

## **DILLOW WEALTH MANAGEMENT LLC**

*a Registered Investment Adviser*

One Lincoln Centre  
18W140 Butterfield Road, Suite 1110  
Oakbrook Terrace, IL 60181

(224) 330-9662

This brochure provides information about the qualifications and business practices of Dillow Wealth Management LLC (hereinafter “Dillow Wealth Management” or the “Firm”). If you have any questions about the contents of this brochure, please contact the Firm at the telephone number listed above. 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. Additional information about the Firm is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The Firm is a registered investment adviser. Registration does not imply any level of skill or training.

## **Item 2. Material Changes**

In this Item, Dillow Wealth Management is required to discuss any material changes that have been made to the brochure since the last annual amendment. The Firm updated the cover page to reflect a change in address. The Firm has updated Item 4 to disclose that it has assets under management and is no longer relying on an exemption for SEC registration. The Firm has updated Item 15 to disclose that is subject to annual surprise examination. Finally, the Firm has updated Item 10 to describe the following relationship:

### **Affiliation of and With Clients and Cypress Holdings Group**

The Firm has a client that is an investor in the Firm (either through equity or debt). This results in a conflict of interest for that client in that the Firm has an incentive to recommend the investment whether or not it is in the client's best interest. The Firm will not recommend the investment to any client and investing clients should seek other advice and counsel. In addition, the Firm has an incentive to treat an investor client differently than other clients which could benefit that client over others. The Firm does not, however, believe that this is a substantial conflict because the Firm has a process to allocate investments fairly to all clients.

Those owners are also the owners of Cypress Holdings Group ("CHG"), a boutique investment firm. The Firm's owner, Timothy Dillow, is also the Chief Operating Officer for Cypress Holdings, but is not involved in the investment decisions at CHG, nor is anyone affiliated with CHG involved in the investment decisions at Dillow Wealth Management.

Dillow Wealth Management will recommend that certain clients make investments in or through CHG. Neither the Firm nor Mr. Dillow receive any direct compensation from CHG for recommending CHG investments to clients. There are, however, conflicts of interest in making the recommendations due to the common ownership as well as Mr. Dillow having an incentive to help CHG due to his position there. The Firm does continue to take a fee on assets invested at CHG. The Firm mitigates the conflict by doing due diligence on any investment to determine that it is in the best interest of the client regardless of the affiliations.

## Item 3. Table of Contents

Item 2. Material Changes .....	2
Item 3. Table of Contents.....	3
Item 4. Advisory Business .....	4
Item 5. Fees and Compensation .....	7
Item 6. Performance-Based Fees and Side-by-Side Management .....	9
Item 7. Types of Clients.....	10
Item 8. Methods of Analysis, Investment Strategies and Risk of Loss.....	10
Item 9. Disciplinary Information .....	13
Item 10. Other Financial Industry Activities and Affiliations .....	13
Item 11. Code of Ethics .....	14
Item 12. Brokerage Practices .....	15
Item 13. Review of Accounts.....	19
Item 14. Client Referrals and Other Compensation .....	19
Item 15. Custody .....	19
Item 16. Investment Discretion .....	20
Item 17. Voting Client Securities.....	21
Item 18. Financial Information .....	22

## Item 4. Advisory Business

Dillow Wealth Management offers a variety of advisory services, which include financial planning, consulting, and investment management services. Prior to Dillow Wealth Management rendering any of the foregoing advisory services, clients are required to enter into one or more written agreements with Dillow Wealth Management setting forth the relevant terms and conditions of the advisory relationship (the “Advisory Agreement”).

Dillow Wealth Management has been registered as an investment adviser since March 31, 2021, and is owned by Timothy L. Dillow, Christopher L. Hughes, and John A. Staab. As of June 6, 2021, the Firm has \$107,200,000 in assets under management, all of which are managed on a discretionary basis.

While this brochure generally describes the business of Dillow Wealth Management, certain sections also discuss the activities of its Supervised Persons, which refer to the Firm’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or other persons who provide investment advice on Dillow Wealth Management’s behalf and are subject to the Firm’s supervision or control.

