



## PLATT WEALTH MANAGEMENT, LLC

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### **Form ADV Part 2A: Firm Brochure**

**February 1, 2021**

This brochure provides information about the qualifications and business practices of Platt Wealth Management, LLC (Platt Wealth Management or PWM). If you have any questions about the contents of this brochure, please contact us at (619) 255-9554. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any State Securities Authority.

Additional information about Platt Wealth Management is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The CRD# for the firm is 297487.

Please note that the use of the term "registered investment adviser" and description of Platt Wealth Management and/or our associates as "registered" does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our firm's associates who advise you for more information on the qualifications of our firm and its employees.

## **Item 2 – Material Changes**

This brochure dated February 1, 2021 is the revised Brochure for Platt Wealth Management. The following material changes to this Brochure since the last filing and update on March 1, 2020.

Item 5 – Addition of Real Estate Investment fee.

All clients will receive a copy of this Brochure prior to, or at the time of, becoming a client.

Clients will be provided with a new Brochure, as necessary, based on changes or new information, at any time, without charge.

Currently, the Brochure may be requested by contacting (619) 255-9554 and/or [info@plattwm.com](mailto:info@plattwm.com).

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## **Item 4 –Advisory Business**

Platt Wealth Management is dedicated to providing individuals with a wide array of investment advisory and financial planning services on a fee-only basis. Jeffrey S. Platt started the firm in 2018 and is the sole owner of PWM.

This narrative brochure contains information regarding PWM and the qualifications, business practices, and nature of advisory services that the firm provides. This information should be carefully considered before becoming an advisory client of PWM.

Prior to engaging PWM to provide services, clients are generally required to enter into an agreement with PWM setting the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and specifying the portion of the fee, if any, that is due from the client prior to PWM beginning services.

### **Types of Advisory Services**

#### Investment Management

PWM primarily allocates investment management assets of its client accounts among various asset classes using mutual funds (and to a much lesser extent, among various individual debt and equity securities) on a discretionary basis, in accordance with the investment objectives of the client as set forth in an Investment Policy Statement prepared by PWM for review and acceptance by the client.

After consultation with PWM, clients may impose restrictions on investing in certain securities or types of securities. Other restrictions may be imposed by clients with respect to the maturity or credit quality of fixed income investments. In either case, all restrictions must be in writing.

Subject to any written guidelines, which the client may provide, PWM will be granted discretion and authority to manage the client's investment account(s). Accordingly, PWM is authorized to perform various functions, at the client's expense, without further approval from the client. Such functions include making all investment decisions on the (a) securities purchased/sold and (b) the amount of securities to be purchased/sold. Once the portfolio is constructed, PWM provides ongoing supervision and rebalancing of the portfolio as changes in market conditions and client circumstances may require.

#### Financial Planning

PWM provides a range of financial planning services, which may include a comprehensive evaluation of a client's goals and objectives, current financial and tax status, and projections of future financial state under various scenarios. PWM gathers information through the use of meetings, questionnaires, and the review of account statements and other documents provided by the client. Clients purchasing this service receive a written report designed to assist the client in achieving his or her financial goals and objectives.

From time to time PWM is asked to provide specific consulting services to clients. This may include advice on only an isolated area of concern such as estate planning, retirement planning, Social Security, real estate matters, reviewing a client's existing portfolio, or any other specific topic. Additionally, PWM provides advice on non-securities matters such as insurance or annuity evaluations.

In general, the financial plan can address any or all of the following areas:

- **PERSONAL:** Review of family records, budgeting, personal liability, estate information, and financial goals.
- **TAX & CASH FLOW:** Analyze the client's income tax and spending and planning for past, current and future years and illustrate the impact of various investments on the client's current income tax and future tax liability.
- **INVESTMENTS:** Analyze portfolio allocation and the specific investments in the portfolio and their effect on the client's portfolio.
- **RETIREMENT:** Analyze current strategies and investment plans to help the client achieve his or her retirement goals.
- **RISK MANAGEMENT:** Discuss existing policies for appropriate coverage, which may include life, health, disability, liability, property and casualty, and long-term care coverage.
- **DEATH & DISABILITY:** Review the client's cash needs at death, income needs of surviving dependents, estate planning, and disability income.
- **ESTATE:** Assist the client in assessing and developing long-term strategies, including as appropriate, living trusts, wills, powers of attorney, and potential estate taxes.

