

## Item 1. Cover Page

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# Form ADV Part 2A

Last Updated: March 15, 2021



## Diastole Wealth Management, Inc.

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58 Boston Street  
Guilford, CT 06437  
(203) 458-5220  
[www.dwinvest.com](http://www.dwinvest.com)

*This brochure provides information about the qualifications and business practices of Diastole Wealth Management, Inc. (DWM). If you have any questions about the contents of this brochure, please contact Elizabeth Cook at (203) 458-5220 and/or via [ecook@dwinvest.com](mailto:ecook@dwinvest.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 DWM also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

*Although DWM may use the term "registered investment adviser" or use the term "registered" through this Form ADV Part 2A, the use of these terms is not intended to imply a certain level of skill or training.*

## Item 2. Material Changes since Last Update

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The U.S. Securities and Exchange Commission (“SEC”) issued a final rule requiring advisers to provide a Firm Brochure in narrative “plain English” format. The new final rule specifies mandatory sections and organization. All new investment advisers must comply with the Rule.

### **Material Changes since last update on November 27, 2020:**

- Form ADV Part 2A Item 4 (Advisory Business). DWM has updated its assets under management as of December 31, 2020.
- Form ADV Part 2B Item 2 Educational Background and Experience). DWM recently updated its list of advisory personnel.

### **Annual Update**

The Material Changes section of this brochure will be updated annually and/or when material changes occur since the previous release of DWM's Brochure. A summary of changes is necessary to inform clients of any substantive changes to DWM's policies, practices, or conflicts of interests so that they can determine whether to review the brochure in its entirety or to contact DWM with questions about the changes.

### **Full Brochure Available**

Clients who would like to receive a complete copy of our Firm Brochure, please contact us by telephone at (203) 458-5220 or visit our website at [www.dwinvest.com](http://www.dwinvest.com).

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## Item 4. Advisory Business

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Diastole Wealth Management, Inc. ("DWM") has been a registered investment advisor since November 1996 providing discretionary and non-discretionary investment management services to high-net-worth individuals, individuals other than high net worth individuals, trusts, pension plans and other legal entities as well as investment advice to the Private Funds which are related private partnerships (herein referred to as "Client" or "Clients").

### Principal Owners

For the purpose of this section, DWM lists its principal owners as any person directly owning 25% or more of DWM as disclosed on Schedule A of Part 1A as of date of the last update filing.

DWM's principal owners are as follows:

- Elizabeth D. Eden and Elizabeth E. Cook each are direct owners of DWM with more than 25% ownership.

DWM is not a publicly held company and no part of DWM is owned by an individual or company through any subsidiaries or "intermediate subsidiaries."

### Types of Advisory Services Offered

DWM provides financial planning services as well as investment consulting services including review of investment objectives, assistance in the selection of third-party investment advisors, and ongoing review and revaluation. In addition, DWM also provides administrative services including ongoing quarterly performance reporting, tax lot accounting and ongoing due diligence associated with the maintenance of a recommended list of independent investment advisors. DWM also provides pension consulting services. The consulting and administrative fees are retained by DWM. Where it is convenient for the client, or where unaffiliated third-party money managers offer a reduced fee, DWM will remit a portion of the advisory fee(s) to the unaffiliated third-party money managers selected by DWM and approved by the Client, for the on-going investment supervisory services provided by such firms. In other cases, the unaffiliated third-party money managers may debit fees directly from clients' account(s) with the clients' permission. DWM's designated custodian(s) may charge separate fee(s) or commission(s) on transactions as determined by DWM in consultation with the client.

DWM serves as an investment manager or adviser to several related private investment partnerships organized to invest in securities and other financial instruments (Eden Partners Absolute Growth Fund and the Steamboat Fund, collectively "Private Funds"). In addition, DWM manages separate accounts for individuals and institutional Clients (together with the Private Funds "Clients"). DWM provides investment in the Private Funds to help medium sized accounts achieve greater diversification in separately managed accounts, hedge funds and private equities.

In providing services to the Private Funds, DWM formulates the investment objective for each Fund, directs and manages the investment and reinvestment of each Fund's assets, and provides periodic reports to investors in each Fund. Investment advice is provided directly to each Fund and not individually to the investors of the Funds. DWM manages the assets of each Fund in accordance with the terms of the governing documents applicable to each Fund.

### Termination of Account

Clients who wish to terminate their account must notify DWM verbally within five (5) business days of its execution with written notice to follow within the next twenty-four (24) hours. If services are terminated

within (5) business days of executing the client agreement, services will be terminated without penalty. After the initial five (5) business days, the client may be responsible for payment of fees for the number of days services are provided by DWM prior to receipt of the notice of termination. DWM shall refund any/all pre-paid unearned fees on a pro-rata basis.

