

# CWM Partners, LLC

## Firm Brochure - Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of CWM Partners. If you have any questions about the contents of this brochure, please contact us at (646) 546-5275 or by email at: [mwarszawski@cwm-partners.com](mailto:mwarszawski@cwm-partners.com). 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 CWM Partners is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Partners' CRD number is: 299857.*

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*Registration does not imply a certain level of skill or training.*

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## **Item 2: Material Changes**

The material changes in this brochure from the last annual updating amendment of CWM Partners on 03/5/2020 are described below. Material changes relate to CWM Partners policies, practices or conflicts of interests.

- The firm updated its assets under management in Item 4.

## Item 3: Table of Contents

Item 1: Cover Page	
Item 2: Material Changes	1
Item 3: Table of Contents	2
Item 4: Advisory Business	5
A. Description of the Advisory Firm	5
B. Types of Advisory Services	5
Portfolio Management Services	5
Selection of Other Advisers	6
Financial Planning	6
Services Limited to Specific Types of Investments	6
C. Client Tailored Services and Client Imposed Restrictions	6
D. Wrap Fee Programs	6
E. Assets Under Management	7
Item 5: Fees and Compensation	7
A. Fee Schedule	7
Portfolio Management Fees	7
Selection of Other Advisers Fees	7
Financial Planning Fees	7
B. Payment of Fees	8
Payment of Portfolio Management Fees	8
Payment of Selection of Other Advisers Fees	8
Payment of Financial Planning Fees	8
C. Clients Are Responsible For Third Party Fees	8
D. Prepayment of Fees	8
E. Outside Compensation For the Sale of Securities to Clients	8
Item 6: Performance-Based Fees and Side-By-Side Management	9
Item 7: Types of Clients	9
Minimum Account Size	9
Item 8: Methods of Analysis, Investment Strategies, and Risk of Investment Loss	9

A.	Methods of Analysis and Investment Strategies	9
	Methods of Analysis	9
B.	Material Risks Involved	10
	Methods of Analysis	10
	Investment Strategies	11
C.	Risks of Specific Securities Utilized	11
	Item 9: Disciplinary Information	13
A.	Criminal or Civil Actions	13
B.	Administrative Proceedings	13
C.	Self-regulatory Organization (SRO) Proceedings	13
	Item 10: Other Financial Industry Activities and Affiliations	13
A.	Registration as a Broker/Dealer or Broker/Dealer Representative	13
B.	Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor	13
C.	Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests	13
D.	Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections	13
	Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	14
A.	Code of Ethics	14
B.	Recommendations Involving Material Financial Interests	14
C.	Investing Personal Money in the Same Securities as Clients	14
D.	Trading Securities At/ Around the Same Time as Clients' Securities	14
	Item 12: Brokerage Practices	14
A.	Factors Used to Select Custodians and/or Broker/Dealers	14
	1. Research and Other Soft-Dollar Benefits	15
	2. Brokerage for Client Referrals	15
	3. Clients Directing Which Broker/Dealer/Custodian to Use	15
B.	Aggregating (Block) Trading for Multiple Client Accounts	15
	Item 13: Reviews of Accounts	16
A.	Frequency and Nature of Periodic Reviews and Who Makes Those Reviews	16
B.	Factors That Will Trigger a Non-Periodic Review of Client Accounts	16

C. Content and Frequency of Regular Reports Provided to Clients	16
Item 14: Client Referrals and Other Compensation	16
A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)	16
B. Compensation to Non – Advisory Personnel for Client Referrals	17
Item 15: Custody	17
Item 16: Investment Discretion	17
Item 17: Voting Client Securities (Proxy Voting)	18
Item 18: Financial Information	18
A. Balance Sheet	18
B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients	18
C. Bankruptcy Petitions in Previous Ten Years	18

## Item 4: Advisory Business

### A. Description of the Advisory Firm

CWM Partners (hereinafter “CWM”) is a Limited Liability Company organized in the State of New York. The firm was formed in July 2013, and the principal owner is Michael Warszawski.