#### **Retirement Rollovers-No Obligation/Conflict of Interest**

A client leaving an employer typically has four options (and may engage in a combination of these options): 1) leave the money in his former employer's plan, if permitted, 2) roll over the assets to his/her new employer's plan, if one is available and rollovers are permitted, 3) rollover to an Individual Retirement Account (IRA), or 4) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences).

PWM may recommend an investor roll over plan assets to an IRA managed by PWM. As a result, PWM may earn an asset-based fee; however, a recommendation that a client or prospective client leave their plan assets with their old employer will result in no compensation. PWM has an economic incentive to encourage an investor to roll plan assets into an IRA that PWM will manage.

There are various factors that PWM may consider before recommending a rollover, including but not limited to: i) the investment options available in the plan versus the investment options available in an IRA, ii) fees and expenses in the plan versus the fees and expenses in an IRA, iii) the services and responsiveness of the plan's investment professionals versus those of PWM, iv) required minimum distributions and age considerations, and vi) employer stock tax consequences, if any. No client is under any obligation to roll over plan assets to an IRA managed by PWM.

### **Client Obligations**

In performing its services, PWM is not required to verify any information received from the client or from the client's other professionals. Moreover, each client is advised that it remains his or her responsibility to promptly notify PWM if there is ever any change in the client's financial situation or investment objectives during the client engagement.

### **Our Policy on Class Action Lawsuits**

From time to time, securities held in the accounts of clients will be the subject of class action lawsuits. PWM has no obligation to determine if securities held by the client are subject to a pending or resolved class action lawsuit. It also has no duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, PWM has no obligation or responsibility to initiate litigation to recover damages on behalf of clients who may have been injured as a result of actions, misconduct, or negligence by corporate management of issuers whose securities are held by clients.

Where PWM receives written or electronic notice of a class action lawsuit, settlement, or verdict affecting securities owned by a client, it will forward all notices, proof of claim forms, and other materials, to the client. Electronic mail is acceptable where appropriate if the client has authorized contact in this manner.

### **Disclosure Statement**

A copy of PWM's written brochure as set forth on Part 2A of Form ADV shall be provided to each client prior to, or at the same time as, the execution of the Advisory Agreement. Any client who has not received a copy of PWM's written brochure at least 48 hours prior to executing the Advisory Agreement shall have five business days subsequent to executing the agreement to terminate PWM's services without penalty.

### **Non-Participation in Wrap Fee Programs**

PWM, as a matter of policy and practice, does not sponsor any wrap fee program. A wrap fee program is defined as any advisory program under which a specified fee or fees not based directly upon transactions in a client's account is charged for investment supervisory services (which may include portfolio management or advice concerning the selection of other investment advisers) and the execution of client transactions.

### **Amount of Assets Under Management**

As of December 31, 2020, PWM manages approximately \$220,592,817 in client assets on a discretionary basis and \$1,792,288 on a non-discretionary basis..

## Item 5 –Fees and Compensation

Investment management fees are paid quarterly in arrears pursuant to the terms of the Investment Management Agreement. Investment management fees are based on the market value of assets under management at the end of each calendar quarter. Fees range from 0.90% to 0.30% based on the following schedule:

| Assets                                | Annual Rate |
|---------------------------------------|-------------|
| Up to \$2,000,000                     | 0.90%       |
| Next \$1,500,000 (up to \$3,500,000)  | 0.80%       |
| Next \$1,500,000 (up to \$5,000,000)  | 0.70%       |
| Next \$5,000,000 (up to \$10,000,000) | 0.60%       |
| Next \$5,000,000 (up to \$15,000,000) | 0.50%       |
| Over \$15,000,000                     | 0.30%       |

PWM generally requires a minimum account size of \$500,000 for investment management services. However, PWM, in its sole discretion, may reduce its minimum account size, charge a minimum quarterly fee, charge fees in arrears annually instead of quarterly, and/or charge a lesser investment management fee for bundled and unbundled services based upon certain criteria (i.e. anticipated future earning capacity, or additional assets, dollar amount of assets to be managed, related accounts, or account composition).

