

ITEM 1 COVER PAGE



# Copperleaf

CAPITAL

**Copperleaf Capital, LLC**  
**Part 2A of Form ADV: Firm Brochure**

5904 Six Forks Road, Suite 201  
Raleigh, NC 27609

**Telephone:** 919-787-9725  
**Email:** [rstack@copperleafcapital.com](mailto:rstack@copperleafcapital.com)  
**Web Address:** [www.copperleafcapital.com](http://www.copperleafcapital.com)

August 2020

This Disclosure Brochure (the “Brochure”) provides information about the qualifications and business practices of Copperleaf Capital, LLC. Copperleaf Capital, LLC encourages you to consider this information, and ask questions about it, before becoming our client.

We encourage you to ask questions about the contents of this Brochure by calling Ms. Rachael Stack at 919-787-9725, or emailing her using [rstack@copperleafcapital.com](mailto:rstack@copperleafcapital.com), or by setting up an in-person meeting.

Additional information about Copperleaf Capital, LLC is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can find out information on this website by searching for “Copperleaf Capital, LLC”, or searching our CRD number, 117823.

The information contained in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any State Securities Administrator. Furthermore, the term “registered investment advisor” is not intended to imply that Copperleaf or its employees have attained a certain level of skill or training.

## ITEM 2 MATERIAL CHANGES

SEC Rule 204-3(b)(2) allows us to provide existing clients with a summary page of Material Changes instead of sending out our entire Brochure.

If you are being offered this Material Change page as a separate piece from our Brochure and you have questions about these summary disclosures, or if you would like a current copy of our Brochure to review, please call 919-787-9725 or email [rstack@copperleafcapital.com](mailto:rstack@copperleafcapital.com). We will send you a current, complete Brochure free of charge.

Since we filed the most recent amendment to our Brochure in March of 2020, the following material changes have been made to this brochure:

- We have ended our relationship with Mr. David Ford, who was a Registered Investment Adviser of Copperleaf Capital, LLC. We wish David well in his new endeavors and thank him for his contributions to the firm.
- On May 4<sup>th</sup>, 2020, Copperleaf, like many other small businesses around the country, received a Paycheck Protection Loan from the United States Treasury in the amount of \$163,500. Copperleaf has used these funds to maintain payroll and to ensure that we continue to be able to meet our fiduciary duty to clients during the disruption caused by the COVID-19 pandemic.

### ITEM 3 TABLE OF CONTENTS

#### Contents

Item 1	Cover Page .....	1
Item 2	Material Changes.....	2
Item 3	Table of Contents .....	3
Item 4	Advisory Business .....	4
Item 5	Fees and Compensation .....	9
Item 6	Performance-Based Fees and Side-By-Side Management .....	13
Item 7	Types of Clients .....	14
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss .....	15
Item 9	Disciplinary Information .....	17
Item 10	Other Financial Industry Activities and Affiliations .....	18
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	20
Item 12	Brokerage Practices .....	22
Item 13	Review of Accounts .....	24
Item 14	Client Referrals and Other Compensation .....	25
Item 15	Custody .....	26
Item 16	Investment Discretion.....	27
Item 17	Voting Client Securities .....	28
Item 18	Financial Information.....	29

## ITEM 4 ADVISORY BUSINESS

Thank you for choosing Copperleaf Capital, LLC (“Copperleaf”). We hope this Brochure helps you better understand the services that we provide.

### WHO WE ARE

Copperleaf and its predecessor companies were founded in 1986.

Copperleaf is a North Carolina limited liability company that until 2015 was known as Wisdom and Wealth Solutions, LLC. Ryan Heath and Ryan Peterson are the Managing Members of Copperleaf, and Mr. Peterson is its Chief Compliance Officer.

Ryan Peterson is the President of Copperleaf, and Ryan Heath is the Senior Vice President of the company. You can read their biographies in Part 2B of this Brochure. Copperleaf also employs three full-time, and two part-time professionals who support its investment business.

Copperleaf registered as an investment adviser with the SEC in August 2015.

You can find details about Copperleaf’s registration status at the SEC’s website. The website address for our SEC filing information is <https://www.adviserinfo.sec.gov/Firm/117823>.

We maintain websites at <http://www.copperleafcapital.com/> and <http://meetwithcopperleaf.com/>, where you can watch a short introductory video featuring Ryan Heath.

Copperleaf’s office address is 5904 Six Forks Road, Suite 201, Raleigh, 27609. Our phone number is 919-787-9725.

Throughout the Brochure, you will see the words “we”, “us”, “our”, “the firm”, “our firm” or “Copperleaf”. Where you see these words, the Brochure is describing products and services provided by Copperleaf Capital, LLC, by Messrs. Heath and Peterson, or by employees of Copperleaf.

We use the term “associated persons” in different parts of the Brochure. Where you see these words, we are describing the managing members of Copperleaf, our employees and their families.

### WHAT WE DO

Our mission is to help people get to, and through, retirement with confidence, living the lifestyle they’ve always wanted to live.

We believe that with hard work, careful planning, and a clear picture of your aspirations – your financial plan can be the conduit to realizing the life you’ve always dreamed of.

