

**Item 1: Cover Page for Part 2A & Part 3 of
Form ADV: Firm Brochure
January 1, 2021**



CORNERSTONE
W E A L T H

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This Brochure provides information about the qualifications and business practices of Cornerstone Wealth Group, LLC dba Cornerstone Wealth. If you have any questions about the contents of this Brochure, please contact us by telephone at (704)987-3410 or email at compliance@cwgadvisors.com. The information in this Form ADV 2A brochure ("Brochure") has not been approved or verified by the United States Securities and Exchange Commission or by any State Securities Authority. Additional information about Cornerstone Wealth is available on the SEC's website at www.adviserinfo.sec.gov.

Please note that the use of the term "registered investment adviser" and description of Cornerstone Wealth 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 our employees.

Item 2: Material Changes

SEC-registered investment advisers are required to provide their clients with a summary of material changes to their Brochure since the time of their last annual updating amendment and offer to provide the entire brochure free of charge. The last brochure for Cornerstone Wealth Group was filed March 31, 2020. Since that filing, our revisions to the brochure include the following:

- We added our **Form CRS (ADV Part 3)** on June 30, 2020, and added updates January 1, 2021.

We have made other stylistic revisions to the brochure. Clients are encouraged to review the Brochure in its entirety. A free copy of our Brochure can be obtained by contacting us by telephone at (704)987-3410 or email at compliance@cwgadvisors.com. Additional information about Cornerstone Wealth is available on the SEC's website at www.adviserinfo.sec.gov.

- We made updates our **Fee Schedule** effective January 1, 2021.

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Item 4: Advisory Business

Introduction

Cornerstone Wealth Group, LLC (“Cornerstone Wealth”, the “Firm”, “we”, “us” or “our”) is an SEC Registered Investment Adviser that is dedicated to providing individuals and other types of clients with a wide array of investment advisory services.

The oral and written communications we provide to you, including this Brochure, is information that you may use in your decision to hire us or continue a professional relationship with us. This Brochure provides information about our qualifications and business practices.

Ownership

FOCUS FINANCIAL PARTNERS, LLC

Cornerstone Wealth is part of the Focus Financial Partners, LLC (“Focus LLC”) partnership. Specifically, Cornerstone Wealth is a wholly-owned subsidiary of Focus Operating, LLC (“Focus Operating”), which is a wholly-owned subsidiary of Focus LLC. Focus Financial Partners Inc. (“Focus Inc.”) is the sole managing member of Focus LLC and is a public company traded on the NASDAQ Global Select Market. Focus Inc. owns approximately two-thirds of the economic interests in Focus LLC.

Focus Inc. has no single 25% or greater shareholder. Focus Inc. is the managing member of Focus LLC and has 100% of its governance rights. Accordingly, all governance is through the voting rights and Board at Focus Inc. As of the end of 2019, investment vehicles affiliated with Stone Point Capital, LLC (“Stone Point”) had a greater than 25% voting interest in Focus Inc., and Stone Point had the right to designate two of seven directors on the Focus Inc. Board. As of the end of 2019, investment vehicles affiliated with Kohlberg Kravis Roberts & Co. L.P. (“KKR”) had a less than 25% voting interest in Focus Inc., and KKR had the right to designate one of seven directors on the Focus Inc. Board.

Focus LLC also owns other registered investment advisers, broker-dealers, pension consultants, insurance firms, and other financial service firms (the “Focus Partners”), most of which provide wealth management, benefit consulting and investment consulting services to individuals, families, employers, and institutions. Some Focus Partners also manage or advise limited partnerships, private funds, or investment companies as disclosed on their respective Form ADVs.

CWG MANAGEMENT GROUP, LLC

Through an exclusive long-term arrangement with Focus, CWG Management Group, LLC (the “Management Company”) has agreed to provide the services of its members to act as officers of Cornerstone Wealth who, in that capacity, will provide supervision, oversight, and operational support services to Cornerstone Wealth. Craig Rubrecht, Brian Needleman, Jeffrey Carbone, Andrew Smith, Joe Sweeney, and Terri Fiessinger are principals of the Management Company and serve as Executive Officers of Cornerstone Wealth.

Description of the Types of Advisory Services We Offer

Comprehensive Portfolio Management:

We offer clients comprehensive portfolio management and financial planning/financial consulting services. Our services are designed to assist clients in meeting their financial goals through the use of financial investments. We conduct at least one, but sometimes more than one meeting (in person if possible, otherwise via telephone conference) with clients in order to understand their current financial situation, existing resources, financial goals, and tolerance for risk. Based on what we learn, we propose an investment approach to the client. We typically recommend that clients invest in exchange traded funds, mutual funds, individual stocks or bonds, or other securities. Where we deem it appropriate, we also recommend that a portion of clients' portfolios be invested by external managers of separately managed accounts. Upon the client's agreement to the proposed investment plan, we work with the client to establish or transfer investment accounts so that we can manage the client's portfolio on a discretionary or non-discretionary basis. We invest client assets in accordance with a range of models we have designed to meet our clients' needs and risk tolerance. We usually do not allow clients to impose restrictions on investing in certain securities or types of securities due to the level of difficulty this would entail in managing their account. We review the accounts we manage for clients on a regular basis. We may periodically rebalance or adjust client accounts under our management. If the client experiences any significant changes to his/her financial or personal circumstances, the client must notify us so that we can consider such information in managing the client's investments.

Managed 529s or Annuities:

We also offer management services to subaccounts of RIA based 529 plans, equity indexed annuities, fixed annuities, or variable annuities. The investment services we can provide are limited to allowable products and can be billed separately in accordance with the fee schedule listed below. The client on these accounts will provide our firm with trading authorization; and, on a discretionary basis we will reallocate the subaccounts within the client's plan or annuity pursuant to investment objectives chosen by the client. Our management fees are explained in the schedule listed below in Item 5, **Fees & Compensation**.

Retirement Plan Consulting:

We provide retirement plan consulting services to employer plan sponsors on an ongoing basis. Generally, such consulting services consist of assisting employer plan sponsors in establishing, monitoring and reviewing their company's participant-directed retirement plan. As the needs of the plan sponsor dictate, areas of advising could include: sponsor services, investment services, plan design, vendor management and/or participant services.

Cornerstone Wealth is a fiduciary under the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended with respect to investment management services and investment advice provided to ERISA plan client, including ERISA plan participants. Cornerstone Wealth is also a fiduciary under the Internal Revenue code ("IRC") with respect to investment management services and investment advice provided to ERISA plans, ERISA plan participants, IRAs and IRA owners. As such, Cornerstone Wealth is subject to specific duties and obligations under ERISA and IRC that include, among other things, prohibited transaction rules which are intended to prohibit fiduciaries from acting on conflicts of interest. When a fiduciary gives advice in which it has a conflict of interest, the fiduciary must either avoid or eliminate the conflict or rely upon a prohibited transaction exemption.

Financial Planning & Consulting:

We provide a variety of financial planning and consulting services to individuals, families and other clients regarding the management of their financial resources based upon an analysis of the client's

current situation, goals, and objectives. Generally, such financial planning services will involve preparing a financial plan or rendering a financial consultation for clients based on the client's financial goals and objectives. This planning or consulting may encompass one or more of the following areas: Investment Planning, Estate Planning, Charitable Planning, Education Planning, Corporate and Personal Tax Planning, Cost Segregation Study, Corporate Structure, Real Estate Analysis, Mortgage/Debt Analysis, Insurance Analysis, Lines of Credit Evaluation, Business and Personal Financial Planning.