CWM Partners LLC has voluntarily subscribed to the “Real Fiduciary™ Practices” published by the Institute for the Fiduciary Standard. Real Fiduciary™ Practices offer a simple code of conduct and outline a commitment to clients of subscribing financial advisors. They seek to clearly articulate what a client can expect to receive from a subscribing financial advisor. These Real Fiduciary™ Practices do not replace our regulatory compliance obligations or duties to clients under relevant laws, rules, or regulations. The Institute for the Fiduciary Standard’s role is limited to publishing the practices as well as maintaining a corresponding register of subscribing financial advisors. You can verify our affirmation of Real Fiduciary™ Practices on our website or at the Institute for the Fiduciary Standard website at [www.thefiduciaryinstitute.org](https://thefiduciaryinstitute.org/wp-content/uploads/2019/03/Real-Fiduciary-Practices-2019-02-22.pdf). The practices can be found at <https://thefiduciaryinstitute.org/wp-content/uploads/2019/03/Real-Fiduciary-Practices-2019-02-22.pdf>

### B. Types of Advisory Services

CWM offers the following services to advisory clients:

#### *Portfolio Management Services*

CWM offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. CWM creates an Investment Policy Statement for each client, which outlines the client’s current situation (income, tax levels, and risk tolerance levels).

Portfolio management services include, but are not limited to, the following:

- |                       |                                |
|-----------------------|--------------------------------|
| • Investment strategy | • Personal investment policy   |
| • Asset allocation    | • Asset selection              |
| • Risk tolerance      | • Regular portfolio monitoring |

CWM evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. CWM will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

CWM seeks to provide that investment decisions are made in accordance with the fiduciary duties owed to its accounts and without consideration of CWM’s economic, investment or other financial interests. To meet its fiduciary obligations, CWM attempts to avoid, among other things, investment or trading practices that systematically advantage or disadvantage certain client

portfolios, and, accordingly, CWM's policy is to seek fair and equitable allocation of investment opportunities/transactions among its clients to avoid favoring one client over another over time. It is CWM's policy to allocate investment opportunities and transactions it identifies as being appropriate and prudent, including initial public offerings ("IPOs") and other investment opportunities that might have a limited supply, among its clients on a fair and equitable basis over time.

### ***Selection of Other Advisers***

CWM may direct clients to third-party investment advisers. CWM may recommend wrap fee programs when appropriate based on the client's investment objectives. Before selecting other advisers for clients, CWM will always ensure those other advisers are properly licensed or registered as investment advisers.

### ***Financial Planning***

Financial plans and financial planning may include but are not limited to: investment planning; life insurance; tax concerns; retirement planning; education planning; and debt/credit planning.

### ***Services Limited to Specific Types of Investments***

CWM generally limits its investment advice to mutual funds, equities, fixed income securities, ETFs (including ETFs in the gold and precious metal sectors), real estate funds (including REITs), non-U.S. securities, and hedge funds. CWM may use other securities as well to help diversify a portfolio when applicable.

## **C. Client Tailored Services and Client Imposed Restrictions**

CWM offers the same suite of services to all of its clients. However, specific client investment strategies and their implementation are dependent upon the client Investment Policy Statement which outlines each client's current situation (income, tax levels, and risk tolerance levels). Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent CWM from properly servicing the client account, or if the restrictions would require CWM to deviate from its standard suite of services, CWM reserves the right to end the relationship.

## **D. Wrap Fee Programs**

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and any other administrative fees. CWM does not participate in any wrap fee programs.

## **E. Assets Under Management**

<b>Discretionary Amounts:</b>	<b>Non-Discretionary Amounts:</b>	<b>Date Calculated:</b>
\$ 6,552,983.00	\$ 85,350,117.00	December 2020

## **Item 5: Fees and Compensation**

### **A. Fee Schedule**

#### ***Portfolio Management Fees***

<b>Total Assets Under Management</b>	<b>Annual Fee</b>
Up to \$10,000,000	1.00%
Above \$10,000,000	0.80%

These fees are generally negotiable and the final fee schedule is attached as Exhibit II of the Investment Advisory Contract.