Our vision for our clients is that of Life Perfected. In fact, Life Perfected is the title of our best-selling book. In it, we share our belief that our best lives are accumulations of memories. Our goal is to help our clients to achieve the financial goals that they didn’t know they could achieve so they can focus on creating those memories.

From day one, and for over 30 years, we’ve invested in making a positive impact on families through strategic wealth management and financial planning.

### OUR PROCESS

Roy Disney, the brother of visionary filmmaker Walt, once said: “If values are clear, decisions are easy.”

Copperleaf’s relationship with you begins with a meeting to discuss your **values**. In our first conversation, we’ll ask questions like these:

- What is important to you?
- What are your goals?
- What values drive your decisions?

We will work with you and use your values as a driving force behind a financial plan whose goal is for you to reach, and keep, financial independence. We will set out to create a roadmap designed to turn your savings and investments into a stream of income that you can’t outlive.

During our meeting we will share our values with you, and we’ll show you what we do. If we can help you, we’ll tell you what that help looks like, and you can decide if you want our help.

## **OUR SERVICES - FINANCIAL PLANNING**

We can prepare a financial plan for you.

Financial planning is the analysis of your current financial situation in order to recommend a series of steps you can take to achieve your financial goals. We will discuss your financial goals, and we will review your financial documents, including statements of your accounts. At the end of our financial planning process, you will receive a written financial planning report that is tailored to your needs, goals and values. The report will contain recommendations of products and services that we believe will assist you in meeting the goals that you have shared with us.

If you choose to link all your accounts into our reporting engine, your planning report can be delivered electronically, and it can function as a financial dashboard which evolves over time. This allows you to see an up-to-date view of your overall financial picture, and it permits us to stress-test your portfolio as market conditions evolve. This means that your plan should continue to be aligned with your goals.

Copperleaf provides personalized services that are based on your financial situation and your individual needs. This means that sometimes we may ask you for financial statements and documentation. If we do, we will protect your confidential information, and we will disclose it to third parties **only** with mutual written consent, or as may be permitted by law.

Typically, our recommendations contain a mix of investment and insurance products. Sometimes there are inherent conflicts of interest in the types of recommendations that we make. You can read more about these conflicts, and how we manage them, in [Item 5 - Fees and Compensation](#).

Below are areas we consider when we prepare a financial plan:

- **PERSONAL:** We review your family records, budgeting, spending, personal liability, and estate information.
- **TAX & CASH FLOW:** We analyze your income tax planning for past, current and future years. We can then illustrate the impact of various investments on your current income tax and future tax liability.
- **INVESTMENTS:** We analyze your current investments and consider alternatives and the effect that these changes might have on your portfolio.

- **INSURANCE:** We review your existing policies to ensure proper coverage for life, health, disability, long-term care and liability, consistent with your financial goals and values.
- **RETIREMENT:** We analyze your current strategies and investment plans to ensure that these products align with your values and financial goals.
- **DEATH & DISABILITY:** We review your cash needs at death, the income needs of surviving dependents, estate planning and disability income.
- **ESTATE:** We can assist you in assessing and developing long-term strategies, including living trusts, wills, review estate tax, powers of attorney, asset protection plans, nursing homes, Medicaid and elder law.

We can implement the recommendations that are contained in the individualized plan that we create for you, but whether we do so is entirely up to you. Should you choose to implement the recommendations contained in the plan without our help, we suggest you work closely with your attorney, accountant, insurance agent, and/or stockbroker.

## **OUR SERVICES - PORTFOLIO MANAGEMENT**

Our financial plans sometimes recommend that you consider portfolio management services. We can manage all or part of your investment portfolio by developing a personal investment policy.

First, we use a questionnaire to arrive at an understanding of your individual *tolerance* for investment risk. Then, we review the whole of your financial picture to gain a sense of your *capacity* to bear that risk within your overall financial plan. Finally, we gauge, through conversation, what your *understanding* of investment risk looks like, so that you can be comfortable with our recommendations. Our objective is to align your portfolio construction, risk tolerance, and risk capacity.

In addition to your approach to investment risk, the policy that we develop for you will consider your objectives, time horizons and liquidity needs.

We will create and manage a portfolio based on the personal investment policy we create for you. We will then determine the securities to buy and sell based on your personal investment policy. We will be responsible for continuously monitoring the portfolio and making trades when necessary.

When we perform this service for you, we will help you set up accounts at either National Financial Services through the Fidelity Institutional Wealth Program (“Fidelity”), or at Interactive Brokers (“IB”). Fidelity or IB will maintain custody of all the funds and securities in your accounts, and you will retain all rights of ownership over the account. Please see [Item 12 - Brokerage Practices](#) for more details regarding our arrangements with Fidelity and IB.

Often Copperleaf will work with you to set up several accounts. However, we will manage the accounts together as a one household account. When we do this, we monitor the investment exposures across each of your accounts to ensure that when aggregated, the household account matches the desired exposure described in your personal investment policy. Throughout this Brochure we will refer to your account in the singular, even if in fact you have established several accounts.

We designed and maintain several investment models. Each model has a specific investment objective, such as cash equivalent, yield-focused, or growth. Each model carries a varying degree of risk and targets a different benchmark return. Please see [Item 8 - Methods of Analysis](#) to learn more about these models.