### Financial Planning and Consulting Services

---

Dillow Wealth Management offers clients a broad range of financial planning and consulting services, which include any or all of the following functions:

- |                             |                         |
|-----------------------------|-------------------------|
| • Business Planning         | • Retirement Planning   |
| • Cash Flow Forecasting     | • Distribution Planning |
| • Trust and Estate Planning | • Tax Planning          |
| • Monte Carlo Projections   | • Education Planning    |

Consulting services can also be customized based on the client’s needs and include financial reporting and advice regarding specific business needs. While each of these services is available on a stand-alone basis, certain of them can also be rendered in conjunction with investment portfolio management as part of a comprehensive wealth management engagement (described in more detail below).

In performing these services, Dillow Wealth Management is not required to verify any information received from the client or from the client’s other professionals (e.g., attorneys, accountants, etc.) and is expressly authorized to rely on such information. Dillow Wealth Management recommends certain clients engage the Firm for additional related services, its Supervised Persons in their individual capacities as insurance agents and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists for the Firm to recommend that clients engage Dillow Wealth Management or its affiliates to provide (or continue to provide) additional services for compensation, including investment management

services. Clients retain absolute discretion over all decisions regarding implementation and are under no obligation to act upon any of the recommendations made by Dillow Wealth Management under a financial planning or consulting engagement. Clients are advised that it remains their responsibility to promptly notify the Firm of any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Dillow Wealth Management's recommendations and/or services.

## **Investment and Wealth Management Services**

---

Dillow Wealth Management provides certain clients with wealth management services which include a broad range of financial planning and consulting services as well as discretionary management of investment portfolios.

Dillow Wealth Management primarily allocates client assets among various exchange-traded funds ("ETFs"), individual equity securities, and independent investment managers ("Independent Managers") in accordance with their stated investment objectives. The Firm will also recommend structured performance and income notes for certain clients.

Where appropriate, the Firm also provides advice about any type of legacy position or other investment held in client portfolios, but clients should not assume that these assets are being continuously monitored or otherwise advised on by the Firm unless specifically agreed upon. Clients can engage Dillow Wealth Management to manage and/or advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). In these situations, Dillow Wealth Management directs or recommends the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company or the custodian designated by the product's provider.

Dillow Wealth Management tailors its advisory services to meet the needs of its individual clients and seeks to ensure, on a continuous basis, that client portfolios are managed in a manner consistent with those needs and objectives. Dillow Wealth Management consults with clients on an initial and ongoing basis to assess their specific risk tolerance, time horizon, liquidity constraints and other related factors relevant to the management of their portfolios. Clients are advised to promptly notify Dillow Wealth Management if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients can impose reasonable restrictions or mandates on the management of their accounts if Dillow Wealth Management determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm's management efforts.

## **Retirement Plan Consulting and Advisory Services**

---

Dillow Wealth Management provides various consulting and advisory services to qualified employee benefit plans and their fiduciaries. This suite of institutional services is designed to assist plan sponsors in structuring, managing and optimizing their corporate retirement plans. Each engagement is individually negotiated and customized, and includes any or all of the following services:

- Plan Design and Strategy
- Plan Review and Evaluation
- Executive Planning & Benefits
- Investment Selection
- Plan Fee and Cost Analysis
- Plan Committee Consultation
- Fiduciary and Compliance
- Participant Education

As disclosed in the Advisory Agreement, certain of the foregoing services are provided by Dillow Wealth Management as a fiduciary under the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). In accordance with ERISA Section 408(b)(2), each plan sponsor is provided with a written description of Dillow Wealth Management’s fiduciary status, the specific services to be rendered and all direct and indirect compensation the Firm reasonably expects under the engagement.

## **Use of Independent Managers**

---

As mentioned above, Dillow Wealth Management selects certain Independent Managers to provide active advice to the Firm which will be used to help manage clients’ assets. The Firm does not anticipate this to be through a subadvisor relationship (one where the Independent Manager provides active management of the client assets). Instead, the Firm anticipates hiring the Independent Manager(s) to provide recommendations which the Firm will implement (or not) based upon the Firm's determination.