CWM uses an average of the daily balance in the client's account throughout the billing period, after taking into account deposits and withdrawals, for purposes of determining the market value of the assets upon which the advisory fee is based.

#### ***Selection of Other Advisers Fees***

CWM may direct clients to third-party investment advisers. CWM will receive its standard fee on top of the fee paid to the third party adviser. This relationship will be memorialized in each contract between CWM and each third-party adviser. The fees will not exceed any limit imposed by any regulatory agency. The notice of termination requirement and payment of fees for third-party investment advisers will depend on the specific third-party adviser selected.

#### ***Financial Planning Fees***

The fee for creating client financial plans may be included in the portfolio management fees or may be charged independently as a flat fee. Clients may terminate the agreement without penalty, for full refund of CWM's fees, within five business days of signing the Financial Planning Agreement. Thereafter, clients may terminate the Financial Planning Agreement upon 30 days written notice. The flat fees that we charge range from \$50,000 - \$100,000. They may vary and could be higher or lower depending upon the complexity of the situation.



## ***Termination of Agreement***

Clients may terminate the agreement without penalty, for full refund of CWM's fees, within five business days of signing the Investment Advisory Contract. Thereafter, clients may terminate the Investment Advisory Contract generally with thirty days' written notice

## **B. Payment of Fees**

### ***Payment of Portfolio Management Fees***

Portfolio management fees are withdrawn directly from the client's accounts with client's written authorization. Fees are paid quarterly.

### ***Payment of Selection of Other Advisers Fees***

The timing, frequency, and method of paying fees for selection of third-party managers will depend on the specific third-party adviser selected and will be disclosed to the client prior to entering into a relationship with the third-party advisor.

### ***Payment of Financial Planning Fees***

Financial planning fees may be included in the payment of portfolio management fees or may be invoiced separately.

## **C. Clients Are Responsible For Third Party Fees**

Clients are responsible for the payment of all third party fees (i.e. custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by CWM. Please see Item 12 of this brochure regarding broker/custodian.

## **D. Prepayment of Fees**

CWM collects fees in advance. Refunds for fees paid in advance will be returned within fourteen days to the client via check, or return deposit back into the client's account.

For all asset-based fees paid in advance, the fee refunded will be the balance of the fees collected in advance minus the daily rate\* times the number of days in the billing period up to and including the day of termination. (\*The daily rate is calculated by dividing the annual asset-based fee by 365.)

## **E. Outside Compensation For the Sale of Securities to Clients**

Neither CWM nor its supervised persons accept any compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

## Item 6: Performance-Based Fees and Side-By-Side Management

CWM does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## Item 7: Types of Clients

CWM generally provides advisory services to the following types of clients:

- ❖ High-Net-Worth Individuals
- ❖ Banks and Thrift Institutions

### *Minimum Account Size*

There is no account minimum.

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

### A. Methods of Analysis and Investment Strategies

#### *Methods of Analysis*

CWM's methods of analysis include fundamental analysis, and modern portfolio theory.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

**Modern portfolio theory** is a theory of investment which attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, by carefully choosing the proportions of various assets.

In accordance with his or her Investment Policy Statement, CWM allocates a client's investment assets across individual third party managers within the various investment strategies that, in combination, CWM uses to seek to achieve the client's designated investment objectives.

Due diligence processes are conducted on managers to address qualitative and quantitative elements of their business. A manager is assessed according to the specifics of its investment strategy and its stated return and risk objectives. The type of due diligence performed varies according to the investment type and size. CWM does not have control over, and does not supervise, the day-to-day operations of any of the managers that it selects.

