves the right of refusal to trade on certain custodial platforms.

Research and Soft Dollar Benefits

An investment adviser receives soft dollar benefits from a broker-dealer when the investment adviser receives research or other products and services in exchange for client securities transactions or maintaining an account balance with the broker-dealer.

PWA does not currently have a soft dollar agreement with a broker-dealer or a third-party.

Trade Errors

Currently all trades are handled by qualified custodians or automated trading programs. As a fiduciary, PWA has the responsibility to instruct the custodians with respect to trading promptly, correctly and in the best interests of our clients.

In the event any error occurs in the handling of any client transactions due to PWA's actions, or inaction, PWA's policy is to seek to identify and correct any errors as promptly as possible without disadvantaging the client or benefiting PWA in any way.

If the error is the a result of an act or omission of a third party, such as a qualified custodian, or broker/dealer or the failure of a trading system, PWA is not responsible but will attempt to obtain correction from the third party responsible.

PWA's policy and practice is to monitor and reconcile all trading activity, identify and attempt to resolve any trade errors made by PWA or its personnel promptly, document each trade error with appropriate supervisory approval and maintain a trade error file.

PWA will maintain a report/file of all trade errors. The following will be documented for each trade error:

1. The client that was affected
2. A description of the error
3. The broker/dealer that was involved (if applicable)
4. The name and/or ticker symbol of the security
5. The transaction date
6. A description of how the error was resolved

The CCO will be responsible for periodically reviewing the trade error report/file to determine that trade corrections are being appropriately handled and to determine if

additional policies and procedures need to be implemented or changes need to be made to lessen the frequency or number of trade errors that are occurring.

Block Trading and Allocation for Separate Account Clients

The aggregation or block trading of client transactions allows an adviser to execute transactions in a more timely, equitable and efficient manner. Typically, the process of aggregating client orders is done in order to achieve better execution, or to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently. PWA may aggregate client orders placed for client accounts that are held at a particular custodian for block trading at that custodian. Trades are not aggregated across all custodians. The custodians place the trades through their brokers.

PWA, the custodian or the trading software will calculate the pro rata share of each transaction included in a block order for client accounts held with a particular custodian and assign the appropriate number of shares. The relevant custodian executes the trades and allocates the appropriate number of shares to the clients' accounts at the average price achieved for the block trade. Neither PWA nor any of the Firm's associated persons receive any additional compensation as a result of block trades.

PWA has implemented a "rotation policy" for trading across custodians so that no custodian or client account is favored. The rotation policy is set such that the order of custodians varies each day. When more than one (1) trader is trading, custodians may be delivered trade instructions at the same time. The rotation of custodians may be changed by PWA in its sole discretion, including without limitation for the following reasons: (i) each custodian is not necessarily traded every day depending on the accounts and portfolios the accounts are invested in, (ii) third party connection, internet or any other issue preventing PWA from instructing the custodian on the trades and/or allocations to be made, (iii) other various issues that may occur, (iv) addition of a custodian or addition of another trader to PWA.

PWA may have clients whose assets are held at a particular custodian that pursue multiple Portfolio Strategies in their Account at that custodian. Some custodians are able to take block trade orders from PWA for multiple Portfolio Strategies on an aggregated basis, and in those cases PWA submits block trades for all of the client accounts held at these custodians that wish to trade the same security on the same day, regardless of Portfolio Strategy. For other custodians, PWA cannot effectively submit block trades jointly for multiple Portfolio Strategies that wish to trade the same security. In those cases, PWA

submits the trades for each Portfolio Strategy separately and rotates through the Portfolio Strategies in order so no investment program always has its trades placed first.

As a matter of policy, an adviser's allocation procedures must be fair and equitable over time so that no client or group of clients is systematically favored or disfavored. PWA seeks to achieve this goal by use of bunched orders and rotation of trades.

Agency Cross Transactions

PWA's associated persons are prohibited from engaging in agency cross transactions, meaning PWA cannot act as a broker for both the sale and purchase of a single security between two (2) different clients and cannot receive compensation in the form of an agency cross commission or principal mark-up for the trades.

Item 13 – Review of Accounts

Account Reviews and Reports

Private client Separate Accounts are reviewed at least semi-annually. While the calendar is the main triggering factor, reviews can also be conducted upon client request. These account reviews will include investment strategy, risk tolerance and investment objective reviews and making a modification if any of the aforementioned items have changed. Reviews are generally conducted by registered investment adviser managing the account.

Investments in the Fund are reviewed at least quarterly. While the calendar is the main triggering factor, reviews may be conducted upon request. These reviews include but are not limited to; pipeline, Profit & Loss statement, current contract status, open opportunities, closed deals, variance analysis, balance sheets, account statements and next quarter's outlook.

For a Financial Planning-only client, the Firm's financial planning services terminate upon the presentation of the written plan. Financial planning services do not include monitoring investments, and therefore, there is no ongoing review of any accounts.

Statements and Reports

The custodian(s) directly provide clients with transaction confirmation notices and, at a minimum, a quarterly account statement. Additionally, PWA may provide position or performance reports to a client upon request.

Financial planning clients do not receive any report other than the written plan originally contracted for and provided by PWA.