Sometimes our clients ask us to accommodate restrictions in their account. For example, some clients prefer not

to invest in certain companies or industries. We try to accommodate reasonable restrictions wherever we can, but it is important to understand that the investment performance of an account that is restricted will not match the performance of our models.

Almost all the securities we trade in our models are US listed equities, US government bonds, mutual funds, or exchange-traded funds (“ETFs”). We do not purchase derivatives (like options, or futures), or private placement securities, for client accounts. In addition, we do not employ any financial leverage, such as margin or portfolio loans, in our client accounts. We do not sell securities short.

Because Copperleaf manages portfolios for many different clients, conflicts can arise in the allocation of investment opportunities among the accounts that we manage. At all times we strive to allocate these opportunities equitably and consistently within the best interests of all the accounts which are involved. However, it is important to note that there can be no assurance Copperleaf will allocate any investment opportunity that comes to our attention in any particular manner.

In the course of our business we may obtain material, non-public information about a security or an issuer that we cannot lawfully use or disclose. In those cases, we have no obligation to disclose the information to you, and we cannot use it for any client’s benefit.

## **OUR SERVICES - INSURANCE**

Our financial plans sometimes recommend that you consider products like fixed annuities, which can offer you a predictable cash flow in retirement. Copperleaf believes that in some cases these products perform a valuable function as a bond replacement within a client’s overall financial plan.

All the members of the Copperleaf team hold licenses to sell health, disability and life insurance products, including Medicare Supplement insurance, in North Carolina, which is our home state. Some members also hold additional licenses to sell insurance products in other states.

<b>Name</b>	<b>NC Insurance License Number</b>
Ryan Heath	0008201530
Ryan Peterson	0001358050

We think that our knowledge of the various features of insurance products available in the marketplace is an important asset when you are considering how to implement a financial plan that will help you achieve your retirement goals in alignment with your values.

You are under no obligation to implement any insurance or annuity transaction through Copperleaf or any of our licensed insurance agents.

## **OUR SERVICES - RETIREMENT PLAN CONSULTING SERVICES**

We offer retirement plan consulting services to pension, profit sharing and defined benefit plans, individuals, trusts, estates and charitable organizations. We provide four separate services. You may choose to use any combination of these services.

### **Assistance with your Investment Policy Statements (“IPS”)**

We work with you to determine an appropriate investment strategy that reflects your stated investment

objectives for the management your plan. We recommend the criteria for the selection of the investment vehicles which your plan will offer. We suggest the procedures and timing intervals for monitoring investment performance.

### **Selection of Investment Vehicles**

We help you construct appropriate asset allocation models for your plan. We then review various vehicles, both index and managed, to determine which investments are appropriate to implement your plan's IPS, and help you decide how many investments to offer within your plan.

### **Monitoring of Investment Performance**

We monitor your plan investments continually. We make recommendations based on the procedures and timing intervals described in the IPS.

### **Employees Communications**

We provide educational support and investment workshops designed for participants of self-directed plans. These are plans in which pension, profit sharing and 401(k) plan participants exercise control over assets in their own accounts. We work with you to decide the topics for these sessions under the guidelines established in ERISA Section 404(c). It is important to note that the educational support provided during investment workshops does not provide plan participants with individualized, tailored investment advice or individualized, tailored asset allocation recommendations. In addition to our workshops, we provide specific asset allocation recommendations to individual plan participants on request.

### **OUR SERVICES - WRAP FEE PROGRAMS**

Copperleaf does not sponsor or participate in any wrap fee programs.

### **ASSETS UNDER MANAGEMENT AND ASSETS UNDER ADVISEMENT**

As of December 31st, 2019, we were actively managing \$130,027,825 of client assets as part of our portfolio management services. We provide this service on a discretionary basis, and we refer to this amount as Assets under Management.

In addition, as of December 31st, 2019, we were providing retirement plan consulting services to clients with \$15,164,738 of assets in their plans. We provide this service on a non-discretionary basis, and we refer to this amount as Assets under Advisement.



## ITEM 5 FEES AND COMPENSATION

In addition to the information provided in [Item 4 - Advisory Business](#), this section provides additional details regarding our services. It also provides information about each service's fees and compensation arrangements.

Lower fees for comparable service may be available from other sources.

### OUR FEES - FINANCIAL PLANNING

We provide financial planning services for a fixed fee. We charge you the fixed fee for our services annually under this arrangement.

The fee we charge each client varies because every client's needs are different. Usually, the initial, first-year financial planning fee is a fixed amount that ranges between \$1,500 and \$4,000, but this amount can sometimes be significantly higher. It depends on each client's specific circumstances. We will always present the proposed financial planning fee to you before entering any contract and before invoicing you for financial planning services.

We may require you to pay a portion of the initial, first-year financial planning fee as a retainer. This allows us to reserve the time we need to complete your financial plan. Retainers are non-refundable. In cases like these, you will pay the remainder of the initial, first-year financial planning fee when we deliver the financial plan.

You may renew your financial planning services with us at the conclusion of their initial, first-year engagement. We bill renewing clients the whole amount of their second-year fee in July. Half of this amount represents a payment in arrears for services rendered between January and June. The remaining half represents a payment in advance for services rendered between July and December.

You may terminate your financial planning relationship with us prior to the second year, or prior to the beginning of any subsequent years. We will not charge you a fee for the upcoming year.