#### *Investment Strategies*

CWM uses a wide array investment strategies and managers to create a diversified portfolio of assets in an attempt to produce consistent risk-adjusted returns appropriate for a client's

Investment Policy Statement. The managers CWM hires for client portfolios may utilize one or more of the following investment strategies, among others:

#### Equities

- Long-only – multiple approaches, e.g., capitalization focused (e.g., Large, Mid, Small), geographically focused (e.g., US, Global, Emerging Markets), time frame (long term, trading), growth vs. value
- Long/Short – multiple approaches, e.g., capitalization focused (e.g., Large, Mid, Small), geographically focused (e.g., US, Global, Emerging Markets), time frame (long term, trading), growth vs. value

#### Fixed Income

- Long-only – multiple approaches, e.g., tax efficiency (e.g., US Municipals), geographically focused, segment (e.g., Sovereign, Quasi-Sovereign, Corporate), inflation linked (e.g., TIPS, Eurozone)
- Long/Short – multiple approaches, e.g., geographically focused, segment, arbitrage

#### Credit

- Long-only – multiple approaches, e.g., credit quality (e.g., Investment Grade, High Yield, Distressed, Multi), geography
- Long/short – multiple approaches, e.g., credit quality (e.g., Investment Grade, High Yield, Distressed, Multi), geography

#### Currencies

- Multiple approaches, e.g., time frame, fundamental vs. quantitative

#### Other

- Fund of Hedge Funds
- Global Macro – potential to include a number of the above strategies
- Event Driven – potential to include a number of the above strategies within Equities and Credit
- Convertible Bonds – multiple approaches, e.g., credit vs. volatility, long vs. arbitrage
- Multi-strategy – potential to include a number of the above strategies

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.** Many of these strategies have a high level of inherent risk. See discussion below. In light of these enhanced risks, a client may direct CWM not to employ certain strategies for his or her accounts.

## **B. Material Risks Involved**

### ***Methods of Analysis***

**Fundamental analysis** concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

**Modern Portfolio Theory** assumes that investors are risk adverse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better expected returns.

### ***Investment Strategies***

CWM's use of short term trading generally holds greater risk and clients should be aware that there is a material risk of loss using any of those strategies.

**Long term trading** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

**Short term trading** risks include liquidity, economic stability and inflation, in addition to the long term trading risks listed above. Frequent trading, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **C. Risks of Specific Securities Utilized**

Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below (leaving aside Treasury Inflation Protected/Inflation Linked Bonds) are not guaranteed or insured by the FDIC or any other government agency.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. They can be of bond “fixed income” nature (lower risk) or stock “equity” nature (mentioned below).

**Equity** investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry market conditions and general economic environments.

**Fixed income** investments generally pay a return on a fixed schedule, though the amount of the payments can vary and include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best known type of fixed income security. In general the fixed income market is volatile, and fixed income securities carry interest

rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.

**Exchange Traded Funds (ETFs):** Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). The price of Precious Metal ETFs (e.g., Gold, Silver, or Palladium Bullion backed “electronic shares” not physical metal) may be negatively impacted by several factors, among them (1) large sales by the official sector which own a significant portion of aggregate world holdings in gold and other precious metals, (2) a significant increase in hedging activities by producers of gold or other precious metals, (3) a significant change in the attitude of speculators and investors.

**Real Estate funds** (including REITs) face several kinds of risk that are inherent in the real estate sector, which historically has experienced significant fluctuations and cycles in performance. Revenues and cash flows may be adversely affected by: changes in local real estate market conditions due to changes in national or local economic conditions or changes in local property market characteristics; competition from other properties offering the same or similar services; changes in interest rates and in the state of the debt and equity credit markets; the ongoing need for capital improvements; changes in real estate tax rates and other operating expenses; adverse changes in governmental rules and fiscal policies; adverse changes in zoning laws; the impact of present or future environmental legislation and compliance with environmental laws.

**Hedge Funds** often engage in leveraging and other speculative investment practices that may increase the risk of investment loss; can be highly illiquid; are not required to provide periodic pricing or valuation information to investors; May involve complex tax structures and delays in distributing important tax information; are not subject to the same regulatory requirements as mutual funds; and often charge high fees. In addition, hedge funds may invest in risky securities and engage in risky strategies.