Our written financial plans or financial consultations rendered to clients usually include general recommendations for a course of activity or specific actions to be taken by the clients. For example, recommendations may be made that the clients begin or revise investment programs, create or revise wills or trusts, obtain or revise insurance coverage, commence or alter retirement savings, or establish education or charitable giving programs. It should also be noted that we refer clients to an accountant, attorney or other specialist, as necessary for non-advisory related services. For written financial planning engagements, we provide our clients with a verbal or written summary of their financial situation, observations, and recommendations. For financial consulting engagements, we usually do not provide our clients with a written summary of our observations and recommendations as the process is less formal than our planning service. Plans or consultations are typically completed within six (6) months of the client signing a contract with us, assuming that all the information and documents we request from the client are provided to us promptly. Implementation of the recommendations will be at the discretion of the client.

Other Types of Services We Offer

Focus Client Solutions

We offer clients the option of procuring certain financial solutions from unaffiliated third-party financial institutions with the assistance of Cornerstone Wealth's affiliate, Focus Client Solutions ("FCS"). FCS, a wholly owned subsidiary of Cornerstone Wealth's parent company, Focus Financial Partners, LLC, acts as an intermediary to facilitate Cornerstone Wealth's clients' access to lending and cash management solutions offered by these unaffiliated third-party providers.

Because clients' procurement of these services generates compensation for FCS, and for Cornerstone Wealth itself, we have a conflict of interest when recommending FCS's services to clients. Cornerstone Wealth mitigates this conflict by disclosing it to clients here, and clients receive additional disclosure from unaffiliated third-party service providers. This conflict is further mitigated by the fact that procuring these services is entirely the option of the client and is strictly voluntary.

Information Received from Clients

Cornerstone Wealth will not assume any responsibility for the accuracy of the information provided by the client. We are not obligated to verify any information received from the client or other professionals (e.g., attorney, accountant, etc.) designated by client, and Cornerstone Wealth is expressly authorized by the client to rely on such information provided. Under all circumstances, clients are responsible for promptly notifying Cornerstone Wealth in writing of any material changes to the client's financial situation, investment objectives, time horizon, or risk tolerance. In the event that a client notifies Cornerstone Wealth of changes in the client's financial circumstances or investment objectives, we will review such changes and recommend any necessary revisions to the client's portfolio.

Assets Under Management

As of December 31, 2019, Cornerstone Wealth has \$997,126,943 in discretionary assets and \$97,086,672 in assets under advisement. The assets under advisement are not included in the regulatory assets under management of Cornerstone Wealth.

Item 5: Fees & Compensation

How We Are Compensated for Our Advisory Services

Comprehensive Portfolio Management:

Comprehensive portfolio management services are charged a quarterly fee based on the account's assets under management as of the last day of the preceding quarter cycle. Cash and accrued interest will be included in an account's assets under management in calculating the comprehensive portfolio management fee unless Cornerstone Wealth determines otherwise, in its discretion. For accounts with a margin balance, the account's assets under management for purposes of calculating the comprehensive portfolio management fee will be reduced by the margin balance. Comprehensive portfolio management fees are calculated on a pro-rata annualized basis and payable in advance, on a rolling three-month quarterly basis (billing quarters, rather than calendar quarters).

Effective January 1, 2021, our fee schedule for portfolio management of new clients will be as follows:

ADVISORY TIERED FEE SCHEDULE	
<u>Market Value of Assets</u>	<u>Tiered Rate</u>
\$250,000 TO \$499,999	1.25%
\$500,000 to \$999,999	1.10%
\$1,000,000 to \$1,499,999	0.95%
\$1,500,000 to \$1,999,999	0.85%
\$2,000,000 to \$2,999,999	0.70%
\$3,000,000 to \$3,999,999	0.65%
\$4,000,000 to \$4,999,999	0.55%
\$5,000,000 to \$9,999,999	0.50%
\$10,000,000 to \$24,999,999	0.40%
\$25,000,000 to \$49,999,999	0.35%
\$50,000,000 to \$99,999,999	0.30%
Clients with assets under management less than \$249,999 will be charged a flat annual fee of \$3,000.	

Prior to January 1, 2021, the effective fee schedule for existing clients is based on the Schedule of Fees signed at engagement. If an existing client signs a new Schedule of Fees after January 1, 2021, they will be charged based on the newly signed Schedule of Fees.

Tier Billing Example: Client has assets under management of \$1,100,000 and are billed according to the schedule listed above:

\$0 to \$499,999 is billed at 1.25% = \$6249.99

\$500,000 to \$999,999 is billed at 1.10% = 5499.99

\$1,000,000 to \$1,100,000 is billed at .95% = \$950

Total Fee Billed = 12,699.98

Clients may choose whether to apply fees at a flat fee rate or tiered fee rate (where the schedule is recalculated every quarter) rate as listed above. Fees are not based on assets held-away.

Our fees are potentially negotiable and may vary from client to client based on a variety of factors, including, but not limited to, the unique objectives of the client, complexity of the investment plan and anticipated future assets from the client. We also reserve the right to waive our minimum fee.

Unless otherwise arranged by the client, our comprehensive portfolio management fees are automatically deducted from a client's account by the custodian of the account as soon as reasonably practicable after the end of each calendar cycle.

Management of Annuities and 529s at Companies with an Advisory Option:

Annuities and 529s at Companies with an Advisory Option may be charged a quarterly fee based on the last day of the preceding quarter cycle or based on the last day of the preceding quarter payable in arrears. The specific billing conditions will be available in the Product Company's Documentation.

We charge the following advisory fee when offering Variable Annuities and 529s that are managed by Cornerstone.

Fee Schedule for Managed 529s or Annuities:

<u>Asset Type</u>	<u>Maximum Rate</u>
529	1.00%
Equity Index Annuity	0.75%
Fixed Index Annuity	0.75%
Variable Annuity	Client Fee Schedule (as listed above)

Retirement Plan Consulting:

Fees for retirement plan consulting services are based on a percentage of plan assets, according to the schedule below.

Fee Schedule for 401(k) and 403(b) plans:

<u>Value of the Plan Assets</u>	<u>3(21)/3(38) Fee Range:</u>
Under \$2,000,000	0.50% - 0.75%
\$2,000,001 to \$10,000,000	0.20% - 0.50%
\$10,000,001 to \$30,000,000	\$20,000 - \$45,000
\$30,000,001 to \$50,000,000	\$30,000 - \$55,000
Over \$50,000,001	To be negotiated

The negotiated rate may vary due to multiple locations or additional services rendered.

Clients opening *Cash Balance Plans* (Defined Benefit Plans) will sign the standard Cornerstone Wealth Investment Management Agreement and fees range between 50 and 100 basis points.

In addition to the fees above, Client will pay a negotiated fee ("Transition Expense Fee") for the first year after the Plan transitions to cover additional services required during set up of a new platform/product provider. The Transition Expense Fee is intended to cover the additional services

(fund mapping, assistance with enrollment, additional education to committee members and participants, etc.) that will be provided as a result of the transition. Our firm's fees are billed on an annualized basis monthly/quarterly in advance based on the value of plan assets on the last day of the previous month/quarter. Fees are negotiable and are deducted from your account. On rare occasions, we allow direct billing. 401(k) and 403(b) (non-profit) plans may be charged a start-up or installation fee of up to \$5,000.

Our fee arrangements for consulting services will be determined on a case-by-case basis and will be detailed in the signed Retirement Plan Consulting Agreement.

Financial Planning & Consulting:

We charge on a flat fee basis for financial planning and consulting services. Our minimum fee for financial planning and consulting services is \$3,000, but the ultimate fee that we charge is based on the scope and complexity of our engagement with you. Our fees are negotiable and are specified in your Financial Planning and Consulting Agreement.