Dillow Wealth Management evaluates a variety of information about Independent Managers, which includes the Independent Managers’ public disclosure documents, materials supplied by the Independent Managers themselves and other third-party analyses it believes are reputable. To the extent possible, the Firm seeks to assess the Independent Managers’ investment strategies, past performance and risk results in relation to its clients’ individual portfolio allocations and risk exposure. Dillow Wealth Management also takes into consideration each Independent Manager’s management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other factors.

Dillow Wealth Management continues to provide the discretionary selection of the Independent Managers and the implementation of investment decisions. On an ongoing basis, the Firm monitors the Independent Managers.

## **Subadvisory Services**

---

Dillow Wealth Management can be engaged by other investment advisers, including those that Dillow Wealth Management recommends as an Independent Manager, to provide its services to that investment adviser's clients. This can include any of the Firm's services listed above. In that relationship, the client will continue to have an engagement with their primary investment adviser and Dillow Wealth Management will be engaged by that investment adviser to provide services to the client. Depending on the particular client and/or service, the client may have a direct relationship with Dillow Wealth Management or Dillow Wealth Management may merely provide its services to the other investment adviser.

## **Item 5. Fees and Compensation**

Dillow Wealth Management offers services on a fee basis, which includes fixed fees, as well as fees based upon assets under management. Additionally, certain of the Firm's Supervised Persons, in their individual capacities, offer insurance products under a separate commission-based arrangement.

## **Financial Planning and Consulting Fees**

---

Dillow Wealth Management charges a fixed fee for providing financial planning and consulting services under a stand-alone engagement. These fees are negotiable, but range from \$20,000 to \$150,000, depending upon the scope and complexity of the services and the professional rendering the financial planning and/or the consulting services. The fee can be for a defined project, such as the delivery of a plan, or for ongoing services. If the client engages the Firm for additional investment advisory services, Dillow Wealth Management can offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services.

The terms and conditions of the financial planning and/or consulting engagement are set forth in the Advisory Agreement. For project-based services Dillow Wealth Management requires one-half of the fee (estimated hourly or fixed) payable upon execution of the Advisory Agreement. The outstanding balance is due upon delivery of the financial plan or completion of the agreed upon services. Ongoing services are charged as described in the investment management section, below. The Firm does not, however, take receipt of \$1,200 or more in prepaid fees, six or more months in advance of services rendered.

## **Investment Management Fees**

---

Dillow Wealth Management offers investment management services for an annual fee based on the amount of assets under the Firm's management. This management fee varies between 30 and 100 basis points

(0.30% – 1.00%), depending upon the size and composition of a client’s portfolio, the type and amount of services rendered and the individual(s) providing the services.

The annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets being managed by Dillow Wealth Management on the last day of the previous quarter as determined by a party independent from the Firm (including the client’s custodian or another third-party). If assets are deposited into or withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets is adjusted to reflect the interim change in portfolio value and added or subtracted from the next bill. For the initial period of an engagement, the fee is calculated on a *pro rata* basis. In the event the advisory agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding or unearned portion of the fee is charged or refunded to the client, as appropriate.

Additionally, for asset management services the Firm provides with respect to certain client holdings (e.g., held-away assets, accommodation accounts, alternative investments, etc.), Dillow Wealth Management can negotiate a fee rate that differs from the range set forth above. Clients are advised that a conflict of interest exists for the Firm to recommend that clients engage Dillow Wealth Management for additional services for compensation, including rolling over retirement accounts or moving other assets to the Firm’s management. Clients retain absolute discretion over all decisions regarding engaging the Firm and are under no obligation to act upon any of the recommendations.

### **Retirement Plan Consulting and Advisory Fees**

---

Dillow Wealth Management charges as fixed project-based fee to provide clients with retirement plan consulting services. Each engagement is individually negotiated and tailored to accommodate the needs of the individual plan sponsor, as memorialized in the Agreement. These fees vary, based on the scope of the services to be rendered, and can be for a fixed or asset-based fee. Fees will be billed similar to the arrangements described above.