**Private placements** carry a substantial risk as they are subject to less regulation than publicly offered securities, the market to resell these assets under applicable securities laws may be illiquid, due to restrictions, and liquidation may be taken at a substantial discount to the underlying value or result in the entire loss of the value of such assets.

**Non-U.S. securities** present certain risks such as currency fluctuation, political and economic change, social unrest, changes in government regulation, differences in accounting and the lesser degree of accurate public information available.

**Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There are no criminal or civil actions to report.

### **B. Administrative Proceedings**

There are no administrative proceedings to report.

### **C. Self-regulatory Organization (SRO) Proceedings**

There are no self-regulatory organization proceedings to report.

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

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Neither CWM nor its representatives are registered as, or have pending applications to become, a broker/dealer or a representative of a broker/dealer.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither CWM nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

### **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Neither CWM nor its representatives have any material relationships to this advisory business that would present a possible conflict of interest.

### **D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections**

CWM may direct clients to third-party investment advisers; CWM will receive its standard fee on top of the fee paid to the third-party adviser. This relationship will be memorialized in each contract between CWM and each third-party advisor. The fees will not exceed any limit imposed by any regulatory agency. CWM will always act in the best interests of the client, including when determining which third-party investment adviser to recommend to clients. CWM will ensure that all recommended advisers are licensed or notice filed in the states in which CWM is recommending them to clients.

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

### **A. Code of Ethics**

CWM has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Our Code of Ethics is available free upon request to any client or prospective client.

### **B. Recommendations Involving Material Financial Interests**

CWM does not recommend that clients buy or sell any security in which a related person to CWM or CWM has a material financial interest.

### **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of CWM may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of CWM to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. CWM will always document any transactions that could be construed as conflicts of interest and will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

### **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of CWM may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of CWM to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest; however, CWM will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

## **Item 12: Brokerage Practices**

### **A. Factors Used to Select Custodians and/or Broker/Dealers**

CWM will recommend custodians/broker-dealers based on CWM's duty to seek "best execution," which is the obligation to seek to execute securities transactions for a Client on terms



that are the most favorable to the Client under the circumstances. The client will not necessarily pay the lowest commission or commission equivalent, and CWM may also consider the market expertise and research access provided by the payment of commissions, including but not limited to access to written research, oral communication with analysts, admittance to research conferences and other resources or economic benefits provided by the brokers to aid in the research efforts of CWM. CWM will never charge a premium or commission on transactions, beyond the actual cost imposed by the broker-dealer/custodian. CWM recommends Fidelity Brokerage Services LLC and Schwab Institutional, a division of Charles Schwab & Co., Inc.

### ***1. Research and Other Soft-Dollar Benefits***

CWM receives no research, product, or services other than execution from a broker-dealer or third-party in connection with client securities transactions ("soft dollar benefits"). However, as described in Item 14A, CWM receives certain economic benefits from Schwab.

### ***2. Brokerage for Client Referrals***

CWM receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

### ***3. Clients Directing Which Broker/Dealer/Custodian to Use***

CWM may permit Clients to direct it to execute transactions through a specified broker-dealer. Clients must refer to their advisory agreements for a complete understanding of how they may be permitted to direct brokerage. If a client directs brokerage, the client will be required to acknowledge in writing that the Client's direction with respect to the use of brokers supersedes any authority granted to CWM to select brokers; this direction may result in higher commissions, which may result in a disparity between free and directed accounts; the client may be unable to participate in block trades (unless CWM is able to engage in "step outs"); and trades for the client and other directed accounts may be executed after trades for free accounts, which may result in less favorable prices, particularly for illiquid securities or during volatile market conditions. Not all investment advisers allow their clients to direct brokerage.