For consulting services, our fee is payable in four quarterly installments. For financial planning services, we require a retainer of fifty percent (50%) of the estimated total financial planning fee, and the remainder of our fee is due to us upon delivery of your financial plan.

In the event that you decide to engage in our comprehensive portfolio management services, on a discretionary basis we may apply any financial planning or consulting fees toward your first-year fee for our managed services.

Planning/consulting services will automatically renew on an annual basis unless otherwise agreed between the client and advisor.

Focus Client Services ("FCS")

FCS receives compensation for acting as an intermediary, and in certain instances, Cornerstone Wealth also receives compensation when clients successfully obtain these lending and/or cash management services. Any compensation Cornerstone Wealth receives will be disclosed to the client prior to the start of services.

Negotiability of Fees

Although Cornerstone Wealth believes that its fees are competitive, clients should understand that lower fees for comparable services may be available from other sources and firms. Cornerstone Wealth reserves the right to negotiate fees under certain circumstances and at our sole discretion.

Additional Fees & Expenses

In addition to the fees charged by Cornerstone Wealth, clients that we provide portfolio management services to are responsible for fees and expenses charged by third parties in connection with the investment of their assets. These fees and expenses could potentially include brokerage and other transaction costs, and fees and taxes, related to the purchase and sale of securities for their accounts, and any fees charged by custodians for holding their assets. Certain investments we select for clients that are managed or sponsored by third parties, such as mutual funds, Exchange Traded Funds, private partnerships, and securities managed by external managers of separately managed accounts, bear fees and expenses for their management and operation. Please ask us to point you to the prospectus, offering memorandum, Form ADV or other document which details these fees and expenses. In many cases, clients could invest in these investment vehicles directly, but they would not have the benefit of our professional experience in selecting

and allocating their assets. The foregoing fees are exclusive of and in addition to the fees charged by Cornerstone Wealth. Please refer to Item 12 of this Brochure entitled “Brokerage Practices” for additional important information.

Termination & Refunds

You may terminate our services at any time by providing us with written notice of your desire to do so. Upon receipt of your termination request, we will initiate the process to close out your account, and we will refund any prepaid but unearned portion of our advisory fee to you. For fees charged in arrears, we will instruct the custodian to deduct any unpaid fees we are owed from your account, or otherwise seek payment of our fees from you in accordance with previous fee billing practices.

Termination of services from external managers of separately managed accounts will be governed by the agreement with the external manager.

Commissionable Securities and Insurance Sales

Certain supervised persons of Cornerstone Wealth are also registered representatives of Mutual Securities, Inc., member FINRA/SIPC and may accept compensation for the sale of securities or other investment products, including distribution or service (“trail”) fees from the sale of mutual funds and 529 plans held in non-advisory accounts. In addition, certain supervised persons are also, in their individual capacities, licensed insurance agents appointed with various insurance companies. Clients should be aware that the practice of accepting commissions for the sale of securities or insurance creates an incentive to recommend products based on compensation received rather than based on a client’s needs. We seek to mitigate this conflict of interest through disclosure, and are required to recommend only investments we reasonably believe to be in the best interest of our clients. Supervised persons of Cornerstone Wealth do not receive commissions, distribution or service fees relating to the sale of securities or investment products held in advisory accounts (e.g., they do not “double dip.”) Please refer to Item 10 below for additional information regarding these arrangements.

Item 6: Performance-Based Fees & Side-By-Side Management

We do not charge performance fees (a fee that is based on gains in client accounts), and so we have nothing to disclose in response to this item.

Item 7: Types of Clients

We provide services to the following types of clients:

- Individuals and High Net Worth Individuals;
- Trusts, Estates or Charitable Organizations;
- Retirement Plans;
- Other Advisers; and
- Corporations, limited liability companies and/or other business types.

Cornerstone Wealth does not have minimum asset requirements for opening and maintaining accounts or otherwise engaging us. Regardless, the client understands that asset withdrawals may impair the achievement of the client's investment objectives. In addition, Cornerstone Wealth retains the right to accept or decline a potential client, or terminate an advisory agreement with a current client, for any reason in its sole discretion.

Item 8: Methods of Analysis, Investment Strategies & Risk of Loss

We typically invest client portfolios in accordance with models constructed to align with clients' investment objectives and risk tolerance. Client assets are typically invested in equity securities of individual companies, mutual funds, ETFs and bond funds. Where appropriate, sleeves of client portfolios are managed and/or the management models are provided by third-party managers. For clients who meet financial qualification standards, are interested and are able to bear the risk, we may allocate some of their assets to alternative investments. Our investment committee typically meets on a bi-weekly basis to discuss macroeconomic themes, asset allocation decisions, performance outliers, and changes to our investment models.

Risk of Loss

Investing involves a significant risk of loss which clients should be prepared to bear. Cornerstone Wealth's investment recommendations are subject to various market, currency, economic, political and business risks, and such investment decisions may not always be profitable. Clients should be aware that there may be a loss or depreciation to the value of the client's account. There can be no assurance that the client's investment objectives will be obtained and no inference to the contrary should be made.

Generally, the market value of equity stocks will fluctuate with market conditions, and small- stock prices generally will fluctuate more than large-stock prices. The market value of fixed income securities will generally fluctuate inversely with interest rates and other market conditions prior to maturity. Fixed income securities are obligations of the issuer to make payments of principal and/or interest on future dates, and include, among other securities: bonds, notes and debentures issued by corporations; debt securities issued or guaranteed by the U.S. government or one of its agencies or instrumentalities, or by a non-U.S. government or one of its agencies or instrumentalities; municipal securities; and mortgage-backed and asset- backed securities. These securities may pay fixed, variable, or floating rates of interest, and may include zero coupon obligations and inflation-linked fixed income securities. The value of longer duration fixed income securities will generally fluctuate more than shorter duration fixed income securities.

Investments in overseas markets also pose special risks, including currency fluctuation and political risks, and it may be more volatile than that of a U.S. only investment. Such risks are generally intensified for investments in emerging markets. In addition, there is no assurance that a mutual fund or ETF will achieve its investment objective.

Past performance of investments is no guarantee of future results.

Additional risks involved in the securities recommended by Cornerstone Wealth may include, among others:

- *Stock market risk*, which is the chance that stock prices overall will decline. The market value of equity securities will generally fluctuate with market conditions. Stock markets tend to move in

cycles, with periods of rising prices and periods of falling prices. Prices of equity securities tend to fluctuate over the short term as a result of factors affecting the individual companies, industries or the securities market as a whole. Equity securities generally have greater price volatility than fixed income securities.