Payment for management fees will be made by the qualified custodian holding the client's funds and securities provided the client provides written authorization permitting the fees to be paid directly from the client's account. PWM will not have access to client funds for payment of fees without client consent in writing. Furthermore, the qualified custodian agrees to deliver a quarterly account statement directly to the client showing all disbursements from the account. The client is encouraged to review their account statements for accuracy. PWM will receive a duplicate copy of the statement that was delivered to the client. Alternatively, PWM may invoice clients directly for portfolio management fees. When clients are billed directly, payment is due upon receipt of PWM's invoice.

### Real Estate Investments

PWM charges an ongoing 35 basis points administration and management fee on money that is invested in Platt Wealth Management facilitated real estate partnerships for qualified investors.

## Financial Planning

Platt Wealth Management's financial planning fee is determined based on the nature of the services being provided and the complexity of each client's circumstances. Financial planning fees are calculated and charged on a fixed fee basis and typically start at \$2,500.

PWM will typically waive all or a portion of the financial planning fees based upon the value of the client's assets under management. All fees are agreed upon prior to entering into a contract with any client. A retainer may be requested upon completion of the initial fact-finding session with the client; however, advance payment will never exceed \$1,200 for work that will not be completed within six months. The balance is due upon completion of the plan.

For special projects and/or consulting on issues outside the typical wealth planning and investment management, fees are based on the expected service time and the professionals rendering the service. Hourly fees are generally at a minimum rate of \$350 per hour.

## **General Information**

Termination of the Advisory Relationship: An advisory client will have a period of five (5) business days from the date of signing the investment advisory agreement to unconditionally rescind the advisory agreement and receive a full refund of all fees. Thereafter, either party may terminate the investment advisory agreement with written notice. Upon termination, fees will be prorated to the date of termination. Any unearned fees will be refunded to the client.

Mutual Fund Fees: All fees paid to PWM for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds, sub-advisors, and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by PWM which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and PWM fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Additional Fees and Expenses: In addition to PWM's advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a qualified custodian/broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

Custodian Fees: The account Custodian may charge fees, which are in addition to and separate from the investment advisory service fee. Custodians may charge accounts for various transaction costs, retirement plan and administration fees.



ERISA Accounts: PWM is deemed to be a fiduciary to advisory clients that are employee benefit plans or IRAs pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, PWM is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation.

Advisory Fees in General: Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

Limited Prepayment of Fees: Under no circumstances do we require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.

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

Item 6 is not applicable to PWM as the firm does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client). Such acceptance or management would pose a significant conflict of interest to clients because performance-based fees may provide an incentive to make investment decisions that pose excessive or inappropriate risk to the client's financial situation. PWM considers avoidance of such conflict a paramount policy in maintaining their fiduciary duty to their clients.

## **Item 7 –Types of Clients and Account Requirements**

PWM offers personalized investment supervisory services to a variety of client types. Clients may include:

- Individuals
- High Net Worth individuals
- Corporations
- Pension and Profit Sharing plans.

Client relationships vary in scope and length of service.

### **Required Minimum Client Accounts**

PWM requires a minimum of \$500,000 to establish a new client advisory account; however, the minimum may be waived at the sole discretion of the firm.

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

Before designing investment plans for clients, PWM will evaluate the client's current investments to determine whether the client's goals harmonize with the client's financial objectives. In designing investment plans for clients, PWM relies upon the information supplied by the client and client's other professional advisors. Such information may pertain to the client's financial situation, estate planning, tax planning, risk management, short-term and long-term lifetime financial goals and objectives, investment time horizon, and perceived current tolerance for risk. PWM will design and propose a portfolio to help clients attain the client's financial goals.

This information will become the basis for the strategic asset allocation plan which PWM believes will best meet the client's stated personal financial goals. The strategic asset allocation provides for investments in those asset classes which PWM believes will possess attractive combinations of return, risk, and correlation over the long term.

The philosophy and strategy implemented rests upon the body of academic research known as Modern Portfolio Theory. It focuses on maintaining a long-term perspective and capturing the returns offered by the financial capital markets.

The investment advice provided rests on four principles:

1. Financial markets are efficient, but investor behavior is not always rational.
2. Risk and return are related.
3. Global portfolio diversification can reduce risk and increase return over longer time periods.
4. Appropriate asset allocation is critical to investor discipline.

### **Risk of Loss**

Investing in securities involves risk of loss that clients should be prepared to bear. PWM's investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

Interest-rate Risk: The risk that investment returns will be affected by changes in the level of interest rates. When interest rates increase, the prices and values of bonds decrease. When interest rates decrease, the prices and values of bonds increase.

