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## **Wrap Fee Program Brochure**

March 31, 2020

This brochure provides information about the qualifications and business practices of PWMCO, LLC. If you have any questions about the contents of this brochure, please contact us at [rrovetto@pwmco.com](mailto:rrovetto@pwmco.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

PWMCO, LLC is an investment adviser registered with the SEC. Registration of an investment adviser does not imply any level of skill or training. Additional information about PWMCO, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Material Changes**

None.



**Wrap Fee Program Brochure**  
**March 31, 2020**

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## **Services, Fees & Compensation**

**About PWMCO:** PWMCO, LLC (“**PWMCO**,” “**we**” or “**us**”) was formed in January 2003, is registered with the SEC as an investment adviser under the Investment Advisers Act of 1940 (“**Advisers Act**”), is registered as a broker-dealer with the SEC under the Securities Exchange Act of 1934 (the “**Exchange Act**”) and is a member of the Financial Industry Regulatory Authority (“**FINRA**”). Mac-Per-Wolf Company (“**MPW**”) owns 100% of PWMCO, and Mr. Robert Perkins (“**Perkins**”) owns a majority of MPW.

We, as an investment adviser, primarily sponsor a single wrap fee program, the PWMCO Wrap Fee Program (the “**Program**”), described below. We also engage in limited brokerage operations as a broker-dealer.

**Program:** Through the Program, we provide discretionary advisory services to clients in the Program (“**Program Clients**”), which we tailor to the client’s particular needs. We work with Program Clients to establish their objectives and goals and then manage the client’s assets. Through this process, Program Clients may impose restrictions on the types of securities held in their account.

Under the Program, clients enter into a program agreement with us (the “**Program Agreement**”), under which we provide them with investment advice. Program Clients also enter into an agreement (the “**Schwab Agreement**”) with Charles Schwab & Co., Inc. (“**Schwab**”), under which Schwab provides Program Clients with custodial services and executes transactions for which we provide orders to effect securities trades we recommend for the account.

Program Clients pay a single Program fee through their Schwab Agreement by authorizing Schwab to deduct the Program fee from their account. Program fees (“**Fees**”) range from 0.5% to 2.0% annually of the value of the account’s value. We reserve the right to charge some clients, including affiliates, lower Fees. The Fees cover Schwab’s custodial services, and from the Fees deducted from a client’s account at Schwab, Schwab remits to us the advisory fee we earn under the Program Agreement. For execution services, we pay (Program Clients are not charged separately for) Schwab commissions which vary, depending on the type of trade, on a per-trade basis. For most trades in Program accounts, we pay Schwab \$4.95 per trade, and we may also pay Schwab up to \$25 for certain mutual fund transactions for Program accounts. These trading costs may change from time to time.

These payments by us may present a disincentive for us to recommend trades when they otherwise may be beneficial to a Program Client. The trading costs we pay Schwab will be lower if we select trades for which Schwab charges us less. While we generally only select the lowest cost mutual fund share class for clients, we may have an economic incentive to select mutual fund share classes that have lower transaction costs associated with them but include embedded 12b-1 fees that lower a Program Client’s return (sometimes referred to as “A-Shares,” depending on the mutual fund issuer), or to recommend mutual fund share classes that have higher transaction

fees associated with them but do not carry embedded 12b-1 fees (sometimes referred to as “I-Shares,” depending on the mutual fund sponsor). The Program offers investment services and related transaction services for one all-inclusive fee, and we absorb the trading costs. If a Program Client’s wrap fee account held A-Shares, we may pay lower transaction fees than are charged by other mutual fund classes, which in effect would decrease our costs and increase our revenues from the account. Effectively the cost would be transferred to the Program Client from us in the form of a lower rate of return on the specific mutual fund. This creates an incentive for us to utilize such funds as opposed to those funds that may be equally appropriate for a Program Client but do not carry the additional cost of 12b-1 fees borne by the Program Client. Program Clients should understand and discuss with us the types of mutual fund share classes available in the Program and the basis for using one share class over another in accordance with their individual circumstances and priorities.