- *Sector risk*, which is the chance that significant problems will affect a particular sector, or that returns from that sector will trail returns from the overall stock market. Daily fluctuations in specific market sectors are often more extreme than fluctuations in the overall market.
- *Issuer risk*, which is the risk that the value of a security may decline for reasons directly related to the issuer, such as management performance, financial leverage, and reduced demand for the issuer's goods or services.
- *Non-diversification risk*, which is the risk of focusing investments in a small number of issuers, industries or foreign currencies, including being more susceptible to risks associated with a single economic, political or regulatory occurrence than a more diversified portfolio might be.
- *Value investing risk*, which is the risk that value stocks may not increase in price, may not issue the anticipated stock dividends, or may decline in price, either because the market fails to recognize the stock's intrinsic value, or because the expected value was mis-gauged. If the market does not recognize that the securities are undervalued, the prices of those securities might not appreciate as anticipated. They also may decline in price even though in theory they are already undervalued. Value stocks are typically less volatile than growth stocks, but may lag behind growth stocks in an up market.
- *Smaller company risk*, which is the risk that the value of securities issued by a smaller company may go up or down, sometimes rapidly and unpredictably as compared to more widely held securities. Investments in smaller companies are subject to greater levels of credit, market and issuer risk.
- *Foreign (non-U.S.) investment risk*, which is the risk that investing in foreign securities may result in the portfolio experiencing more rapid and extreme changes in value than a portfolio that invests exclusively in securities of U.S. companies. Risks associated with investing in foreign securities include fluctuations in the exchange rates of foreign currencies that may affect the U.S. dollar value of a security, the possibility of substantial price volatility as a result of political and economic instability in the foreign country, less public information about issuers of securities, different securities regulation, different accounting, auditing and financial reporting standards and less liquidity than in the U.S. markets.
- *Liquidity risk*, which is the risk stemming from the lack of marketability of an investment that cannot be bought or sold quickly enough to prevent or minimize a loss.
- *Interest rate risk*, which is the chance that prices of fixed income securities will decline because of rising interest rates. Similarly, the income from fixed income securities may decline because of falling interest rates.

- *Credit risk*, which is the chance that an issuer of a fixed income security will fail to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that fixed income security to decline.
- *Exchange Traded Fund (ETF) risk*, which is the risk of an investment in an ETF, including the possible loss of principal. ETFs typically trade on a securities exchange and the prices of their shares fluctuate throughout the day based on supply and demand, which may not correlate to their net asset values. Although ETF shares will be listed on an exchange, there can be no guarantee that an active trading market will develop or continue. Owning an ETF generally reflects the risks of owning the underlying securities it is designed to track. ETFs are also subject to secondary market trading risks. In addition, an ETF may not replicate exactly the performance of the index it seeks to track for a number of reasons, including transaction costs incurred by the ETF, the temporary unavailability of certain securities in the secondary market, or discrepancies between the ETF and the index with respect to weighting of securities or number of securities held.
- *Management risk*, which is the risk that the investment techniques and risk analyses applied by Cornerstone Wealth may not produce the desired results and that legislative, regulatory, or tax developments, may affect the investment techniques available to Cornerstone Wealth. There is no guarantee that a client's investment objectives will be achieved.
- *Real Estate risk*, which is the risk that an investor's investments in Real Estate Investment Trusts ("REITs") or real estate-linked derivative instruments will subject the investor to risks similar to those associated with direct ownership of real estate, including losses from casualty or condemnation, and changes in local and general economic conditions, supply and demand, interest rates, zoning laws, regulatory limitations on rents, property taxes and operating expenses. An investment in REITs or real estate-linked derivative instruments subject the investor to management and tax risks.
- *Investment Companies ("Mutual Funds") risk*, when an investor invests in mutual funds, the investor will bear additional expenses based on his/her pro rata share of the mutual fund's operating expenses, including the management fees. The risk of owning a mutual fund generally reflects the risks of owning the underlying investments the mutual fund holds.
- *Commodity risk*, generally commodity prices fluctuate for many reasons, including changes in market and economic conditions or political circumstances (especially of key energy-producing and consuming countries), the impact of weather on demand, levels of domestic production and imported commodities, energy conservation, domestic and foreign governmental regulation (agricultural, trade, fiscal, monetary and exchange control), international politics, policies of OPEC, taxation and the availability of local, intrastate and interstate transportation systems and the emotions of the marketplace. The risk of loss in trading commodities can be substantial.
- *Alternative Investments / Private Funds risk*, investing in alternative investments is speculative, not suitable for all clients, and intended for experienced and sophisticated investors who are willing to bear the high economic risks of the investment, which can include:
 - Complex payout structure risk as the payout structures for each alternative product vary and are often complex. Alternative investments may have complicated limits or formulas for the calculation of investor returns. Investors should read the prospectus, private

placement memorandum or other offering documentation for specific details on the respective alternative investment product payout structure;

- Investments being valued for billing purposes either at cost or based on values provided by the underlying manager, which could be delayed and actual values of the position as sold in the marketplace could differ materially from the values used for billing purposes;
- Loss of all or a substantial portion of the investment due to leveraging, short-selling or other speculative investment practices;
- Lack of liquidity in that there may be no secondary market for the investment, and none expected to develop;
- Speculation risks and involve a high degree of risk which may include immediate and substantial dilution from the offering price;
- Volatility of returns;
- Restrictions on transferring interests in the investment;
- Potential lack of diversification and resulting higher risk due to concentration of trading authority when a single adviser is utilized;
- Absence of information regarding valuations and pricing;
- Complex tax strategies and delays in tax reporting;
- Less regulation and higher fees than mutual funds;
- Risks associated with the operations, personnel, and processes of the manager of the funds investing in alternative investments.

There also are risks surrounding various insurance products that are recommended to Cornerstone Wealth clients from time to time. Such risks include, but are not limited to, loss of premiums. Prior to purchasing any insurance product, clients should carefully read the policy and applicable disclosure documents.

Clients are advised that they should only commit assets for management that can be invested for the long term, that volatility from investing can occur, and that all investing is subject to risk. Cornerstone Wealth does not guarantee the future performance of a client's portfolio, as investing in securities involves the risk of loss that clients should be prepared to bear.

Cybersecurity

The computer system, networks and devices used by Cornerstone Wealth and service providers to us and our clients to carry out routine business operations employ a variety of protections designed to prevent damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches. Despite the various protections utilized, systems, networks, or devices potentially can be breached. A client could be negatively impacted as a result of a cybersecurity breach.

Cybersecurity breaches can include unauthorized access to systems, networks, or devices; infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow, or otherwise disrupt operation, business processes, or website access or functionality. Cybersecurity breaches may cause disruptions and impact business operations, potentially resulting in financial losses to a client; impediments to trading; the inability by us and other service providers to transact business; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs; as well as the inadvertent release of confidential information.

Similar adverse consequences could result from cybersecurity breaches affecting issuers of securities in which a client invest; governmental and other regulatory authorities; exchange and other financial market operators or institutions; and other parties. In addition, substantial costs may be incurred by these entities in order to prevent any cybersecurity breaches in the future.

Item 9: Disciplinary Information

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Item 10: Other Financial Industry Activities & Affiliations

As noted above in response to Item 4, certain investment vehicles managed by Stone Point collectively are principal owners of Focus LLC and Focus Inc., and certain investment vehicles managed by KKR collectively are minority owners of Focus LLC and Focus Inc. Because Cornerstone Wealth is an indirect, wholly-owned subsidiary of Focus LLC and Focus Inc., the Stone Point and KKR investment vehicles are indirect owners of Cornerstone Wealth. None of Stone Point, KKR, or any of their affiliates participates in the management or investment recommendations of our business.

Some of our supervised persons are registered representatives of Mutual Securities, Inc., member FINRA/SIPC. They may offer securities and receive normal and customary commissions as a result of securities transactions. This presents a conflict of interest to the extent that the supervised person recommends that a client invest in a security which results in a commission being paid to the supervised person. As a result of this relationship, Mutual Securities, Inc. may have access to certain confidential information (e.g., financial information, investment objectives, transactions and holdings) about clients, even if client does not establish an account through Mutual Securities, Inc. If you would like a copy of the Mutual Securities, Inc. privacy policy, please contact our Chief Compliance Officer as described on the cover page of this Brochure. Clients should be aware that the receipt of additional compensation itself creates an inherent conflict of interest and may affect the judgment of these individuals when making recommendations. Cornerstone Wealth and Mutual Securities, Inc. are separate, nonaffiliated entities. Nevertheless, to the extent that a Cornerstone Wealth supervised person recommends the purchase of securities or other investment products where the supervised person receives commissions for doing so, a conflict of interest exists because the supervised person may be incentivized to make recommendations based on the compensation received rather than on a client's needs.