If you decide to terminate your relationship with us, you should do so within 5 business days for the beginning of a calendar year on January 1st. That is because continuing clients (second year or subsequent) who terminate after the beginning of the calendar year (i.e. January 1) will be invoiced for a prorated portion of their annual fee up to the termination date for any period between January 1 and June 30. We will refund clients who terminate the relationship anytime between July 1 and December 31 the prorated, unused portion of the annual fee invoiced and paid after July 1.

Copperleaf never requires payment of more than \$1,200 in fees more than six months in advance.

## OUR FEES - PORTFOLIO MANAGEMENT

Our portfolio management fees have two components.

The first component is a fixed, account maintenance fee. This amount ranges from \$0 to \$100,000 per year. Generally, the larger your account, the larger the fixed base fee will be.

The second component is a variable investment management fee based on the aggregate market value of your account. It is a percentage of assets under management, and ranges from 0.25% to 2.00% per year. Generally, the larger your account, the smaller the variable investment management rate will be.

It is important to note that both the fixed, account maintenance fee and the variable investment management fees are negotiable. We have discretion to negotiate fees higher, or lower, within the ranges described above. Whether we decide to offer you a different rate depends on various factors. Some factors that influence our decision to offer you a different rate for either account maintenance or portfolio investment services can include, amongst other things:

1. The complexity of your account;
2. Any unusual investment restrictions that you have placed on your account;
3. Our estimation of the future level of assets that you might ask us to manage; and
4. Your reporting needs.

We offer significant discounts on account maintenance and investment management fees to associated persons and their friends which are not available to our other clients.

Usually, we deduct the combined portfolio management fees from your account quarterly in advance, and they are paid to us by the qualified custodian that holds your account. The contract between you and Copperleaf will contain the exact fee schedule for your account, and the timing and method by which we receive our portfolio management fee.

In order to provide our portfolio management services to you, we will buy and sell securities in your account. Often, these transactions will incur brokerage commissions and other transaction costs. You can read more about these fees in [Item 12 - Brokerage Practices](#).

As we describe in [Item 4 - Advisory Business](#), the financial models that we use to implement our portfolio management services use mutual funds and ETFs. These instruments have their own management fees and expenses which are different from our fees. Fees and expenses for these products, which can include mutual fund fees, custody fees and investment management fees, are paid by their shareholders. If we buy such an instrument for your account, you will become such a shareholder of the underlying mutual fund or ETF in your account. The sponsors of mutual funds and ETFs are required to produce a prospectus which details all the relevant fees and expenses for each product, and they must make them available free of charge to all shareholders. These prospectuses are available from the qualified custodian for your account, and we encourage you to review them to understand the fees and expenses associated with each mutual fund or ETF instrument in your account.

Our portfolio management services terminate when either party provides the other party with a written notice of termination. An email message is an example of such a written notice.

If you have prepaid any portfolio management fees at the time of termination, we will promptly refund them to you. We will calculate the amount of the refund by counting days to determine how much of the prepaid fee

amount was unearned during the final billing period.

## OUR FEES - INSURANCE

If you decide to purchase an insurance product from a member of our team in their capacity as a licensed insurance agent as part of the implementation of your financial plan, Copperleaf, and the insurance agent, will receive a commission for selling it to you. The underwriters of the policies that our agents sell pay us commissions, which are usual and customary in the insurance marketplace.

We have a relationship with an Independent (Insurance) Marketing Organization (“IMO”) called Advisors Excel. Our firm, and our employees, may receive other awards for the recommendation or sale of annuities and other insurance products from our IMO.

The IMO may provide us with financial assistance, sales and operational support, the sponsorship of conferences and educational sessions, marketing support, payment of travel expenses, tickets to concerts or sporting events, and tools that might assist us in providing services to our clients. Sometimes the benefits are tiered, such that the more insurance products our agents sell, the more of these benefits we receive.

We do not require you to purchase insurance products from or through Copperleaf or any of our licensed agents, and you may choose any independent insurance agent and insurance company to purchase these products if you wish.

Because we are a registered investment advisor, we must always to act in the best interest of you, our clients. But when you buy an insurance product from us, our obligation, as licensed insurance agents, is to ensure that the product is suitable for your needs. ***These two standards are different.***

At all times our firm endeavors to put your interest first, as a part of our overall fiduciary duty to you and all our clients. However you should be aware that the receipt of commissions and additional compensation from an insurance underwriter or an IMO creates a conflict of interest.

The conflict arises because in some situations we could receive more revenue from selling an insurance product to you (in which typically we receive a one-off commission), than we would receive from recommending another type of investment (in which we usually earn an annual fee over time).

In other situations, however, we may receive less revenue from the sale of an insurance product, for which we receive a one-off commission at the time of sale, than we would collecting an annual portfolio management fee over time.

This conflict of interest could affect our judgement and decision-making process when making recommendations about the implementation of your financial plan.