### **Fee Discretion**

---

Dillow Wealth Management may, in its sole discretion, negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing/legacy client relationship, account retention, pro bono activities, or competitive purposes.

### **Additional Fees and Expenses**

---

In addition to the advisory fees paid to Dillow Wealth Management, clients also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other



financial institutions (collectively “Financial Institutions”). These additional charges include securities brokerage commissions, transaction fees, custodial fees, fees attributable to alternative assets, margin and other borrowing costs, charges imposed directly by a mutual fund or ETF in a client’s account, as disclosed in the fund’s prospectus (*e.g.*, fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. The Firm’s brokerage practices are described at length in Item 12, below.

## **Direct Fee Debit**

---

Clients provide Dillow Wealth Management with the authority to directly debit their accounts for payment of the investment advisory fees. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to Dillow Wealth Management. Alternatively, clients may elect to have Dillow Wealth Management send a separate invoice for direct payment.

## **Account Additions and Withdrawals**

---

Clients can make additions to and withdrawals from their account at any time, subject to Dillow Wealth Management’s right to terminate an account. Additions can be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or declines to accept particular securities into a client’s account. Clients can withdraw account assets on notice to Dillow Wealth Management, subject to the usual and customary securities settlement procedures. However, the Firm designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client’s investment objectives. Dillow Wealth Management may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, short-term redemption fees, fees assessed at the mutual fund level (*e.g.*, contingent deferred sales charges) and/or tax ramifications.

## **Item 6. Performance-Based Fees and Side-by-Side Management**

Dillow Wealth Management does not provide any services for a performance-based fee (*i.e.*, a fee based on a share of capital gains or capital appreciation of a client’s assets).

## Item 7. Types of Clients

Dillow Wealth Management offers services to individuals, trusts, estates, charitable organizations, corporations and other business entities, pensions and profit sharing plans.

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

### Methods of Analysis and Investment Strategies

---

The core principals of financial planning are utilized as the basis for the Firm's investment strategy. Investment allocations are a function of the client's goals, timeframe, and risk tolerance. The goal of an investment allocation is to not only to work within the framework set forth within the financial plan, but also to help ensure the client is being compensated for the level of risk taken. This is also known as the Risk-Return Spectrum.

There are two main screening methods utilized to help achieve the Risk-Return Spectrum:

*Fundamental Analysis* – The first method helps to determine the health and quality of a particular investment. Furthermore, this method attempts to define a current fair market value and a future value based on earnings and income statements.

*Technical Analysis* – The second method focus' on chart patterns, volume, and trends of various types of investments. Technical analysis is particularly important when assessing downside risk potentials and heavily utilized in the construction of structured notes.

These two methods help to shape the investment allocation using stocks, bonds, exchange traded funds, mutual funds, options, and structured notes. The Firm focuses on utilizing investments that have low investment costs in order to help reduce drag on the portfolio.

### Risk of Loss

---

The following list of risk factors does not purport to be a complete enumeration or explanation of the risks involved with respect to the Firm's investment management activities. Clients should consult with their legal, tax, and other advisors before engaging the Firm to provide investment management services on their behalf.

## *Market Risks*

Investing involves risk, including the potential loss of principal, and all investors should be guided accordingly. The profitability of a significant portion of Dillow Wealth Management's recommendations and/or investment decisions may depend to a great extent upon correctly assessing the future course of price movements of stocks, bonds and other asset classes. In addition, investments may be adversely affected by financial markets and economic conditions throughout the world. There can be no assurance that Dillow Wealth Management will be able to predict these price movements accurately or capitalize on any such assumptions.

## *Volatility Risks*

The prices and values of investments can be highly volatile, and are influenced by, among other things, interest rates, general economic conditions, the condition of the financial markets, the financial condition of the issuers of such assets, changing supply and demand relationships, and programs and policies of governments.

## *Cash Management Risks*

The Firm may invest some of a client's assets temporarily in money market funds or other similar types of investments, during which time an advisory account may be prevented from achieving its investment objective.