The Fees may be more or less than a Program Client could obtain by separately obtaining advisory, custodial and execution services from us and Schwab, respectively, depending on several factors. However, due to the relationship between Schwab and us, the commissions we pay under the Program are competitive.

In addition to the Fees, Program Clients may incur a variety of other charges and expenses associated with their account. For example, certain investments held in Program Clients’ accounts have their own fees and expenses, such as mutual funds, which charge their shareholders a proportionate share of their operating and management fees, 12(b)-1 fees or mutual fund sales loads (depending on the class purchased), surrender charges and other charges.

**Privacy Notice:** Protection of your privacy is important to us. We want you to understand what information we collect and how we use it. Please see our privacy notice attached to this Wrap Fee Program Brochure.

## **Account Requirements & Types of Clients**

Our Program Clients include individuals, pension and profit sharing plans and individual retirement accounts, trusts, estates, charitable organizations, corporations and other business entities. Program accounts must have a minimum of \$250,000. We generally do not offer brokerage accounts to the public.

## **Portfolio Manager Selection & Evaluation**

Only PWMCO provides our Program Clients with discretionary investment advice under the Program—we do not offer portfolio management services from any other advisers under the Program.

We regularly compare our performance to four indices: the Dow Jones Industrial Average and the S&P 500 Total Return (for a comparison to the performance of the broader market), and the Russell 3000 and Russell 3000 Value indices (for a comparison to the performance of

smaller-cap and value stocks). No third party reviews this performance information to ensure its accuracy.

### **Advisory Business**

We, as an investment adviser, primarily sponsor the Program. We also provide limited advisory services to certain accounts ("**Advisory Accounts**"). Finally, we engage in limited brokerage operations.

Our services to Advisory Accounts is limited to providing investment advice on a non-discretionary basis and coordinating client directives with Schwab, the custodian for the Advisory Accounts. The extent of our services can be tailored to a client's needs. Clients enter into an agreement with us under which we provide them with advisory services. Clients also enter into an agreement with Schwab under which Schwab provides clients with custodial services and executes transactions as directed by the client.

As of December 31, 2019, we had approximately \$212,369,521 of client assets under management on a non-discretionary basis and approximately \$581,497,969 of client assets under management on a discretionary basis (under the Program).

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

Not applicable.

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

*Advisory Accounts:* We provide only limited investment advice on a non-discretionary basis for our clients' Advisory Accounts. We do not employ particular strategies for clients, and instead will normally only provide advice on a limited number of trades as requested by clients.

*Program Accounts:* We are primarily a long-only equities value investment adviser. Our value-oriented approach is based on the belief that at any given time, stocks characterized as value tend to outperform growth stocks over most long-term market cycles. For each stock we consider for investment, we identify both a downside risk and an upside potential return and we emphasize those stocks with much larger upside potential than downside risk. We have always maintained preservation of capital with an adequate return as a primary goal for our clients. Our investment strategies are: small cap value, mid cap value, large cap value and all cap value. We try to find high-quality companies with above average cash flows, strong balance sheets and low debt ratios. The portfolios that we manage are designed for long-term investors seeking an equity portfolio invested in value-oriented common stocks. Common stocks tend to be more volatile than many other investment choices.

### **Risks**

The following is a summary of the material risks for our Program strategies. This Brochure does not intend to cover every potential risk of our strategies.

**Value Investment Risk.** Occasionally, value stocks may be concentrated in sectors that are temporarily out of favor.

We try to emphasize one sector over another by focusing on the sectors' relative valuations. Sometimes, during periods of consistently bullish markets, value stocks become hard to find and it can be difficult to avoid overpay for investments. It is also possible that a value stock will fall short of appreciating to the level expected.

**Equity Securities.** There are inherent risks in investing in the securities of individual companies which can be mitigated by diversification of both sector and security. We believe that diversification is a primary driver of our value strategies. When we construct portfolios, one of our goals is to reduce the impact on the portfolio's overall performance by the failure of one holding to reach its potential reward level.