## OUR FEES - RETIREMENT PLAN CONSULTING SERVICES

Copperleaf calculates retirement plan consulting fees based on the aggregate market value of your plan. Retirement plan consulting fees are charged as a percentage of assets under advisement, according to the following schedule:

<b>Total Assets Under Advisement</b>	<b>Annual Fee</b>
First \$0 - \$249,999	0.85%
Next \$250,000 – \$499,999	0.75%
Next \$500,000 – \$999,999	0.65%
Next \$1,000,000 – \$1,999,999	0.55%
Next \$2,000,000 – \$4,999,999.99	0.45%
Dollars \$5,000,000 +	0.35%

It is important to note that our fee schedule is negotiable. Our firm has discretion to negotiate fees higher, or lower, from the usual fees that appear in the table above. Whether we decide to offer you a different rate depends on various factors. Some factors that influence our decision to offer you a different rate for retirement plan consulting services can include, amongst other things:

1. The complexity of your plan;
2. Any unusual investment restrictions that you have placed on your plan;
3. Our estimation of the future level of assets that you might ask us to manage; and
4. Your reporting needs.

In some arrangements, we deduct retirement plan consulting fees quarterly in arrears from the balances of the plan participant accounts. In other arrangements, plan trustees ask Copperleaf to invoice them directly. The exact fee schedule for your plan, and the timing and method by which we receive our retirement plan consulting fee, will be detailed in the contract between you and our firm.

Sometimes a prospective retirement plan consulting client may ask us to analyze an existing plan that another firm is managing. Usually we charge a non-refundable fee of \$500 for this service, but if this prospective client later becomes our client, we apply the \$500 fee toward that client's future fees.

We are a fiduciary to clients that are employee benefit plans, as defined in the Employee Retirement Income and Securities Act ("ERISA"), and associated tax regulations. From time to time we may recommend that defined benefit plan sponsor clients consider fixed annuity insurance products to achieve their goals. When we do so, it is in accordance with the regulatory safe harbor provided by the SECURE Act of 2019, and Section 404(e) of ERISA. Please refer to [Item 5 - Compensation and Fees](#) in the section titled Our Fees-Insurance (above) for important disclosures about conflicts of interest whenever we recommend that you purchase an insurance product from a member of our team.

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

Copperleaf does not charge performance-based fees.

## **ITEM 7 TYPES OF CLIENTS**

We do not impose any account minimums. We provide advisory services to the following types of clients:

1. Families
2. Individuals
3. High net worth individuals
4. Pension, profit sharing and 401(k) plans
5. Charitable organizations
6. Corporations and other businesses

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

We created, and we maintain, several investment models. We keep these models in a trading system called Eclipse. We import market data into Eclipse that we receive from our client's qualified custodian and data vendors, amongst other sources.

We maintain each model to achieve a different type of investment exposure. By combining these models within a client's household account in different proportions, we can create a portfolio that we believe aligns with each client's tolerance, capacity and understanding of risk.

As discussed in [Item 10 - Other Financial Industry Activities and Associations](#), Messrs. Heath and Peterson are co-founders of Wealth Management ("AEWM"). AEWM is an SEC registered investment adviser with over \$10 billion of Assets under Management and Advisement as of December 31, 2019.

As a part of their association with AEWM, Messrs. Heath and Peterson are members of the AEWM Investment Committee. They attend the quarterly Investment Committee meetings of AEWM where they give their views on current marketing conditions, hear the opinions of other the accomplished investment professionals on the committee, and vote on investment committee matters. We use these meetings as an opportunity to test the overall asset allocation within our models, and to rebalance them as necessary.

We subscribe to research products, such as those provided by Blackrock, to measure and test current and future asset allocations within our models in various hypothetical future economic scenarios.

When we pick mutual funds and ETFs for inclusion in our models, we search for investments that we consider provide the appropriate risk exposure in a vehicle that is well-managed and liquid. Examples of investments that we include in our models are mutual funds and ETFs that track the performance of the S&P Index, the S&P Small Cap Index, the MSCI Emerging Markets Index, or the US 10-year Treasury note.

When we pick equities for inclusion in our models, we search for investments that we consider adhere to the "Four Pillars" concepts, which are:

1. Is this a growth stock at a reasonable price?
2. Does the company have a strong competitive advantage?
3. Does the company have a path to predictable profits?
4. Does this company have great management?

Sometimes we buy securities with the idea of holding them in your account for a year or longer. Typically, we employ this strategy when we believe a security to be currently undervalued, or we seek to create exposure to a particular asset class over time. When we do this, we may not take advantage of short-term gains that could be profitable. Moreover, if our predictions are incorrect, a security can decline sharply in value before we make the decision to sell it.

At other times, we buy securities with the idea of selling them within a relatively short time, typically a year or less. When we do this, we try to take advantage of conditions that we believe will soon result in an upward price movement in the securities that we buy.

Copperleaf subscribes to other research services, like those provided by Zachs and Morningstar, to help with individual stock selection decisions, as well as generally available information that we find in the media, along with communications from the companies, such as regulatory filings and earnings calls.

From time to time, we will review technical analyses, such as charting, to search for inflection points in major indices, benchmark financial instruments and the price movements of individual securities. We do this to understand patterns of investor behavior and to assess the likelihood of future changes in the direction of asset prices.

It is important to note that much of our analysis, and similar work performed at other Firms like ours, is based on technical information and news which may be inaccurate or out-of-date. Technical analysis of price movements is based on historical data and patterns which may never recur for fundamental reasons, or for reasons which are not predictable. Sometimes companies make statements or issue reports which contain material inaccuracies.