Market Risk: The risk that investment returns will be affected by changes in the overall level of the stock market. When the stock market as a whole increases or decreases, virtually all stocks are affected to some degree.

Reinvestment Rate Risk: The risk incurred when an investment's income is reinvested at a lower rate than the rate that existed at the time the original investment was made. This risk is most prevalent when interest rates fall.

Purchasing Power Risk (Inflation Risk): The risk that inflation will affect the return of an investment in real dollars. In other words, the amount of goods that one dollar will purchase decreases with time. Investments that have low returns, such as savings accounts, are not likely to keep up with inflation. Investments with fixed returns, such as bonds, will decrease in value because their purchasing value will decrease with inflation.

Business Risk: The risk associated with a particular industry or firm. These are factors that affect the industry or firm, but do not affect the whole market. They include government regulations, management competency, or local or regional economic factors.

Financial Risk: The risk associated with the mix of debt and equity used to finance a firm. The greater the financial leverage, the greater the financial risk.

Currency Risk (Exchange Rate Risk): The risk that a change in the value of a foreign currency relative to the U.S. dollar will negatively affect a U.S. investor's return.

Liquidity Risk: Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.

In general, cash equivalents provide liquidity with minimum income, and a return of principal with no capital appreciation. Cash equivalents, however, are subject to purchasing power risk.

Fixed income investments provide current income. Usually, the longer the maturity of the security, the higher the income it will generate. Also, with longer maturities, fixed income investments will have greater price volatility and greater opportunity for capital gains or capital losses. Fixed income investments are subject to interest rate risk, reinvestment rate risk, and purchasing power risk. In addition, foreign bonds would be subject to currency rate risk and junk bonds would be subject to business risk and financial risk.

The return of principal for bond funds and funds with significant underlying bond holdings is not guaranteed. Mutual fund shares are subject to the same interest rate, inflation and credit risks associated with the underlying bond holdings. Lower rated bonds are subject to greater fluctuations in value and risk of loss of income and principal than higher rated bonds.

Equity investments are subject to greater volatility, thus providing a greater opportunity for capital gains, and a greater opportunity for capital losses. Equity investments offer little or no current income. Equity investments are subject to market risk and interest rate risk, while providing an opportunity to protect against purchasing power risk. Also, stock mutual funds, rather than individual equities, may limit the exposure to business risk and financial risk.

Investing outside the United States involves additional risks, such as currency fluctuations, periods of illiquidity, and price volatility. These risks may be heightened in connection with investments in developing countries. Small-company stocks entail additional risks, and they can fluctuate in price more than larger company stocks.

Investments are not FDIC-insured, nor are they deposits of or guaranteed by a bank or any other entity, so they may lose value.

Different types of investments involve varying degrees of risk, and the client should not assume that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended by PWM) will be profitable or equal to any specific performance level(s).

**Item 9 –Disciplinary Information**

PWM has no reportable legal or disciplinary events.

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

Neither PWM nor its representatives are registered or have an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

Neither PWM nor its representatives are registered or have an application pending to register as a futures commission merchant, a commodity pool operator, a commodity trading advisor, or a representative of the foregoing.



## **Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

PWM has adopted a Code of Ethics for all employees of the firm describing its high standard of business conduct and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, and personal securities trading procedures, among other things. All employees are required to accept in writing the terms of the Code of Ethics upon employment, on amendment of the Code of Ethics, and annually. Any employee who becomes aware of an apparent violation of the Code of Ethics is required to promptly report such apparent violation to the Chief Compliance Officer

PWM's clients or prospective clients may request a copy of the firm's Code of Ethics by sending a request to:

Platt Wealth Management  
Attn: Compliance  
3838 Camino del Rio North, Suite 365  
San Diego, CA 92108  
[info@plattwm.com](mailto:info@plattwm.com)

### **Client Transactions**

Neither PWM or any related person of PWM recommends, buys, or sells for client accounts, securities in which PWM or any related person of PWM has a material financial interest.

It is PWM's policy that they will not affect any principal or agency cross securities transactions for client accounts. PWM believes that such transactions would pose a significant conflict of interest to PWM's clients. PWM considers avoidance of such conflict a paramount policy in maintaining its fiduciary duty to its clients.