**Mutual Fund Securities.** Investing in mutual funds carries inherent risk. We generally only use mutual funds to invest smaller amounts for clients whose assets cannot be adequately diversified with individual stocks and to invest in a specific sector of stocks, like smaller regional bank stocks.

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

### **Voting Client Securities**

We do not have authority to vote proxies with respect to securities in clients' portfolios. Our policy is that we will not vote proxies on behalf of clients. In the event any proxies intended for clients are delivered to us, we will promptly forward them to the clients for the clients to vote. When requested by the client (clients may contact us at the contact points provided on the cover of this Brochure), we may provide advice to the client regarding proposals submitted to the client for voting. In the event we believe we have a conflict of interest due to, for example, a relationship we have with a company or an affiliate of the company, we will advise the client of the conflict prior to or at the time we provide the advice to enable the client to evaluate its advice in light of the conflict.

### **Client Information Provided to Portfolio Managers**

We do not offer portfolio management services from any other advisers under the Program.

### **Client Contact with Portfolio Managers**

We do not offer portfolio management services from any other advisers under the Program.

### **Additional Information**

#### **Disciplinary Information**

Not applicable.

#### **Other Financial Industry Activities & Affiliations**

We are registered with both the SEC and the FINRA as a broker-dealer, and all of our employees are registered with us as registered representatives.

Perkins Investment Management, LLC ("**PIM**"), with which Mr. Perkins was previously associated with, subadvises a

number of registered mutual funds (“**Funds**”), and we may recommend that Program Clients invest in such Funds. Since Perkins was associated with PIM, we may recommend that our Program Clients purchase them for reasons beyond the Funds’ performance. Program Clients should carefully review the prospectus of any Fund we recommend.

We require that Program Clients establish brokerage accounts with Schwab, a registered broker-dealer and SIPC member, to maintain custody of Program Clients’ assets and to effect trades for their accounts. The final decision to custody assets with Schwab is at the discretion of the Program Clients, including those accounts under ERISA or IRA rules and regulations, in which case the client is acting as either the plan sponsor or IRA accountholder. We are independently owned and operated and not affiliated with Schwab. Schwab provides us with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers 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 in accounts at Schwab. Schwab’s services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For Program Clients accounts maintained in its custody, Schwab generally does not charge separately for 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. As described above under “*Services, Fees & Compensation—Program*,” Program participants only incur the Fee, which covers our investment management services and Schwab’s custodial and execution services.

Schwab also makes available to us other products and services that benefit us but may not benefit our clients’ accounts. These benefits may include national, regional or PWMCO-specific educational events organized and/or sponsored by Schwab. Other potential benefits may include occasional business entertainment of our personnel by Schwab personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist us in managing and administering clients’ accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of our fees from Program Clients’ accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may

be used to service all or some substantial number of our accounts, including accounts not maintained at Schwab. Schwab also makes available to us other services intended to help us manage and further develop our business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, Schwab may make available, arrange and/or pay vendors for these types of services rendered to us by independent third parties. Schwab Advisor Services may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to us. While, as a fiduciary, we endeavor to act in our clients’ best interests, our requirement that Program Clients maintain their assets in accounts at Schwab may be based in part on the benefit to us of the availability of some of the foregoing products and services and other arrangements and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

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

Our Code of Ethics (the “**Code**”) is intended to ensure that our personnel (i) observe applicable legal (including compliance with applicable state and federal securities laws) and ethical standards in the performance of their duties and in pursuit of our goals and objectives; (ii) at all times place our clients’ interests first; (iii) disclose all actual or potential conflicts of interest to our Chief Compliance Officer (“**CCO**”); (iv) adhere to the highest standards of loyalty, candor and care in all matters relating to our clients; (v) conduct all personal trading consistent with the Code and in such a manner as to avoid any actual or potential conflict of interest or any abuse of their position of trust and responsibility; and (vi) not use any material non-public information in securities trading. The Code also contains policies respecting outside employment and gifts.