Certain of our supervised persons, in their individual capacities, are also licensed insurance agents with various insurance companies, and in such capacity, may recommend, on a fully disclosed commission basis, the purchase of certain insurance products. While the Firm does not sell such insurance products to our investment advisory clients, we permit our supervised persons, in their individual capacities as licensed insurance agents, to sell insurance products to our investment advisory clients. A conflict of interest exists to the extent that the Firm recommends the purchase of insurance products where our supervised persons receive insurance commissions or other additional compensation.

Cornerstone Wealth has also adopted certain procedures designed to mitigate the effects of these conflicts. As part of our fiduciary duty to clients, the Firm and our supervised persons endeavor at all times to put the interests of the clients first and recommendations will only be made to the extent that they are reasonably believed to be in the best interests of the client. Additionally, the conflicts presented by these practices are disclosed to clients through this Brochure, client agreement and/or verbally prior to or at the time of

entering into an Agreement. Clients are not obligated to implement recommended transactions through any Cornerstone Wealth supervised person or any particular broker-dealer or insurance carrier. Clients have the option to purchase any recommended investment and insurance products or services through brokers, carriers, or agents other than Mutual Securities, Inc. and/or any Cornerstone Wealth supervised person. Supervised persons of Cornerstone Wealth do not receive commissions, distribution or service fees relating to the sale of securities or investment products held in advisory accounts (e.g., they do not “double dip.”)

Focus Client Solutions

We offer clients options of obtaining certain financial solutions from unaffiliated third-party financial institutions with the assistance of our affiliate Focus Client Solutions (“FCS”), a wholly owned subsidiary of our parent company, Focus Financial Partners, LLC. These third-party financial institutions are banks and non-banks (the “Network Institutions”) which offer credit and cash management solutions to our clients. Certain other unaffiliated third parties provide administrative and settlement services to facilitate FCS’s cash management solutions. FCS acts as an intermediary to facilitate our clients’ access to these credit and cash management solutions.

FCS receives quarterly fees (the “Network Fees”) from the Network Institutions and certain administrative services providers (the “Administrative Services Providers”) and, together with the Network Institutions, (the “Network Providers”) in exchange for allowing them to participate in the FCS credit and cash management programs and thereby to offer their services to our clients. The Network Fees are substantial and are expected to change over time. Such fees are revenue for FCS and ultimately for our common parent company, Focus Financial Partners, LLC, but we do not share in such revenue. Accordingly, although we have a conflict of interest when recommending FCS’s services to clients because of the compensation to our affiliates (FCS and Focus) we mitigate this conflict by: (1) disclosing the above arrangements to our clients; (2) offering FCS solutions to clients on a strictly nondiscretionary and fully disclosed basis, and not a part of any discretionary investment services; and (3) not sharing in any portion of FCS’s revenue in exchange for successfully offering these credit and cash management products to our clients. Additionally, we note that clients who use FCS’s services will receive robust product-specific disclosure from the Network Providers that provide such services to our clients.

Even if we do not retain a portion of the Network Fees attributable to our clients’ use of FCS’s services (which mitigates the conflict that would otherwise have arisen from our receipt of incremental revenue), FCS does retain the Network Fees and also indirectly benefits from our clients’ use of the services insofar as such use incentivizes the Network Providers to maintain their relationship with FCS and to continue paying Network Fees to FCS. It also may support increase in the overall amount of the Network Fee rate in the future. In addition, our interest in continuing to receive investment advisory fees from client accounts gives us a financial incentive to recommend that clients borrow money rather than liquidating some or all of the assets we manage, and that creates a conflict of interest when we recommend FCS to provide credit solutions to our clients.

Focus Credit Solutions

For FCS credit solutions, the interest rate of the loan is ultimately dictated by the lender, although in some circumstances FCS may have the ability to influence the lender to lower the interest rate of the loan within certain parameters. The final rate may be higher or lower than the prevailing market rate. We can offer no assurance that the rates offered to you by the lender are the lowest possible rates available in the marketplace.

Clients retain the right to pledge assets in accounts generally, subject to any restrictions imposed by clients' custodians. While the FCS program facilitates secured loans through Network Institutions, clients are free instead to work directly with institution outside the FCS program. Because of the limited number of participating Network Institutions and FCS's financial arrangement with those institutions, clients may be limited in their ability to obtain as favorable loan terms as if the client were to work directly with other banks to negotiate loan terms or obtain other financial arrangements.

Clients should also understand that pledging assets in an account to secure a loan involves additional risk and restrictions. A Network Institution has the authority to liquidate all or part of the pledged securities at any time, without prior notice to clients and without their consent, to maintain required collateral levels. The Network Institution also has the right to call client loans and require repayment within a short period of time; if the client cannot repay the loan within the specific time period, the Network Institution also has the right to call client loans and require repayment within a short period of time if the client cannot repay the loan within the specific time period, the Network Institution will have the right to force the sale of pledged assets to repay these loans. Selling assets to maintain collateral levels or calling loans may result in asset sales and realized losses in a declining market, leading to the permanent loss of capital. These sales also may have adverse tax consequences. Interest payments and any other loan-related fees are borne by clients and are in addition to the advisory fees that clients pay us for managing assets, including assets that are pledged as collateral. The returns on pledged assets may be less than the account fees and interest paid by the account. Clients should consider carefully and skeptically any recommendation to pursue a more aggressive investment strategy in order to support the cost of borrowing, particularly the risk and costs of any such strategy. More generally, before borrowing funds, a client should carefully review the loan agreement, loan application, and other forms and determine that the loan is consistent with the client's long-term financial goals and presents risks consistent with the client's financial circumstances and risk tolerance.

FCS Cash Management Solutions

For FCS cash management solutions, as stated above, certain third-party intermediaries provide administrative and settlement services in connection with the program. Those intermediaries each charge a fixed basis point fee on total deposits in the program, which are deducted from clients' cash balances in the program. Engaging FCS, the Network Institutions, and these other intermediaries to provide cash management solutions does not alter the way we treat cash for billing purposes.

Clients should understand that in rare circumstances, depending on interest rates and other economic and market factors, the yields on cash management solutions could be lower than the aggregate fees an expense charged by the Network Institutions, the intermediaries referenced above, and us. Consequently, in these rare circumstances, a client could experience a negative overall investment return with respect to those cash investments. Nonetheless, it might still be reasonable for a client to participate in the FCS cash management program if the client prefers to hold cash at the Network Institutions rather than at other financial institutions (e.g. to take advantage of FDIC insurance).

SmartAsset

Focus is one of several minority investors in SmartAsset, which seeks to match prospective advisory clients with investment advisors in exchange for a non-success-based fee paid by the investment advisor. Focus has one director on SmartAsset's board as well as a board observer. Cornerstone Wealth's payment of fee to SmartAsset benefits SmartAsset's investors, including Focus, our parent company.

Cornerstone Wealth clients should understand that lower fees and/or commissions for comparable services may be available from other broker-dealers, insurance carriers and investment advisers.

Item 11: Code of Ethics, Participation or Interest in Client Transactions & Personal Trading

Code of Ethics Summary

Cornerstone Wealth has adopted a Code of Ethics (“Code”) which establishes standards of conduct for our supervised persons and includes general requirements that such supervised persons comply with their fiduciary obligations to clients and applicable securities laws, and specific requirements relating to, among other things, personal trading, insider trading, conflicts of interest and confidentiality of client information. It contains written policies reasonably designed to prevent the unlawful use of material non-public information by the Firm or any of our associated persons. The Code also requires that certain of Cornerstone Wealth personnel (called “Access Persons”) report their personal securities holdings and transactions and obtain pre- approval of certain investments such as initial public offerings and limited offerings.