## *Equity-Related Securities and Instruments*

The Firm may take long positions in common stocks of U.S. and non-U.S. issuers traded on national securities exchanges and over-the-counter markets. The value of equity securities varies in response to many factors. These factors include, without limitation, factors specific to an issuer and factors specific to the industry in which the issuer participates. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments, and the stock prices of such companies may suffer a decline in response. In addition, equity securities are subject to stock risk, which is the risk that stock prices historically rise and fall in periodic cycles. U.S. and non-U.S. stock markets have experienced periods of substantial price volatility in the past and may do so again in the future. In addition, investments in small-capitalization, midcapitalization and financially distressed companies may be subject to more abrupt or erratic price movements and may lack sufficient market liquidity, and these issuers often face greater business risks.

## *Mutual Funds and ETFs*

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains,

as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for index-based ETFs and potentially more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 20,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

### *Use of Structured Products*

Structured products involve derivatives and a higher degree of risk factors that may not be suitable for all investors. Such risks include risk of adverse or unanticipated market developments, issuer credit quality risk, risk of counterparty or issuer default, risk of lack of uniform standard pricing, risk of adverse events involving any underlying reference obligations, entity or other measure, risk of high volatility, and risk of illiquidity/ little to no secondary market. In certain transactions, investors may lose their entire investment, i.e., incur an unlimited loss.

### *Use of Independent Managers*

As stated above, Dillow Wealth Management selects certain Independent Managers to provide recommendations regarding investments. In these situations, Dillow Wealth Management makes the final decision on whether to implement the recommendation and continues to conduct ongoing due diligence of such managers.

### *Options*

Options allow investors to buy or sell a security at a contracted "strike" price at or within a specific period of time. Clients may pay or collect a premium for buying or selling an option. Investors transact in options to either hedge (i.e., limit) losses in an attempt to reduce risk or to speculate on the performance of the underlying securities. Options transactions contain a number of inherent risks, including the partial or total

loss of principal in the event that the value of the underlying security or index does not increase/decrease to the level of the respective strike price. Holders of options contracts are also subject to default by the option writer which may be unwilling or unable to perform its contractual obligations.

### *Currency Risks*

An advisory account that holds investments denominated in currencies other than the currency in which the advisory account is denominated may be adversely affected by the volatility of currency exchange rates.

### *Interest Rate Risks*

Interest rates may fluctuate significantly, causing price volatility with respect to securities or instruments held by clients.

## **Item 9. Disciplinary Information**

Dillow Wealth Management has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of its management.

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

This item requires investment advisers to disclose certain financial industry activities and affiliations.

### **Licensed Insurance Agents**

---

A number of the Firm's Supervised Persons are licensed insurance agents and offer certain insurance products on a fully-disclosed commissionable basis. A conflict of interest exists to the extent that Dillow Wealth Management recommends the purchase of insurance products where its Supervised Persons are entitled to insurance commissions or other additional compensation. The Firm has procedures in place whereby it seeks to ensure that all recommendations are made in its clients' best interest regardless of any such affiliations.

### **Affiliation of and With Clients and Cypress Holdings Group**

---

The Firm has a client that is an investor in the Firm (either through equity or debt). This results in a conflict of interest for that client in that the Firm has an incentive to recommend the investment whether or not it is in the client's best interest. The Firm will not recommend the investment to any client and investing clients should seek other advice and counsel. In addition, the Firm has an incentive to treat an investor client

differently than other clients which could benefit that client over others. The Firm does not, however, believe that this is a substantial conflict because the Firm has a process to allocate investments fairly to all clients.

Those owners are also the owners of Cypress Holdings Group (“CHG”), a boutique investment firm. The Firm’s owner, Timothy Dillow, is also the Chief Operating Officer for Cypress Holdings, but is not involved in the investment decisions at CHG, nor is anyone affiliated with CHG involved in the investment decisions at Dillow Wealth Management.

Dillow Wealth Management will recommend that certain clients make investments in or through CHG. Neither the Firm nor Mr. Dillow receive any direct compensation from CHG for recommending CHG investments to clients. There are, however, conflicts of interest in making the recommendations due to the common ownership as well as Mr. Dillow having an incentive to help CHG due to his position there. The Firm does continue to take a fee on assets invested at CHG. The Firm mitigates the conflict by doing due diligence on any investment to determine that it is in the best interest of the client regardless of the affiliations.