## **B. Aggregating (Block) Trading for Multiple Client Accounts**

If CWM buys or sells the same securities on behalf of more than one client, it might, but would be under no obligation to, aggregate or bunch, to the extent permitted by applicable law and regulations, the securities to be purchased or sold for multiple Clients in order to seek more favorable prices, lower brokerage commissions or more efficient execution. In such case, CWM would place an aggregate order with the broker on behalf of all such clients in order to ensure fairness for all clients; provided, however, that trades would be reviewed periodically to ensure that accounts are not systematically disadvantaged by this policy. CWM would determine the appropriate number of shares to place with brokers and will select the appropriate brokers consistent with the Adviser's duty to seek best execution, except for those accounts with specific brokerage direction (if any).



## **Item 13: Reviews of Accounts**

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

All client portfolio management accounts are reviewed at least quarterly only by Michael Warszawski, Managing Partner, with regard to clients' respective investment policies and risk tolerance levels.

### **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Portfolio management reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

### **C. Content and Frequency of Regular Reports Provided to Clients**

Each client will receive at least quarterly a written report that details the client's account including assets held and asset value, which report will come from the custodian.

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

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

Charles Schwab & Co., Inc. Advisor Services provides CWM with access to Charles Schwab & Co., Inc. Advisor Services' institutional trading and custody services, which are typically not available to Charles Schwab & Co., Inc. Advisor Services retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Charles Schwab & Co., Inc. Advisor Services. Charles Schwab & Co., Inc. Advisor Services includes 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 CWM client accounts maintained in its custody, Charles Schwab & Co., Inc. Advisor Services 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 Charles Schwab & Co., Inc. Advisor Services or that settle into Charles Schwab & Co., Inc. Advisor Services accounts.

Charles Schwab & Co., Inc. Advisor Services also makes available to CWM other products and services that benefit CWM but may not benefit its clients' accounts. These benefits may include national, regional or CWM specific educational events organized and/or sponsored by Charles Schwab & Co., Inc. Advisor Services. Other potential benefits may include occasional business

entertainment of personnel of CWM by Charles Schwab & Co., Inc. Advisor Services 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 CWM 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, if applicable), provide research, pricing information and other market data, facilitate payment of CWM's fees from its clients' accounts (if applicable), 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 CWM's accounts. Charles Schwab & Co., Inc. Advisor Services also makes available to CWM other services intended to help CWM 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, and human capital consultants, insurance and marketing. In addition, Charles Schwab & Co., Inc. Advisor Services may make available, arrange and/or pay vendors for these types of services rendered to CWM by independent third parties. Charles Schwab & Co., Inc. Advisor Services may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to CWM. CWM is independently owned and operated and not affiliated with Charles Schwab & Co., Inc. Advisor Services.

#### **B. Compensation to Non – Advisory Personnel for Client Referrals**

CWM does not compensate non-advisory personnel (solicitors) for client referrals.

### **Item 15: Custody**

CWM, with client written authority, has limited custody of client's assets through direct fee deduction of CWM's fees only. If the client chooses to be billed directly by Fidelity Brokerage Services LLC, Schwab Institutional, a division of Charles Schwab & Co., Inc., or the client's chosen custodian, CWM would have constructive custody over that account and must have written authorization from the client to do so. Clients will receive all account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy.

### **Item 16: Investment Discretion**

CWM provides discretionary and non-discretionary investment advisory services to clients. The Investment Advisory Contract established with each client outlines the discretionary authority for trading. Where investment discretion has been granted, CWM generally manages the client's account and makes investment decisions without consultation with the client as to what securities to buy or sell, when the securities are to be bought or sold for the account, the total amount of the securities to be bought/sold, the price per share. In some instances, CWM's discretionary authority in making these determinations may be limited by conditions imposed by a client (in investment guidelines or objectives, or client instructions otherwise provided to CWM).

## **Item 17: Voting Client Securities (Proxy Voting)**

CWM will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

## **Item 18: Financial Information**

### **A. Balance Sheet**

CWM neither requires nor solicits prepayment of more than \$1200 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither CWM nor its management has any financial condition that is reasonably likely to impair CWM's ability to meet contractual commitments to clients.

### **C. Bankruptcy Petitions in Previous Ten Years**

CWM has not been the subject of a bankruptcy petition in the last ten years.