The Code also requires supervised persons to report any violations of the Code promptly to the Firm’s Chief Compliance Officer. Each supervised person receives a copy of the Code and any amendments to it and must acknowledge in writing having received the materials. Annually, each supervised person must certify that he or she complied with the Code during that year.

Cornerstone Wealth will provide a copy of its Code of Ethics to any client or prospective client upon request by contacting us at (704) 987-3410.

Participation or Interest in Client Transactions

It is Cornerstone Wealth’s policy not to enter into any principal transactions or agency cross transactions on behalf of client accounts. Principal transactions occur where an adviser, acting as principal for its own account, buys securities from or sells securities to any advisory client. Agency cross transactions occur where a person acts as an investment adviser in relation to a transaction in which the adviser, or an affiliate of the adviser, acts as broker for both the advisory client and for another person on the other side of the transaction.

Cornerstone Wealth or individuals associated with Cornerstone Wealth may buy or sell for their personal account(s) securities or investment products that Cornerstone Wealth recommends to clients. Employee personal securities trading implicates potential conflicts of interest with our clients. We have adopted a Code of Ethics designed to mitigate the potential conflicts through reporting, monitoring and, under certain circumstances, requiring preclearance of employee securities transactions. A copy of our Code of Ethics is available to clients upon requests

Item 12: Brokerage Practices

Selecting a Brokerage Firm

Cornerstone Wealth generally recommends that investment management accounts be maintained at National Financial Services LLC and Fidelity Brokerage Services LLC ("Fidelity"), as well as Charles Schwab & Co., Inc. ("Schwab"). Prior to engaging the Firm to provide investment management services, the client will be required to enter into a formal investment advisory agreement with Cornerstone Wealth setting forth the terms and conditions under which the Firm will manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Factors that the Firm considers in recommending Fidelity and/or Schwab (or any other broker-dealer/custodian to clients) include historical relationship with Cornerstone Wealth, financial strength, reputation, execution capabilities, pricing, research, and service. Although the commissions and/or transaction fees paid by the Firm's clients will comply with the Firm's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where Cornerstone Wealth determines, in good faith, that the commission/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 a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Cornerstone Wealth will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Cornerstone Wealth's investment management fee. The Firm's best execution responsibility is fulfilled if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

Custodian Benefits

Cornerstone Wealth may receive from Fidelity and/or Schwab (or another broker-dealer/custodian) without cost (and/or at a discount) support services and/or products, certain of which assist Cornerstone Wealth to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by the Firm may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Cornerstone Wealth in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that may be received may assist the Firm in managing and administering client accounts. Others do not directly provide such assistance, but rather assist the Firm to manage and further develop its business enterprise and offset costs that Cornerstone Wealth would otherwise be required to bear. In addition, the support services and/or products provided by a broker-dealer/custodian may be used to service all or a substantial number of the Firm's client accounts, including accounts not maintained at the broker-dealer/custodian providing the services and/or products.

Cornerstone Wealth receives the following benefits from Fidelity:

- Free trading for transaction-based accounts (with e-delivery) for the first 45-days the accounts are opened;
- Receipt of duplicate client confirmations and bundled duplicate statements;
- Access to a trading desk that exclusively services its institutional traders;
- Access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and
- Access to an electronic communication network for client order entry and account information.

Cornerstone Wealth does not consider whether it will receive client referrals in connection with selecting or recommending broker-dealers.

Cornerstone Wealth's clients do not pay more for investment transactions effected and/or assets maintained at Fidelity and/or Schwab as a result of this arrangement. There is no corresponding commitment made by Cornerstone Wealth to Fidelity and/or Schwab 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. Also, any benefits received by Cornerstone Wealth from Fidelity and/or Schwab do not depend on the amount of brokerage transactions directed to Fidelity and/or Schwab. As part of its fiduciary duty to clients, Cornerstone Wealth endeavors at all times to put the interests of clients first. Clients and future clients should be aware, however, that the receipt of economic benefits by Cornerstone Wealth in and of itself creates a potential conflict of interest and may indirectly influence the Firm's recommendation to clients to utilize Fidelity and/or Schwab for custody and brokerage services.

Brokerage for Client Referrals

The Firm does not direct brokerage for client referrals.

Directed Brokerage

Neither we nor any of our supervised persons have discretionary authority in making the determination of the brokers with whom orders for the purchase or sale of securities are placed for execution, and the commission rates at which such securities transactions are effected. We routinely recommend that a client directs us to execute through a specified broker-dealer. The Firm recommends the use of Fidelity and/or Schwab. Each client will be required to establish their account(s) with their selected custodian, if not already done. Please note that not all advisers have this procedure.

Permissibility of Client-Directed Brokerage

We do not allow client-directed brokerage outside our custodial recommendations.

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.

Trade Aggregation and Allocation

From time to time Cornerstone may determine, based on a variety of reasons, that the purchase or sale of a particular security, including initial or secondary public offerings (“Public Offerings”), is appropriate for multiple client accounts. When this happens, Cornerstone may also determine that it is appropriate in the interest of efficient and effective execution to attempt to execute the trade orders as one or more block trades (i.e. aggregate the securities to be traded for each such account into one or more trade orders). Under this process, 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. Cornerstone Wealth does not receive any additional compensation or remuneration as a result of such aggregation.

Item 13: Review of Accounts

We review accounts on at least a regular basis, no less than at least annually, but likely more often, for our clients for whom we manage assets. The nature of these reviews is to learn whether clients’ accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. Financial Planning clients who receive ongoing planning services will receive annual reviews. Only our Financial Advisors or Portfolio Managers will conduct reviews. We do not provide written reports to clients, unless asked to do so. Oral reports to clients take place on at least an annual basis when we contact our clients for whom we manage assets.

We may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, the client’s life events or requests by the client. Clients are encouraged to notify the Firm of any changes to his/her personal financial situation that might affect his/her investment needs, objectives or time horizon.

Item 14: Client Referrals & Other Compensation

Economic Benefits Received

As noted above in Item 12, Cornerstone Wealth receives certain support services and/or products from Fidelity and/or Schwab. See Item 12 above for information regarding these support services and/or products.

Referral Fees

Cornerstone Wealth has arrangements in place with certain third parties whereby the firm provides compensation for client referrals. Solicitation arrangements inherently give rise to potential conflicts of interest because the solicitor is receiving an economic benefit for the recommendation of advisory services. Cornerstone Wealth addresses these conflicts through this disclosure. If a client is introduced to Cornerstone Wealth by a solicitor, Cornerstone Wealth has agreed to pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Invest Advisers Act of 1940 (the “Advisers Act”) and any corresponding state securities law requirements. Any referral fees incurred for successful solicitations are paid solely from Cornerstone Wealth’s investment management fee, and do not result in any additional charge to the client. If the client is introduced to Cornerstone Wealth by a solicitor, the solicitor is required to provide the client with a copy of Cornerstone Wealth’s written disclosure brochure which meets the requirements of Rule 204-3 of the Advisers Act and a copy of the solicitor’s disclosure

statement containing the terms and conditions of the solicitation arrangement, including the compensation the solicitor is to receive

Advisor-Client Matching Program

We pay a flat fee to participate in an online matching program that seeks to match prospective advisory clients with investment advisors. The program, which is operated by SmartAsset, provides information about investment advisory firms to person who have expressed an interest in such firms. The program also provides the name and contact information of such person to the advisory firms as potential leads. The flat fee we pay for being provided with potential leads varies based on certain factors, including the size of the person's portfolio, and the fee is payable regardless of whether the prospect becomes our advisory client.