### **Item 11. Code of Ethics**

Dillow Wealth Management has adopted a code of ethics in compliance with applicable securities laws (“Code of Ethics”) that sets forth the standards of conduct expected of its Supervised Persons. Dillow Wealth Management’s Code of Ethics contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Firm or any of its Supervised Persons and the trading by the same of securities ahead of clients in order to take advantage of pending orders.

The Code of Ethics also requires certain of Dillow Wealth Management’s personnel to report their personal securities holdings and transactions and obtain pre-approval of certain investments (*e.g.*, initial public offerings, limited offerings). However, the Firm’s Supervised Persons are permitted to buy or sell securities that it also recommends to clients if done in a fair and equitable manner that is consistent with the Firm’s policies and procedures. This Code of Ethics has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by certain personnel to be completed without any appreciable impact on the markets of such securities. Therefore, under limited circumstances, exceptions may be made to the policies stated below.

When the Firm is engaging in or considering a transaction in any security on behalf of a client, no Supervised Person with access to this information may knowingly effect for themselves or for their immediate family (*i.e.*, spouse, minor children and adults living in the same household) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the Supervised Person is completed as part of a batch trade with clients; or
- a decision has been made not to engage in the transaction for the client.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by money market funds; and (iv) shares issued by other unaffiliated open-end mutual funds.

Clients and prospective clients may contact Dillow Wealth Management to request a copy of its Code of Ethics by contacting the Firm at the phone number on the cover page of this brochure.

## **Item 12. Brokerage Practices**

### **Recommendation of Broker-Dealers for Client Transactions**

---

Dillow Wealth Management recommends that clients utilize the custody, brokerage and clearing services of Charles Schwab & Co, Inc. through its Schwab Advisor Services division ("Schwab") for investment management accounts. The Firm may recommend other institutions for more specific products. The final decision to custody assets with Schwab is at the discretion of the client, 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. Dillow Wealth Management is independently owned and operated and not affiliated with Schwab. Schwab provides Dillow Wealth Management with access to its institutional trading and custody services, which are typically not available to retail investors.

Factors which Dillow Wealth Management considers in recommending Schwab or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. Schwab enables the Firm to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by Schwab may be higher or lower than those charged by other Financial Institutions.

The commissions paid by Dillow Wealth Management's clients to Schwab comply with the Firm's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified Financial Institution might charge to effect the same transaction where Dillow Wealth Management determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a Financial Institution's

services, including among others, the value of research provided, execution capability, commission rates and responsiveness. Dillow Wealth Management seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Consistent with obtaining best execution, brokerage transactions are directed to certain broker-dealers in return for investment research products and/or services which assist Dillow Wealth Management in its investment decision-making process. Such research will be used to service all of the Firm's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because Dillow Wealth Management does not have to produce or pay for the products or services.

Dillow Wealth Management periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.

### **Software and Support Provided by Financial Institutions**

---

Dillow Wealth Management receives without cost from Schwab administrative support, computer software, related systems support, as well as other third party support as further described below (together "Support") which allow Dillow Wealth Management to better monitor client accounts maintained at Schwab and otherwise conduct its business. Dillow Wealth Management receives the Support without cost because the Firm renders investment management services to clients that maintain assets at Schwab. The Support is not provided in connection with securities transactions of clients (i.e., not "soft dollars"). The Support benefits Dillow Wealth Management, but not its clients directly. Clients should be aware that Dillow Wealth Management's receipt of economic benefits such as the Support from a broker-dealer creates a conflict of interest since these benefits will influence the Firm's choice of broker-dealer over another that does not furnish similar software, systems support or services. In fulfilling its duties to its clients, Dillow Wealth Management endeavors at all times to put the interests of its clients first and has determined that the recommendation of Schwab is in the best interest of clients and satisfies the Firm's duty to seek best execution.