### **Personal Trading Practices**

PWM and/or representatives of PWM may buy or sell securities that are also recommended to clients. This practice may create a situation where PWM and/or representatives of the firm are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. In addition, PWM has policies in place to help detect insider trading, "front-running" (i.e., personal trades executed prior to those of PWM's clients) and other potentially abusive practices.

PWM maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by PWM or any person associated with PWM.

PWM has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of PWM's "Access Persons". PWM's securities

transaction policy requires that Access Persons must provide the Chief Compliance Officer with a written report of the current reportable securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer with a written report of the Access Person's current reportable securities holdings at least once each twelve (12) month period thereafter.

## **Item 12 – Brokerage Practices**

PWM does not maintain custody of client assets, although PWM may be deemed to have custody of client assets if the client gives them the authority to withdraw assets from the client account (see “Item 15: Custody”). Client assets must be maintained in an account at a “qualified custodian,” generally a broker/dealer or bank.

In the event the client requests that PWM recommend a broker dealer/custodian for custody and brokerage services (exclusive of those clients that may direct PWM to use a specific broker-dealer/custodian), PWM generally recommends TD Ameritrade Institutional (“TDAI”) or Charles Schwab and Co., Inc. (“Schwab”) Institutional Services (together “Custodian or Custodians”), FINRA-registered broker-dealers, members of SIPC, as their qualified custodian. Although PWM makes this recommendation, it is the client’s decision to custody assets with a particular broker/dealer/custodian.

PWM is independently owned and operated and is not affiliated with Custodians. The Custodians will hold client assets in a brokerage account and buy and sell securities when PWM instructs them to. While PWM recommends that the client use Custodian as custodian/broker, the client will decide whether to do so and will open the account with Custodian by entering into an account agreement directly with them. PWM does not open the account for the client, although they may assist the client in doing so.

Factors that PWM considers in recommending a brokerage firm to clients include (i) historical relationship with PWM, (ii) financial strength, (iii) reputation, (iv) execution capabilities, (v) pricing, (vi) research, and (vii) service.

### **How PWM Selects Brokers/Custodians**

PWM seeks to recommend a custodian/broker who will hold client assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. PWM consider a wide range of factors, including, among others:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds (ETFs), etc.)
- Availability of investment research and tools that assist us in making investment decisions

- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, and stability
- Prior service to PWM and their other clients
- Availability of other products and services that benefit PWM, as discussed below (see *"Products and Services Available to PWM from Custodians"*)

### **Brokerage and Custody Costs**

For clients' accounts that Custodian maintains, Custodian generally does not charge the client separately for custody services but is compensated by charging the client commissions or other fees on trades that it executes or that settle into the client's account. In addition to commissions, Custodian can charge the client a flat dollar amount as a "prime broker" or "trade away" fee for each trade that PWM has executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into the client's account. These fees are in addition to the commissions or other compensation the client pays the executing broker-dealer. Because of this, in order to minimize your trading costs, PWM has Custodian execute most trades for client accounts. PWM has determined that having Custodian execute most trades is consistent with the firm's duty to seek "best execution" of client trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see *"How PWM Selects Brokers/Custodians"*).

### **Products and Services Available to PWM from Custodians**

Custodians provides PWM and their clients with access to its institutional brokerage — trading, custody, reporting, and related services — many of which are not typically available to retail customers. Custodians also makes available various support services. Some of those services help PWM manage or administer client accounts, while others help the firm manage and grow the business. These support services generally are available on an unsolicited basis (they do not have to be requested) and at no charge to PWM. The availability of these products and services is not based on PWM giving particular investment advice, such as buying particular securities for their clients. Following is a more detailed description of these support services:

#### *Services That Benefit The Client*

Custodian brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products include some to which PWM might not otherwise have access or that would require a significantly higher minimum initial investment by our clients.

### *Services That May Not Directly Benefit The Client*

Custodians make available to PWM other products and services that benefit the firm but may not directly benefit the client or client account. These products and services assist PWM in managing and administering client accounts. They include investment research, both Custodian's own and that of third-parties. PWM may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Custodian. In addition to investment research, Custodian also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of PWM fees from our clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting

### *Services That Generally Benefit Only PWM*

Custodians also offer other services intended to help PWM manage and further develop the firm's business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers

Custodians may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to PWM. Custodians may also discount or waive its fees for some of these services or pay all or a part of a third-party's fees. Custodians may also provide PWM with other benefits, such as occasional business entertainment of firm personnel.