Other Compensation

Cornerstone Wealth's parent company Focus, from time to time, holds partnership meetings and other industry and best-practices conferences, which typically include Cornerstone Wealth, other Focus firms and external attendees. These meetings are first and foremost intended to provide training or education to personnel of Focus firms, including Cornerstone Wealth. However, the meetings do provide sponsorship opportunities for asset managers, asset custodians, vendors and other third-party service providers. Sponsorship fees allow these companies to advertise their products and services to Focus firms, including Cornerstone Wealth. Although the participation of Focus firm personnel in these meetings is not preconditioned on the achievement of a sales target for any conference sponsor, this practice could nonetheless be deemed a conflict as the marketing and education activities conducted, and the access granted, at such meetings and conferences could cause Cornerstone Wealth to focus on those conference sponsors in the course of its duties. Focus attempts to mitigate any such conflict by allocating the sponsorship fees only to defraying the cost of the meeting or future meetings and not as revenue for itself or any affiliate, including Cornerstone Wealth. Conference sponsorship fees are not dependent on assets placed with any specific provider or revenue generated by such asset placement.

The following entities have provided conference sponsorship to Focus in the last year: Charles Schwab & Co., Inc., eMoney Advisors, LLC, Envestnet Financial Technologies, Inc., Fidelity Brokerage Services, LLC, Fidelity Institutional Asset Management LLC, and Orion Advisor Services, LLC

Certain Cornerstone Wealth supervised persons have outside business activities that provide additional compensation. Please refer to Item 10 above for detailed information regarding the business activities, the compensation received, the related conflicts and how Cornerstone Wealth mitigates such conflicts.

Item 15: Custody

We encourage our clients to raise any questions with us about the custody, safety or security of their assets. All of our clients receive account statements directly from their custodians. Upon opening an account with a qualified custodian on a client's behalf, we promptly notify the client in writing of the qualified custodian's contact information.

Additional Information Regarding Custody:

Fidelity and Schwab are qualified custodians and maintain custody of client funds and securities in a separate account for each client under the client's name. On at least a quarterly basis, your qualified custodian sends account statements showing all transactions, positions, and all deposits and withdrawals

of principal and income. Clients should carefully review those statements promptly when they receive them.

Although most securities available in program accounts are held at Fidelity and/or Schwab, there are certain securities managed as part of the account that are held at third parties. For example, variable annuities, hedge funds, private placements, managed futures, and other alternative investments are often held directly with the investment sponsor. For those outside positions, client will receive confirmations and statements directly from the investment sponsor.

Additional Information for clients regarding custody for accounts utilizing our Advisory Managed and/or Sub-Adviser of Variable Annuities:

Variable annuity subaccount assets are maintained by the insurance company issuing the variable annuity. Therefore, the insurance company selects the custodian(s) for subaccounts assets, which are generally mutual fund companies. Clients will receive confirmations and account statements relating to the variable annuity directly from the variable annuity insurance company. Clients should advise the insurance company or the Firm immediately if statements are not being received from the insurance company.

Client will not receive separate performance reports in connection with the investment advisory services provided by the Firm. Therefore, the client should review the account statements provided by the insurance company to determine the performance of the subaccount assets from one period to another, and over time.

Item 16: Investment Discretion

We accept discretionary authority to manage securities accounts on behalf of clients. Our clients need to sign a discretionary investment advisory agreement with the Firm, which contains a limited power of attorney authorizing discretionary trading of their assets, for the management of such accounts. This type of agreement only applies to asset management clients. We do not take or exercise discretion with respect to our other clients.

Item 17: Voting Client Securities

We do not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to the Firm, we will forward them on to the client. Clients may call, write or email us to discuss questions they may have about particular proxy votes or other solicitations. In addition, clients maintain exclusive responsibility for all legal proceedings or other type events pertaining to their account assets, including, but not limited to, class action lawsuits.

Item 18: Financial Information

We do not require, nor do we solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we have not included a balance sheet for our most recent fiscal year. Cornerstone Wealth has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.

Cover Page for Part 2B of Form ADV: Brochure Supplement –
Chief Investment Officer
January 2020



CORNERSTONE
W E A L T H

Cliff Hodge

16810 Kenton Drive, Suite 200
Huntersville, NC 28078
704-987-3410
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This brochure supplement provides information about Mr. Needleman that supplements our brochure. You should have received a copy of that brochure. Please contact Rachel Posner, Chief Compliance Officer, if you did not receive our firm's brochure or if you have any questions about the contents of this supplement. Additional information about Mr. Needleman is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Educational Background & Business Experience

Cliff Hodge, CFA*

Born 11/6/1985

Educational Background:

- Clemson University, BA Economics; 2008
- MBA University of South Carolina; 2014

Business Background:

- 04/2018 – Present; Cornerstone Wealth Group, LLC; Chief Investment Officer
- 07/2015 – 04/2018; FinTrust Capital Partners, INC; Portfolio Manager
- 08/2013 – 07/2015; Vanguard; Financial Analyst
- 06/2011 – 08/2013; Vanguard; HNW Relationship Manager
- 08/2010 – 05/2011; Vanguard; Client Service Specialist
- 06/2008 – 08/2010; Vanguard; Client Relationship Associate

Examinations and Designations:

- CFA® Charterholder

The Chartered Financial Analyst (CFA) charter is a globally respected, graduate-level investment credential established in 1962 and awarded by CFA Institute – the largest global association of investment professionals. To earn the CFA charter, candidates must: 1) pass three sequential, six-hour examinations; 2) have at least four years of qualified professional investment experience; 3) join CFA Institute as members; and 4) commit to abide by, and annually reaffirm, their adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct. The CFA Program curriculum is updated every year by experts from around the world to ensure that candidates learn the most relevant and practical new tools, ideas, and investment and wealth management skills to reflect the dynamic and complex nature of the profession. To learn more about the CFA charter, visit www.cfainstitute.org.

Item 3: Disciplinary Information

For a review of Mr. Hodge's disclosure or disciplinary history you can go BrokerCheck.finra.org and <https://adviserinfo.sec.gov/IARD/IARDsearch.aspx>

Item 4: Other Business Activities

Mr. Hodge does not have any Outside Business Activities to report.

Item 5: Additional Compensation

Mr. Hodge does not receive any other economic benefit outside of his salary and bonus structure.

Item 6: Supervision

We have implemented a compliance program designed to monitor the investment activities of the Firm's personnel. Any questions about the compliance program should be directed to Rachel Posner, Chief Compliance Officer, who can be reached at (704) 987-3410. As Chief Executive Officer, Craig Rubrecht is responsible for the supervision of the Firm's personnel. Mr. Rubrecht can be reached by calling the number above.

**PRIVACY NOTICE REGARDING CLIENT PRIVACY AS REQUIRED BY
REGULATION S-P & REGULATION S-AM**

FACT

WHAT DOES CORNERSTONE FINANCIAL PARTNERS, LLC (“CORNERSTONE”) DO WITH YOUR PERSONAL INFORMATION?

Why?

Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.

What?

The types of personal information we collect, and share depends on the product or service you have with us. This information can include:

- Social Security number, name, address and income
- Assets, account balances and account transactions
- Investment experience and risk tolerance

When you are no longer a customer, we continue to share your information as described in this notice.

How?

All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons Cornerstone chooses to share; and whether you can limit this sharing.