Specifically, Dillow Wealth Management receives the following benefits from Schwab: i) receipt of duplicate client confirmations and bundled duplicate statements; ii) access to a trading desk that exclusively services its institutional traders; iii) access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and iv) access to an electronic

Schwab provides services at no charge to the Firm so long as a certain amount of the Firm'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 client 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.

Schwab also makes available to the Firm other products and services that benefit the Firm but may not benefit its clients' accounts. These benefits may include national, regional or Firm specific educational events organized and/or sponsored by Schwab. Other potential benefits may include occasional business entertainment of personnel of Dillow Wealth Management 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 Dillow Wealth Management 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 the Firm's fees from its 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 the Firm's accounts, including accounts not maintained at Schwab. Schwab also makes available to Dillow Wealth Management other services intended to help the Firm manage and further develop its 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 the Firm by independent third parties. Schwab 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 the Firm. While, as a fiduciary, Dillow Wealth Management endeavors to act in its clients' best interests, the Firm's recommendation that clients maintain their assets in accounts at Schwab may be based in part on the benefits received and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which creates a potential conflict of interest.

### **Brokerage for Client Referrals**

---

Dillow Wealth Management does not consider, in selecting or recommending broker-dealers, whether the Firm receives client referrals from the Financial Institutions or other third party.

## **Directed Brokerage**

---

The client may direct Dillow Wealth Management in writing to use a particular Financial Institution to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that Financial Institution and the Firm will not seek better execution services or prices from other Financial Institutions or be able to “batch” client transactions for execution through other Financial Institutions with orders for other accounts managed by Dillow Wealth Management (as described above). As a result, the client may pay higher commissions or other transaction costs, greater spreads or may receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, Dillow Wealth Management may decline a client’s request to direct brokerage if, in the Firm’s sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

## **Trade Aggregation**

---

Transactions for each client will be effected independently, unless Dillow Wealth Management decides to purchase or sell the same securities for several clients at approximately the same time. Dillow Wealth Management may (but is not obligated to) combine or “batch” such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Firm’s clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and allocated among Dillow Wealth Management’s clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that the Firm determines to aggregate client orders for the purchase or sale of securities, including securities in which Dillow Wealth Management’s Supervised Persons may invest, the Firm does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. Dillow Wealth Management does not receive any additional compensation or remuneration as a result of the aggregation.

In the event that the Firm determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account’s assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or

more accounts, the Firm may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

### **Item 13. Review of Accounts**

#### **Account Reviews**

---

Dillow Wealth Management monitors client portfolios on a continuous and ongoing basis and regular account reviews are conducted on at least an annual basis. Such reviews are conducted by the Firm's Principal. All investment advisory clients are encouraged to discuss their needs, goals and objectives with Dillow Wealth Management and to keep the Firm informed of any changes thereto.

#### **Account Statements and Reports**

---

Clients are provided with transaction confirmation notices and regular summary account statements directly from the Financial Institutions where their assets are custodied. From time-to-time or as otherwise requested, clients may also receive written or electronic reports from Dillow Wealth Management and/or an outside service provider, which contain certain account and/or market-related information, such as an inventory of account holdings or account performance. Clients should compare the account statements they receive from their custodian with any documents or reports they receive from Dillow Wealth Management or an outside service provider.

### **Item 14. Client Referrals and Other Compensation**

The Firm does not currently provide compensation to any third-party solicitors for client referrals.

The Firm receives economic benefits from Schwab. The benefits, conflicts of interest and how they are addressed are discussed above in response to Item 12.

### **Item 15. Custody**

Dillow Wealth Management is deemed to have custody of client funds and securities because the Firm is given the ability to debit client accounts for payment of the Firm's fees. As such, client funds and securities are maintained at one or more Financial Institutions that serve as the qualified custodian with respect to

such assets. Such qualified custodians will send account statements to clients at least once per calendar quarter that typically detail any transactions in such account for the relevant period.

In addition, as discussed in Item 13, Dillow Wealth Management will also send, or otherwise make available, periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the Financial Institutions and compare them to those received from Dillow Wealth Management. Any other custody disclosures can be found in the Firm's Form ADV Part 1.