Our portfolio management service requires our clients to invest in securities. **Investing in securities involves risk of loss.** Because past performance is not indicative of future results, you should never assume that the future performance of any specific investment or investment strategy will be profitable. You must be prepared to bear investment loss, including the loss of your original principal.



## **ITEM 9 DISCIPLINARY INFORMATION**

Neither Copperleaf, nor any of its managers or employees, has been the subject of any criminal or civil litigation, or any administrative proceeding by a self-regulatory organization.

## ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

### OUR ACTIVITIES - AE WEALTH MANAGEMENT

As noted in [Item 8 - Methods of Analysis](#), Messrs. Heath and Peterson, were co-founders of AE Wealth Management (“AEWM”), an SEC registered investment adviser with over \$10 billion of Assets under Management and Advisement. They are members of AEWM’s Investment Committee, and they retain equity ownership interests in AEWM.

We have entered into a Consulting Agreement with AEWM. One provision of this agreement is that Messrs. Heath and Peterson serve as members on the investment committee of AEWM. Further, we receive compensation when we help recruit and train new investment adviser firms and representatives that ultimately partner with AEWM.

### OUR ACTIVITIES - ADVISORS EXCEL

As described in [Item 5 - Fees and Compensation](#), we use the services of Advisors Excel, which is an Independent (Insurance) Marketing Organization (“IMO”) and the parent company of AEWM. Please refer to the section titled “[Our Fees - Insurance](#)” for disclosures about the products, support and incentives that we receive from our IMO.

### OUR ACTIVITIES - INSURANCE AGENTS

Messrs. Heath and Peterson in their individual capacities, are agents for various insurance companies. Please refer to the section titled “[Our Fees - Insurance](#)” in [Item 5 - Fees and Compensation](#) for important disclosures about the nature of the commissions that they earn from these activities.

### OUR ACTIVITIES - TAX PLANNING

Members of Copperleaf have formed a separate tax consultancy company, Copperleaf Tax Planning, LLC (“CTP”). CTP analyzes its clients’ personal or business tax affairs with the aim of educating them about the various tax mitigation strategies available to them. CTP is not a law firm, and nor is it a certified public accountant. CTP provides strategic planning and advice for a fee, and it does not implement its recommendations.

Messrs. Heath and Peterson are the managers of CTP and together own 100% of the company. They spend less than 5% of their professional time on this work.

The services provided by CTP require that its clients furnish financial records so that the company can explore all the available tax mitigation options available. When CTP clients are also clients of Copperleaf, CTP will ask its clients to “opt-in” to enable seamless information sharing between the two companies as specified in the CTP client agreements. CTP will keep client information shared in this manner in the same way, and to the same high standards, as at Copperleaf.

Both companies have a conflict of interest when recommending the other due to the common ownership of CTP and Copperleaf. For example, we may recommend CTP when appropriate to our clients that need, or have asked for, tax mitigation strategy advice, and there may be other tax planning consultancies that provide similar services for less expensive rates. Whenever we recommend CTP, you should consider other professional providers, including attorneys and certified public accountants, as well. Copperleaf does not require any client to use the services of CTP.

The services of Copperleaf and CTP are separate and distinct from one another, each with a separate

compensation arrangement typical for the services rendered. There is no referral fee arrangement between Copperleaf and CTP for these recommendations.

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

The law considers an investment adviser like us to be a fiduciary under the Investment Advisers Act of 1940.

The SEC provides an information sheet that describes some of our obligations to you, and you can read it here: <https://www.sec.gov/divisions/investment/advoverview.htm>

**As a fiduciary, we have an affirmative duty to render continuous, unbiased investment advice, and at all times act in your best interest.**

To keep this ethical responsibility, we have adopted a Code of Ethics that establishes fundamental principles of conduct and professionalism. A copy of our Code of Ethics is available to our clients and prospective clients. You may request a copy by sending an email to [rstack@copperleafcapital.com](mailto:rstack@copperleafcapital.com) or by calling us at 919-787-9725.

It is our responsibility to provide fair and full disclosure of all material facts. In addition, we have a duty of utmost good faith to act solely in the best interest of each client. We will always act in each client's best interest and will not at any time place our interests ahead of any client's interest.

From time to time our associated persons will invest in the same securities that we buy and sell for client accounts as part of our portfolio management services. This practice constitutes a conflict of interest. We have addressed this conflict of interest through the adoption of a personal trading policy. All our associated persons are bound by the policy, which includes a review of all personal trading by our Chief Compliance Officer.

Our fiduciary duty to you is the core underlying principle for our Code of Ethics and personal trading policy. To mitigate conflicts of interest, we have developed written supervisory procedures. They describe, among other things, personal investment and trading policies for associated persons.

1. Associated persons cannot prefer their own interests to that of the client;
2. Associated persons cannot purchase or sell any security for their personal accounts prior to implementing transactions for client accounts;
3. Associated persons cannot buy or sell securities for their personal accounts when those decisions are based on information obtained as a result of their employment, unless that information is also available to the investing public upon reasonable inquiry;
4. Associated persons are prohibited from purchasing or selling securities of companies in which any client is deemed an "insider;"
5. Associated persons are discouraged from conducting frequent personal trading;
6. Associated persons must not serve as board members of publicly traded companies; and
7. Copperleaf has the responsibility to make sure that the interests of clients are placed ahead of its or any associated person's own investment interest.