### PWM's Interest in Custodian's Services

The availability of these services from Custodians benefit PWM because they do not have to produce or purchase them. PWM does not have to pay for these services, and they are not contingent upon us committing any specific amount of business to Custodian in trading commissions or assets in custody. In light of PWM's arrangements with Custodian, PWM may

have an incentive to recommend that clients maintain their accounts with Custodian based on their interest in receiving the best value in custody services and the most favorable execution of transactions. This is a potential conflict of interest. PWM believes, however, that the selection of Custodian as custodian and broker is in the best interest of their clients. It is primarily supported by the scope, quality, and price of services and not the services that benefit only PWM.

### **Research and Additional Benefits**

PWM may receive from Custodian without cost (and/or at a discount) compliance, marketing, technology, and practice management products or services, certain of which assist PWM to better monitor and service client accounts maintained at such institutions. These support services and/or products that may be received may assist PWM in managing and administering client accounts. Others do not directly provide such assistance, but rather assist PWM to manage and further develop its business enterprise.

There is no corresponding commitment made by PWM or its associated persons to Custodian, or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangement. Clients should be aware, however, that the receipt of economic benefits by PWM or its related persons in and of itself creates a potential conflict of interest and may indirectly influence PWM's choice of Custodian for custody and brokerage services. In addition, PWM may have a conflict of interest in recommending to its clients that their assets be held in custody with Custodian and in placing transactions for client accounts with Custodian, because Custodian considers the amount and profitability to Custodian of the assets in, and trades placed for, PWM's client accounts when determining whether to provide or continue providing additional services to PWM. PWM's receipt of any additional services does not diminish PWM's duty to act in the best interest of clients, including to seek best execution of trades for client accounts.

PWM also receives from Custodians certain additional economic benefits that may or may not be offered to any other independent investment Advisors participating in the program.

The additional services are provided to PWM at the sole discretion of Custodian and at its own expense, and PWM does not pay any fees for the additional services.

### **Best Execution**

Although the commissions and/or transaction fees paid by PWM's clients shall comply with PWM's duty to obtain best execution, a client may pay a transaction fee that is higher than another qualified broker-dealer might charge to affect the same transaction. If this occurs, it is because PWM determines, in good faith, that the transaction fee is 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 broker-dealer services, including the value of research provided, execution capability, commission rates, and

responsiveness. Accordingly, although PWM will seek competitive rates, it may not necessarily obtain the lowest possible transaction rates for client account transactions. The brokerage commissions or transaction fees charged by the designated custodian are exclusive of, and in addition to, PWM's investment management fee. PWM's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

When beneficial to the client, transactions may be affected through broker-dealers with whom PWM or the client have entered into arrangements for prime brokerage clearing services (in which event, the client shall incur both the transaction fee charged by the executing broker-dealer and a "tradeaway" fee charged by Custodian).

Even though the client account is maintained at Custodian, PWM can still use other brokers to execute trades for the client account as described below (see "Your Brokerage and Custody Costs").

### **Directed Brokerage**

Some clients may instruct PWM to use one or more particular brokers for the transactions in their accounts. Clients who may want to direct PWM to use a particular broker should understand that this may prevent PWM from effectively negotiating brokerage compensation on their behalf. This arrangement may also prevent PWM from obtaining the most favorable net price and execution. Thus, when directing brokerage business, clients should consider whether the commission expenses and execution, clearance and settlement capabilities that they will obtain through their broker are adequately favorable in comparison to those that PWM would otherwise obtain for its clients. Clients are encouraged to discuss available alternatives with their advisory representative.

### **Aggregation of Client Trades**

To the extent that PWM provides investment management services to its clients, the transactions for each client account generally will be affected independently, unless PWM decides to purchase or sell the same securities for several clients at approximately the same time. PWM may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among PWM's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. PWM shall not receive any additional compensation or remuneration as a result of such aggregation.

PWM's employees are not registered representatives of Custodian or any other custodian/broker-dealer and do not receive any commissions or fees from recommending these services.