The creation and fostering of business relationships between our employees and representatives of broker-dealers that execute client transactions creates a potential for conflicts of interest relating to the best execution of client transactions. The Code addresses these potential conflicts. We allow employees to participate in appropriate business amenities such as sporting events, concerts, golf, meals, but there are limits and all participation is reported to and monitored by our Compliance Department. We will furnish a copy of the Code to clients or prospective clients upon request.

Under our policy governing personal investing, employees can purchase and sell securities in which they have a beneficial interest only under very limited circumstances. However, there may be circumstances where we may buy and sell on behalf of our clients securities of issuers or other investments in which we or a related person (and members of their families) own securities or otherwise have an interest. Our policy governing personal investing requires that all personnel conduct their personal

investment activities in a manner that we believe is not detrimental to advisory clients. The policy requires all Access Persons (defined as investment personnel, which includes our trading room personnel, officers, directors and other designated persons) to pre-clear all personal transactions in securities not otherwise exempt under the policy. Requests for trading authority are denied when, among other reasons, the proposed transaction is deemed to adversely affect any transaction then known to be under consideration or being effected on behalf of any client account.

In addition to pre-clearance requirements, the policy contains provisions which require disgorgement of profits under certain circumstances. Our Access Persons may not take the opposite side of a transaction made for a client within one business day after the date of the transaction, except when the transaction is made for income tax considerations. If an Access Person takes the same side of a transaction within one business day prior to a transaction made for a client, the Access Person must reimburse the client for any advantage in price he/she may have obtained.

### **Trade Aggregation & Allocations**

When we determine that multiple client accounts should buy or sell the same security at the same time, we will aggregate those trade orders to increase efficiency or reduce trading costs. Generally, multiple client accounts trades will be so aggregated such that all accounts receive the same average price on the transaction date. Some account trades may not be aggregated, such as those that are client-directed and those for which the client has directed us to not so aggregate. Trades for the account of our personnel may only be aggregated with client trades if their inclusion does not modify the price for clients or the transactional cost, and only if all orders can be filled in the same day. For purposes of excluding our employees' trades from aggregated client trades and their subsequent allocations, one charitable account with which Mr. Perkins is associated is treated as a client account (and thus not subject to the foregoing restrictions on employees' accounts). Mr. Perkins has no beneficial ownership in such charity, but he is principally involved in the oversight of such charity.

If an aggregated trade is not completely filled, we have procedures designed to fairly allocate the available securities across participating client trades. Generally, trades are allocated across participating client accounts on a pro-rata basis, based on the number of shares available in the trade and the number of shares to be traded for such accounts, except that if a client's account would only be allocated a stated minimum number of shares in the trade, that account may be excluded from the allocation. Additionally, we will typically remove any employee account trades from the aggregated trade. There are

exceptions to the foregoing general allocation rules—those include where a client has given us a specific trading instruction, where the client's account would be allocated a number of shares in the trade below a stated minimum, and where all affected client accounts cannot be treated fairly. In any event, no trade allocation may benefit PWMCO or its personnel.

### **Review of Accounts**

Program Accounts are reviewed daily by Robert H. Perkins (Portfolio Manager) and by others on a regular basis. Program Clients receive written statements or electronic statements from Schwab which describe the activity in the account and the assets in the account at least quarterly.

### **Client Referrals & Other Compensation**

Not applicable.

### **Financial Information**

Not applicable.

### **Brokerage Practices**

As agent, we effect securities transactions for brokerage accounts. We may recommend to our Program Clients that they purchase Fund shares for which PIM serves as subadviser, and we buy or sell for ourselves securities that we recommend to clients.

### **Voting Client Securities**

We do not have authority to vote proxies with respect to securities in clients' portfolios. Our policy is that we will not vote proxies on behalf of clients. In the event any proxies intended for clients are delivered to us, we will promptly forward them to the clients for the clients to vote. When requested by the client (clients may contact us at the contact points provided on the cover of this Brochure), we may provide advice to the client regarding proposals submitted to the client for voting. In the event we believe we have a conflict of interest due to, for example, a relationship we have with a company or an affiliate of the company, we will advise the client of the conflict prior to or at the time we provide the advice to enable the client to evaluate its advice in light of the conflict.