The anti-fraud provisions of the Investment Advisers Act of 1940 and federal and state rules and regulations make it unlawful for any investment adviser to directly or indirectly "employ any device, scheme or artifice to defraud a client or a prospective client" or to "engage in any transaction, practice, or course of business which operates as a fraud or deceit upon any client or prospective client."

We conduct business with the highest level of ethical standards and endeavor always to comply with all applicable federal and state securities laws. It is our goal to conduct our business in an honest, ethical, and fair

manner. We try to avoid circumstances that might negatively affect our duty of complete loyalty to our clients.

While we do not believe that we have any access to material, non- public information, we prohibit the use of such information either in a personal or professional capacity.

## ITEM 12 BROKERAGE PRACTICES

As described in [Item 4 - Advisory Business](#), when you become a client of Copperleaf and engage our Firm to provide portfolio management services, we will help you set up one or more accounts at a qualified custodian. We require you to appoint either Fidelity or IB as your qualified custodian. Further, we require that you direct us to place trades to implement our models through the broker-dealer affiliate of Fidelity or IB. Together, these are our two Recommended Brokerage Platforms ("RBPs").

Copperleaf's RBPs earn revenue for the services they provide to you by charging transaction-based fees, such as commissions for each securities trade that we place in your account. Copperleaf negotiates these fees directly with each RBP. The amount of these fees depends on the type of security that Copperleaf buys or sells in your account.

It is important for you to understand that although Copperleaf has a reasonable belief that our RBPs are able to obtain best execution and competitive prices when we buy and sell securities for your account, we do not independently seek best execution price capability through other brokers. Not all advisors require their clients to use a particular broker-dealer.

We selected these RBPs after evaluation of similar services provided by other firms. We believe that these RBPs provide you with a blend of execution services, reasonable commission costs, reputation and professionalism that help us to meet our fiduciary obligations to you.

Further, we believe that there are significant operational benefits to buying and selling securities in client accounts through affiliates of the same company that serves as qualified custodian to these accounts.

We have an arrangement with our RBPs through which they provide us, at no cost to us, services such as software that:

1. Provides access to client account data (such as trade confirmations and account statements);
2. Facilitates trade execution and allocates aggregated trade orders for multiple client accounts;
3. Generates performance reporting;
4. Provides third-party investment research;
5. Provides contact management functionality;
6. Provides pricing and other market data;
7. Facilitates payment of fees from its clients' accounts; and
8. Helps with back-office functions, recordkeeping and client reporting.

The RBPs also offer other services intended to help our firm manage and further develop our advisory practice. Such services include access to:

1. Educational conferences;
2. Roundtables and webinars;
3. Practice management resources; and
4. Consultants and other third-party service providers who provide a wide array of business-related services and technology and with whom we may contract directly.

The benefits that we receive from these services accrue to us, and to all our clients, even if they are not portfolio management clients, or if we did not buy or sell securities in their accounts. Contracting for these services separately would cause us to bear additional expenses if we were not able to obtain them at no cost from the

RBPs. For these reasons, we have a clear incentive to continue to recommend that our clients appoint either Fidelity or IB as their qualified custodians and RBPs. This is a material conflict of interest because our clients may be able to obtain some of the same services that they receive from the qualified custodians and RBPs elsewhere at a lower cost.

When considering the concept of best execution, we believe that the determinative factor is not the lowest possible cost, but rather whether the transaction represents the best qualitative execution. This assessment takes into consideration the full range of a firm's services, including the value of research it provides, its execution capability, commission rates, and responsiveness. That's why, while we will seek competitive commission rates that benefit clients, we may not necessarily obtain the lowest possible commission rates, or the best possible executed price, for any specific client account transactions.

From time to time you may ask us to use a broker other than our RBPs. This could cost you more money, because the broker that you choose may cause you to pay higher commissions than the amount you would have paid for the same trade at one of our RBPs. While we will do our best to accommodate such as request, we must reserve the right to decline if we believe that this choice would hinder our fiduciary duty to you and our ability to service your account.

As we described in [Item 4 – Advisory Business](#), we implement our portfolio management services by maintaining several investment models. When there is a change to the composition of a model, we will aggregate orders across all the client accounts that have exposures to it. This practice allows us to place one bulk trade for execution at each RBP, and receive one execution, which our portfolio management system allocates in the proper proportion across all of the participating client accounts. This practice ensures fair and equitable treatment for all client accounts.

We do not have any other soft-dollar arrangements, and Copperleaf does not receive research from any other broker-dealers for directing brokerage or client transactions.

## **ITEM 13 REVIEW OF ACCOUNTS**

We review our client accounts at different intervals depending on the services we provide.

### **FINANCIAL PLANNING**

If you are a financial planning client, you will receive a written financial planning report that we tailor to your needs, goals and values. The report contains recommendations for products and services that we believe will assist you in meeting the goals that you have shared with us, and that are consistent with your values. As described in [Item 4 - Advisory Business](#), we are able to create a dynamic financial plan for you, which you can access at any time to view a snapshot of your financial picture. You must contact us and request us to review and update your financial plan if you would like to make changes to your dynamic financial plan, such as to update the plan to reflect significant life events, or new goals.