### **Special Considerations for ERISA Clients**

A retirement or ERISA plan client may direct all or part of portfolio transactions for its account through a specific broker or dealer in order to obtain goods or services on behalf of the plan. Such direction is permitted provided that the goods and services provided are reasonable expenses of the plan incurred in the ordinary course of its business for which it otherwise would be obligated and empowered to pay. ERISA prohibits directed brokerage arrangements when the goods or services purchased are not for the exclusive benefit of the plan. Consequently, we will request that plan sponsors who direct plan brokerage provide us with a letter documenting that this arrangement will be for the exclusive benefit of the plan.



### **Item 13 –Review of Accounts or Financial Plans**

For those clients to whom PWM provides investment advisory or wealth management services, account reviews will be conducted on an ongoing basis by Investment Advisors. All investment supervisory clients are advised that it remains their responsibility to advise PWM in writing of any changes in the client's investment objectives and/or financial situation, or if they wish to impose any reasonable restrictions on PWM's discretionary management services. All clients (in person or electronically) are encouraged to review investment objectives and account performance with PWM on an annual basis.

PWM may conduct account reviews on an other-than-periodic basis upon the occurrence of a triggering event such as a market correction, large deposits or withdrawals from an account, substantial changes in the value of a client's portfolio, change in the client's investment objectives, and client request.

### **Reports to Clients**

The account custodian provides trade confirmations and statements to clients on at least a quarterly basis. For those clients to whom PWM provides investment supervisory services, performance reports are provided as part of each client meeting. Additional reports are available and will be provided on an ad hoc basis.

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

PWM may receive an indirect economic benefit from Custodian. PWM, without cost (and/or at a discount) may receive support services and/or products from Custodian. PWM receives an economic benefit from Custodian in the form of the support products and services it makes available to the firm and other independent investment advisors whose clients maintain their accounts at Custodian. These products and services, how they benefit the firm, and the related conflicts of interest are described above (see “Item 12: Brokerage Practices”). The availability of Custodians’ products and services to PWM is not based on PWM giving particular investment advice, such as buying particular securities for PWM clients.

## **Item 15 –Custody**

It is PWM's policy to not accept custody of a client's securities. In other words, PWM is not granted access to the clients' accounts which would enable PWM to withdraw or transfer or otherwise move funds or cash from any client account to PWM's accounts or the account of any third party (other than for purposes of fee deductions, as explained below). All client assets are maintained at a qualified custodian. This is for the safety of the clients' assets.

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that PWM directly debits advisory fees from client accounts in cases where clients have given permission to do so.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

All PWM clients receive account statements, at least quarterly, directly from qualified custodians, such as a bank or broker dealer that maintains those assets. The client should carefully review and compare these statements to the quarterly or other reports provided by PWM. Statements provided by PWM may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. Clients should contact PWM with any questions or if they are not receiving quarterly custodial statements.

## **Item 16 –Investment Discretion**

PWM typically receives discretionary authority from the client at the beginning of an advisory relationship to select the identity and amount of securities to be bought or sold. Prior to assuming discretionary authority over a client's account, the client shall be required to execute an Investment Management Agreement granting authority to buy, sell, or otherwise effect investment transactions. In addition, any investment discretion is obtained in writing through a limited power of attorney signed by the client prior to opening an account with the Custodian. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

Discretionary authority allows PWM to perform trades in the client's account without further approval from the client. This includes decisions on the following:

- Securities purchased or sold
- The amount of securities to be purchased or sold

Once the portfolio is constructed, PWM provides ongoing supervision and rebalancing of the portfolio as changes in market conditions and client circumstances may require.

Clients may, at any time, impose restrictions, in writing, on PWM's discretionary authority (i.e., limit the types/amounts of particular securities purchased for their account, exclude the ability to purchase securities with an inverse relationship to the market, limit or proscribe use of margin, etc.).

**Item 17 –Voting Client Securities**

PWM will not vote proxies on behalf of advisory clients' accounts, although, on rare occasions and only at the client's request, PWM may offer clients advice regarding corporate actions and the exercise of proxy voting rights.

Clients will receive their proxies or other solicitations directly from their broker-dealer/custodian.

**Item 18 –Financial Information**

PWM is not required to provide a balance sheet as it does not serve as custodian for clients' funds or securities, and does not require prepayment of fees of more than \$1,200 per client, six months or more in advance. PWM accepts limited forms of discretion over clients' accounts, as described in Item 16 of the Brochure. PWM is unaware of any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. PWM has never been the subject of a bankruptcy proceeding.