## Privacy Notice

| FACTS  |  | WHAT DOES PWMCO, LLC<br>DO WITH YOUR PERSONAL INFORMATION?   |                             |
|--|--|--|-----------------------------|
| WHY?   |  | Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.   |                             |
|  |  | The types of personal information we collect and share depend on the product or service you have with us. This information can include: <ul style="list-style-type: none"><li>■ Social Security number and</li><li>■ Income; ■ account balances; ■ transaction history; ■ assets; ■ investment experience; ■ account transactions; ■ risk tolerance; ■ employment information; ■ wire transfer instructions.</li></ul> When you are no longer our customer, we continue to share your information as described in this notice.                 |                             |
| HOW?   |  | All financial companies need to share clients' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their clients' personal information; the reasons PWMCO, LLC ("PWMCO") chooses to share; and whether you can limit this sharing.  |                             |
| Reasons we can share your personal information   |  | Does PWMCO, LLC share?   | Can you limit this sharing? |
| For our everyday business purposes—such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus |  | Yes. PWMCO may share Personal Information described above for business purposes with a non-affiliated third party if the entity is under contract to perform transaction processing or servicing on behalf of PWMCO and otherwise as permitted by law. Any such contract entered by PWMCO will include provisions designed to ensure that the third party will uphold and maintain privacy standards when handling Personal Information. PWMCO may also disclose Personal Information to regulatory authorities as required by applicable law. | No.                         |
| For our marketing purposes—to offer our products and services to you   |  | No   | We don't share.             |
| For joint marketing with other financial companies   |  | No   | We don't share.             |
| For our affiliates' everyday business purposes—information about your transactions and experiences   |  | Yes  | No.                         |
| For our affiliates' everyday business purposes—information about your creditworthiness   |  | No   | We don't share.             |
| For our affiliates to market to you  |  | No   | We don't share.             |
| For nonaffiliates to market to you   |  | No   | We don't share.             |
| QUESTIONS?   |  | Call (312) 341-9727 or go to <a href="http://www.PWMCO.com">www.PWMCO.com</a>  |                             |



|   |  |
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| <b>Who is providing this notice?</b>                        | PWMCO, LLC   |
|   |  |
| <b>How does PWMCO, LLC protect my personal information?</b> | <p>To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.</p> <p>PWMCO limits access to personal information to individuals who need to know that information in order to process transactions and service accounts and are subject to an obligation of confidentiality.</p>  |
| <b>How does PWMCO, LLC collect my personal information?</b> | <p>We collect your personal information, for example, when you</p> <ul style="list-style-type: none"> <li>■ seek advice about your investments; ■ enter into an investment advisory contract; ■ give us your income information; ■ provide employment information; ■ give us your employment history; ■ tell us about your investment or retirement portfolio; ■ tell us about your investment or retirement earnings; ■ provide account information; ■ give us your contact information; ■ show your government-issued ID; ■ show your driver's license; or</li> </ul> <p>We also collect your personal information from others, such as affiliates.</p> <p>We do not collect your personal information from other companies.</p> |
| <b>Why can't I limit all sharing?</b>                       | <p>Federal law gives you the right to limit only</p> <ul style="list-style-type: none"> <li>■ sharing for affiliates' everyday business purposes—information about your creditworthiness</li> <li>■ affiliates from using your information to market to you</li> <li>■ sharing for nonaffiliates to market to you</li> </ul>   |

|                        |   |
|------------------------|---|
|                        |   |
| <b>Affiliates</b>      | <p>Companies related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> <li>■ We have no affiliates.</li> </ul>   |
| <b>Nonaffiliates</b>   | <p>Companies not related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> <li>■ PWMCO does not share with non-affiliates so that they can market to you.</li> </ul> |
| <b>Joint marketing</b> | <p>A formal agreement between nonaffiliated financial companies that together market financial products or services to you.</p> <ul style="list-style-type: none"> <li>■ PWMCO doesn't jointly market.</li> </ul>                           |