Reasons we can share your personal	Does Cornerstone	Can you limit this
For our everyday business purposes such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
For our marketing purposes to offer our products and services to you	Yes	No
For joint marketing with other financial companies	No	We don't share
For our affiliates' everyday business purposes information about your transactions and experiences	Yes	No
For our affiliates' everyday business purposes information about your creditworthiness	No	We don't share
For non-affiliates to market to you	No	We don't share

What we do

How does Cornerstone protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.
How does Cornerstone collect my personal information?	<p>We collect your personal information, for example, when you</p> <ul style="list-style-type: none"> ■ open an account or give us your income information ■ tell us about your portfolio or deposit money ■ enter into an investment advisory contract <p>We also collect your personal information from other companies.</p>
Why can't I limit all sharing?	<p>Federal law gives you the right to limit only</p> <ul style="list-style-type: none"> ■ sharing for affiliates' everyday business purposes—information about your creditworthiness ■ affiliates from using your information to market to you ■ sharing for non-affiliates to market to you <p>State laws and individual companies may give you additional rights to limit sharing.</p>

Definitions

Affiliates	<p>Companies related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> ■ Our affiliates include Focus Operating, LLC and Focus Client Solutions, LLC.
Non-affiliates	<p>Companies not related by common ownership or control. They can be financial and nonfinancial companies. Cornerstone Wealth does not share with nonaffiliates so they can market to you.</p>
Joint marketing	<p>A formal agreement between nonaffiliated financial companies that together market financial products or services to you.</p> <ul style="list-style-type: none"> ■ Cornerstone Wealth does not jointly market.

Additional Information:

Questions?

Call (704) 987-3410

<p><u>Item 1: Introduction</u></p>	<p>Cornerstone Wealth Group, LLC is registered with the United States Securities and Exchange Commission as an investment adviser. Brokerage and investment advisory services and fees differ, and it is important for you to understand the differences between them. Free and simple tools are available to research firms and financial professionals at Investor.gov/CRS, which also provides educational materials about broker-dealers, investment advisers, and investing.</p>
<p><u>Item 2: What investment services and advice can you provide me?</u></p> <p><u>Conversation Starters. Ask your financial professional</u></p> <p><i>“Given my financial situation, should I choose an investment advisory service? Why or why not?”</i></p> <p><i>“How will you choose investments to recommend to me?”</i></p> <p><i>“What is your relevant experience, including your licenses, education and other qualifications? What do these qualifications mean?”</i></p>	<p>We offer investment advisory services to retail investors. We offer clients comprehensive portfolio management and financial planning/financial consulting services. We invest client assets in accordance with a range of models we have designed to meet our clients’ needs and risk tolerance. Our portfolio management clients typically invest in exchange traded funds, mutual funds, individual stocks or bonds, or other securities that we either manage directly or recommend be managed by external managers of separately managed accounts. For clients who so desire, we offer management of RIA based 529 plans, equity indexed annuities, fixed annuities, or variable annuities. If you utilize our investment management services, you will typically give us discretionary authority to trade the assets in your account through a limited power of attorney contained in your client agreement with us. We will monitor the holdings and performance of the investments we make for you on an ongoing basis, and review your account with you at least annually, but will not provide performance reports unless requested to do so. We retain discretion regarding the clients for which we are engaged. In addition to portfolio management, we offer financial planning and consulting services on a standalone basis. When we provide consulting services, we do not take discretion over your investments or monitor the holdings and performance of your investments on an ongoing basis.</p> <p>For additional information, please refer to our ADV Part 2A brochure (“Brochure”), especially Item 4 (services), Item 7 (clients), Item 13 (account monitoring) and Item 16 (discretionary authority).</p>
<p><u>Item 3: What fees will I pay?</u></p> <p><u>Conversation Starters. Ask your financial professional</u></p> <p><i>“Help me understand how these fees and costs might affect my investments. If I give you</i></p>	<p>For our portfolio management services, we charge an investment advisory fee which is based on a percentage of the value of the assets in your managed portfolio account. The more assets there are in your account and the higher the value of those assets, the more you will pay in fees. For our financial planning and consulting services, we charge a flat fee. In addition to our fees, you will be responsible for other fees and expenses associated with the</p>

<p><i>\$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?"</i></p>	<p>investment of your assets. These fees and expenses could potentially include brokerage and other transaction costs, fees, and taxes, related to the purchase and sale of securities for your accounts, and any fees charged by custodians for holding your assets. Certain investments we select for clients that are managed or sponsored by third parties, such as mutual funds, Exchange Traded Funds, private partnerships, and securities managed by external managers of separately managed accounts, bear fees and expenses for their management and operation. For additional information, please refer to <u>Item 5</u> of our Brochure.</p> <p>You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.</p>
<p><i>What are your legal obligations to me when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?</i></p> <p><u>Conversation Starters. Ask your financial professional</u> <i>"How might your conflicts of interest affect me, and how will you address them?"</i></p>	<p>When we act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you. Here are some examples to help you understand what this means:</p> <p>We receive certain benefits from the custodians we recommend to hold your account assets, such as investment-related research, pricing information and market data, software and other technology that provide access to client account data, and access to support services which help us in the management and development of our business. For additional information, please refer to <u>Item 12</u>.</p> <p>Certain of our Firm's supervised persons are also registered representatives of an unaffiliated broker-dealer and they may offer you brokerage services through the unaffiliated broker-dealer. Brokerage services are different in that Registered Representatives charge a transaction-based commission each time they buy or sell a security in a brokerage account. As a result, they have an incentive to trade as much as possible to increase their compensation.</p> <p>In addition, certain of our Firm's supervised persons are licensed as independent insurance agents and are compensated for the sale of insurance products. The receipt of compensation for the sale of brokerage and insurance products presents a conflict of interest because the compensation provides an incentive to recommend brokerage transactions or sales of insurance, as the case may be,</p>

	<p>for the purpose of being compensated rather than solely based on a client's needs. We seek to recommend brokerage transactions or the sale of insurance products only when we reasonably believe that our recommendations are in the best interest of our clients. In addition, supervised persons of Cornerstone Wealth do not receive commissions, distribution or service fees relating to the sale of securities or investment products held in advisory accounts (e.g., they do not “double dip.”). For additional information, please refer to <u>Item 5</u> and <u>Item 10</u> of our Brochure.</p>
<p>How do your financial professionals make money?</p>	<p>Our Firm’s financial professionals are compensated through salary and bonus or a share of the Firm’s profits. A portion of that compensation is correlated to the amount of client assets they service, the revenue our Firm earns from the financial professional’s services and/or whether the financial professional has been successful in increasing amount of client assets under the Firm’s management. Compensation of our Firm’s financial professionals is unrelated to the type of product client assets are invested in.</p>
<p><u>Item 4: Do you or your financial professionals have legal or disciplinary history?</u></p> <p><u>Conversation Starters. Ask your financial professional</u> <i>“As a financial professional, do you have any disciplinary history? For what type of conduct?”</i></p>	<p>Cornerstone Wealth does not have legal and disciplinary histories. Certain of our financial professionals have legal and disciplinary histories. For more information you can go to Investor.gov/CRS for free and simple search tool to research our firm and our firm’s financial professionals.</p>
<p><u>Item 5: Additional Information</u></p> <p><u>Conversation Starters. Ask your financial professional</u> <i>“Who is my primary contact person? Is he or she a representative of an investment adviser or a broker-dealer? Who can I talk to if I have concerns about how this person is treating me?”</i></p>	<p>For additional information about our investment advisory services, and to request a copy of Form ADV, please contact Rachel Posner, our Chief Compliance Officer, at (704) 987-3410, or via email at info@cwgadvisors.com.</p>