### **PORTFOLIO MANAGEMENT**

We continuously review the models that we use to implement the portfolio management services for you. We review your account at least quarterly in the context of your stated investment objectives and guidelines. Material changes in variables such as your individual financial circumstances, market conditions, or the political or economic environment can trigger more frequent reviews. Messrs. Heath and Peterson conduct these reviews.

We provide you with quarterly reports summarizing your account performance, balances and holdings.

### **RETIREMENT PLAN CONSULTING SERVICES**

We review your Investment Policy Statement (IPS) whenever you tell us of a change in circumstances regarding the needs of your plan. We also review the investment options of your plan according to the agreed upon time intervals described in the IPS. Usually, we schedule these reviews quarterly. Messrs. Heath and Peterson conduct these reviews.

Copperleaf provides retirement plan consulting service clients with whatever reports we have contracted to deliver.



## ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION

We receive certain economic benefits from our IMO and our RBPs. These arrangements represent a conflict of interest because Copperleaf has an incentive to maintain and expand these relationships, and at the same time our clients could receive the same services from different service providers at a lower cost. You can read more about these conflicts of interests, and how we manage them, in [Item 10 - Other Financial Industry Activities and Affiliations](#).

Copperleaf does not directly or indirectly compensate any person for client referrals.

## ITEM 15 CUSTODY

We do not, and will not, take possession of, or maintain custody of, your funds or securities. As noted elsewhere in this Brochure, our services require that you appoint a qualified custodian to do this.

However, because we have the authority to deduct our fee directly from your account, the law considers our firm to have custody of your assets.

When we bill for our portfolio management fees, we tell the custodian the amount of the fee that will be deducted from your account.

On at least a quarterly basis, the custodian will send you a statement showing all the transactions that took place in your account during the reporting period. It is important for you to carefully review these statements to verify the accuracy of the fee calculation, among other things. You should contact us directly, at once, if you believe that there may be an error in the billing calculations.

In addition to these periodic statements that you receive directly from your qualified custodian, we can also send account statements directly to you on quarterly basis, if you request us to do so. You should carefully compare the information provided on the statements you receive from us to the statements you received from your qualified custodian. This will enable you to ensure that all your account transactions, holdings and values are correct and up to date.

A small number of our clients ask us to implement Standing Letters of Authorization ("SLOA") in their accounts. Usually, clients use SLOAs to disburse assets held in their account to third parties, such as family members, trusts or charities.

Clients who ask us to administer SLOAs for their account must help us with the following procedures, all of which are necessary for the compliant administration of such requests.

1. You must provide an instruction to the qualified custodian, in writing, that includes your signature, the third party's name, and either the third party's address or the third party's account number at the qualified custodian to which the transfer should be directed.
2. You must authorize us, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
3. The qualified custodian must perform appropriate verification of the instruction, such as a signature review or other method to verify your authorization, and it will provide a transfer of funds notice to you promptly after each transfer.
4. You shall have the ability to terminate or change the instruction to the qualified custodian.
5. We shall have no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in your instruction.
6. We shall keep records showing that the third party is not a related party of ours or located at the same address as our Firm.
7. The qualified custodian shall send to you in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

## ITEM 16 INVESTMENT DISCRETION

As we described in [Item 4 - Advisory Business](#), our portfolio management service involves clients granting us discretion over their investment accounts. This means that we can place trades in your account without contacting you before each trade to obtain your permission.

Our discretionary authority includes the ability for us to do the following without letting you know beforehand:

1. Determine the security to buy or sell in your account;
2. Determine the amount of the security to buy or sell in your account; and
3. Place instructions with respect to the price at which we buy or sell a security.

In [Item 4 - Advisory Business](#), we described that sometimes our clients ask us to accommodate restrictions in their account. If you would like to place a restriction on the types of trades we place in your account, send us a written description of the restrictions you desire at our email address or mailing address, and we will try to accommodate your request.

## **ITEM 17 VOTING CLIENT SECURITIES**

Copperleaf does not vote client proxies.

You have the right to vote all proxies that companies solicit for securities held by the qualified custodians in your investment account. We will forward to you any proxy solicitations that we inadvertently receive for your evaluation and decision.

If you have specific questions about an action referenced in a proxy solicitation that you do not understand, or you want clarification about it, please contact us and we will try to help. Keep in mind we will not tell you how to vote. That ultimate decision is yours as the beneficial owner of the security.

## **ITEM 18 FINANCIAL INFORMATION**

We are not required to include financial information in our Brochure because we will not take physical custody of client funds or securities, or bill client accounts, six months or more in advance for more than \$1,200.

We have never been the subject of a bankruptcy petition at any time.

On May 4<sup>th</sup>, 2020, Copperleaf, like many other small businesses around the country, received a Paycheck Protection Loan from the United States Treasury in the amount of \$163,500. Copperleaf has used these funds to maintain payroll and to ensure that we continue to be able to meet our fiduciary duty to clients during the disruption caused by the COVID-19 pandemic.

We are not aware of any current financial conditions that are likely to impair our ability to meet our contractual commitments to you.