Clients are encouraged to always compare any reports or statements provided by PWA against the account statements delivered from the custodian. When a client has questions about its account statement, it should contact the Firm and the custodian preparing the statement.

The Fund will be audited at the end of each fiscal year by an independent certified public accountant. PWA delivers to each investor audited financial statements for the Fund, including an income statement for the year that ended and a balance sheet as of the end of such year and a statement of changes to such investor's capital account.

Item 14 – Client Referrals and Other Compensation

Compensation from Non-Clients.

PWA does not receive any economic benefit from any party that is not a client except as specifically set forth in this Brochure.

Compensation to Others for Client Referrals.

PWA currently has four (4) solicitation agreements with individuals and financial intermediaries who are not affiliated with PWA for solicitation of Accounts. All solicitation agreements comply with PWA's policy and Rule 206(4)-3 under the Advisers Act and any other law as applicable. These solicitation arrangements, where applicable, require an affiliated solicitor to disclose such affiliation, and require a third party solicitor to provide each prospective client with a copy of the adviser's Form ADV Part 2 and to disclose to the prospective client the nature of the arrangement between the solicitor and adviser. Payment to the solicitor by PWA will not increase the general fees paid by the prospective client.

PWA will make payments from their own capital resources or otherwise provide benefits to certain intermediaries for marketing support services. These payments made by the Firm do not increase the amount of advisory fees paid by PWA clients.

Item 15 – Custody

PWA serves as the Investment Manager of the Fund and, as such, has access to the Fund's assets and holdings. As a result, the Fund's accounts are maintained, at all times, with a qualified custodian such as a (1) a state or nationally chartered bank, (2) registered broker/dealer; or (3) other financial institution that provides qualified custodian services and meets requirements for serving as a qualified custodian under federal and state securities laws.

PWA provides all Limited Partners of the Partnership with notice of the qualified custodian that is holding the Fund's assets. PWA's affiliated company, PWA GovCon Fund, LLC serves as the General Partners of the Fund that PWA manages, and as such has access to fund assets and holdings. Subsequently, to comply with SEC custody rules, the Fund managed by PWA is annually audited by a Public Company Accounting Oversight Board (PCAOB) registered and inspected independent accounting firm. The audited financial statements are distributed to all investors within 120 days of year end.

For the Firm's managed accounts, PWA is deemed to have custody of client funds and securities whenever the Firm is given the authority to have fees deducted directly from client accounts. Thus, the Firm has custody of all Accounts. The Firm's investment advisory contracts with its Account clients provide that any custodian(s) designated by the client shall be a "Qualified custodian" as defined in the Rule 206(4)-2 under the Advisers Act (the "Custody Rule"), that the client instructs the custodian(s) to provide account statements to client, with a copy thereof to the Firm, no less frequently than quarterly, which statements shall include: (1) the amounts of each security and all funds in the client's account at the end of the applicable period, and (2) all transactions in the client's account during that period.

Item 16 – Investment Discretion

When providing Advisory services, PWA can provide management services on a discretionary basis. When discretionary authority is granted, the Firm will have the authority to determine the type of securities and the amount of securities that can be bought or sold for a client's portfolio without obtaining client consent for each transaction. PWA will be responsible for making decisions regarding the allocation of investments between strategies as well as the timing of buying or selling an investment and the price at which the investment is bought or sold in the portfolios.

If trading authorization is granted to the Firm on a non-discretionary basis, PWA will be required to contact the client prior to implementing changes in the Account, including allocation among investment strategies. Therefore, the client will be contacted and required to accept or reject the Firm's investment recommendations. If the Firm is unable to reach the client or the client is slow to respond to trading/allocation recommendations request, it can have an adverse impact on the timing of trade implementations and PWA may not achieve the optimal trading price.

Each Account client has the ability to place reasonable restrictions on the types of investments that may be purchased in its Account. The client may also place reasonable

limitations on the discretionary power granted to PWA so long as the limitations are specifically set forth or included as an attachment to the IAA or Sub-Advisory Agreement.

Private Fund Discretion

PWA maintains discretionary authority over the trading account of the Fund managed by the Firm. PWA will have the authority to determine the type of investments to be bought or sold for the Fund portfolios. The Firm's discretionary authority will be granted in the investment management agreement between PWA and the fund.

Item 17 – Voting Client Securities

PWA, as a matter of policy, does not vote proxies on behalf of its asset management clients. PWA's agreements with Account clients provide that PWA shall have no obligation or authority to take any action or render any advice with respect to the voting of proxies solicited by, or with respect to, issuers of securities held by an account, and that the client (or the plan fiduciary in the case of an account subject to the provisions of ERISA), expressly retains the authority and responsibility for, and PWA is expressly precluded from, rendering any advice or taking any action with respect to, the voting of any such proxies.

Fund Management Services

PWA will be responsible for voting securities on behalf of the Fund, as the investment advisor. When PWA recognizes a conflict of interest with respect to the voting of proxies on behalf of the Fund, the Firm will request that the investors in the Fund assist with voting. When the Firm votes proxies, the objective is to maximize the value of the investments held in fund portfolios. A copy of the Firm's proxy voting policies and procedures is available upon request.

Item 18 – Financial Information

PWA has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of any bankruptcy proceeding. PWA does not require or solicit prepayment of any fees in advance.