### **Surprise Independent Examination**

---

As Dillow Wealth Management is deemed to have custody over clients' cash (for reasons other than those discussed above), the Firm is required to engage an independent accounting Firm to perform a surprise annual examination of those assets and accounts over which it maintains custody. Any related opinions issued by an independent accounting Firm are filed with the SEC and are publicly available on the SEC's Investment Adviser Public Disclosure website. Dillow Wealth Management does not have direct access to client funds as they are maintained with an independent qualified custodian.

### **Standing Letters of Authorization**

---

Dillow Wealth Management also anticipates having custody due to clients giving the Firm limited power of attorney in a standing letter of authorization ("SLOA") to disburse funds to one or more third parties as specifically designated by the client. In such circumstances, the Firm will implement the steps in the SEC's no-action letter on February 21, 2017 which includes (in summary): i) client will provide instruction for the SLOA to the custodian; ii) client will authorize the Firm to direct transfers to the specific third party; iii) the custodian will perform appropriate verification of the instruction and provide a transfer of funds notice to the client promptly after each transfer; iv) the client will have the ability to terminate or change the instruction; v) the Firm will have no authority or ability to designate or change the identity or any information about the third party; vi) the Firm will keep records showing that the third party is not a related party of the Firm or located at the same address as the Firm; and vii) the custodian will send the client an initial and annual notice confirming the SLOA instructions.

### **Item 16. Investment Discretion**

Dillow Wealth Management is given the authority to exercise discretion on behalf of clients. Dillow Wealth Management is considered to exercise investment discretion over a client's account if it can effect and/or direct transactions in client accounts without first seeking their consent. Dillow Wealth Management is given this authority through a power-of-attorney included in the agreement between Dillow Wealth Management and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). Dillow Wealth Management takes discretion over the following activities:

- The securities to be purchased or sold;

- The amount of securities to be purchased or sold; and
- When transactions are made.

## Item 17. Voting Client Securities

Dillow Wealth Management accepts the authority to vote a client's securities (i.e., proxies) on their behalf. When Dillow Wealth Management accepts such responsibility, it will only cast proxy votes in a manner consistent with the best interest of its clients. Absent special circumstances, which are fully-described in the Firm's Proxy Voting Policies and Procedures, all proxies will be voted consistent with guidelines established and described in Dillow Wealth Management's Proxy Voting Policies and Procedures, as they may be amended from time-to-time. Clients may contact Dillow Wealth Management to request information about how the Firm voted proxies for that client's securities or to get a copy of Dillow Wealth Management's Proxy Voting Policies and Procedures. A brief summary of Dillow Wealth Management's Proxy Voting Policies and Procedures is as follows:

- Dillow Wealth Management has formed a Proxy Voting Committee that will be responsible for monitoring corporate actions, making voting decisions in the best interest of clients, and ensuring that proxies are submitted in a timely manner.
- The Proxy Voting Committee will vote proxies according to Dillow Wealth Management's then current Proxy Voting Guidelines. The Proxy Voting Guidelines include many specific examples of voting decisions for the types of proposals that are most frequently presented, including: composition of the board of directors; approval of independent auditors; management and director compensation; anti-takeover mechanisms and related issues; changes to capital structure; corporate and social policy issues; and issues involving mutual funds.
- Although the Proxy Voting Guidelines are followed as a general policy, certain issues are considered on a case-by-case basis based on the relevant facts and circumstances. Since corporate governance issues are diverse and continually evolving, the Firm devotes an appropriate amount of time and resources to monitor these changes.
- Clients cannot direct Dillow Wealth Management's vote on a particular solicitation but can revoke the Firm's authority to vote proxies.

In situations where there is a conflict of interest in the voting of proxies due to business or personal relationships that Dillow Wealth Management maintains with persons having an interest in the outcome of certain votes, the Firm takes appropriate steps to ensure that its proxy voting decisions are made in the best interest of its clients and are not the product of such conflict.

### **Item 18. Financial Information**

Dillow Wealth Management is not required to disclose any financial information listed in the instructions to Item 18 because:

- The Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of services rendered;
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.