DWM may tailor its advisory services to the specific needs and objectives of each advisory client. Clients may also impose restrictions on investing in certain securities or types of securities. Most of which is generally covered in the client's investment advisory agreement or financial planning agreement.

### **Wrap Fee Program**

DWM does not participate in a wrap fee program at this time.

### **Assets under Management**

As of December 31, 2020, the amount of client assets under advisement is calculated as follows:

Discretionary:	\$ 211,259,346 (922 Accounts)
Non-discretionary:	\$ 530,391,954 (285 Accounts)
Total:	\$ 741,651,300 (1,207 Accounts)

DWM's method for computing the amount of "*client* assets you manage" is the same method for computing "assets under management." The amount as disclosed above is rounded to the nearest \$100,000. The date of the calculation above is not more than ninety (90) days before the date DWM last updated its *brochure*.

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

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Fees are billed at the inception of the account, prorated for the time remaining in the quarter and quarterly thereafter. Clients may terminate their relationship with DWM without penalty at any time upon written notice and they will receive a pro rata refund of any fees paid in advance. Fees will be billed in accordance with the following fee schedule:

### **Fee Schedule**

Assets in Account	Consulting Fee	Administrative Fee
First \$1,000,000	1.00 %	.40 %
Next \$1,000,000	.80 %	.30 %
Next \$1,000,000	.60 %	.25 %
Next \$1,000,000	.40 %	.25%
Remainder	.20 %	.25%

Fees and minimum account sizes may be negotiable in certain circumstances as occasion may warrant in the judgment of DWM. Certain Clients may pay more or less than others depending upon the amount of assets, the type of account, the anticipated trading activity and the amount for special services required to service the account. Client accounts aggregated for reporting purposes ("house-holded") may be also aggregated for purposes of DWM's fee calculations. Furthermore, DWM may also have Clients with older fee arrangements which have been grandfathered.

In addition to the fees outlined above, Clients may also pay an investment management fee to the third-party managers recommended by DWM and approved by the Client. DWM may negotiate the fees charged to its clients by third-party managers to its clients or the fees may be negotiated between the third-party manager and the Client directly. Any fees charged by third-party managers are separate from, and in addition to any fees charged by DWM. The client may receive a discounted fee based on the size

of DWM's entire position with the third-party manager. Clients maintaining very large accounts may benefit by negotiating directly with third-party managers and may do so at the Clients' discretion.

Mutual funds will charge their own investment management fees and will incur their own transaction costs which are in addition to any fees charged by DWM. Detailed information on these costs can be found in the mutual funds' prospectuses which will be provided to Clients prior to or at the time of investment. DWM is not compensated by any of the mutual fund companies recommended for Client investment. Clients could avoid DWM investment consulting and administrative fees by purchasing funds directly from the mutual fund companies. Although Clients cannot avoid fees by investing directly with mutual funds, DWM often advises financial planning clients to invest directly with mutual funds to avoid additional advisory fees charged by DWM.

### **Consulting Services**

On occasion, DWM may charge certain of its Clients a flat consulting fee. Such fee is typically only charged to Clients for specific accounts that are monitored and included in DWM's periodic reports to the Client and not managed by DWM. DWM may also charge hourly fees for consulting services not involving investment supervisory services, such as the creation of a financial plan or advice with respect to an estate plan in conjunction with the Clients' attorney. Such flat fees or hourly fees are invoiced directly to the Client.

### **Private Funds**

Detailed information regarding the fees charged to the Private Funds is provided in each Fund's offering documents and other governing documents. In addition to management fees and incentive fees, investors will bear indirectly the fees and expenses charged to the Private Funds. Those fees and expenses will vary, but typically will include fees associated with third party investment advisors, making, or selling portfolio investments, legal and accounting fees, taxes, commissions and brokerage fees, registration expenses, fees to government regulatory agencies, the cost of directors' and officers' liability insurance and other expenses such as litigation costs. Investors should review all fees charged by DWM, its affiliates, and others to fully understand the total amount of fees to be paid by the Private Funds and, indirectly, their investors.

### **Insurance Producer**

DWM is licensed as an insurance producer with the state of Connecticut. DWM personnel may recommend certain insurance products to Clients and may receive commissions on direct sales of insurance products to Clients. DWM may have a conflict of interest in sales of insurance products as DWM may have an incentive to recommend insurance products based on the compensation it receives. Clients have the option to purchase insurance products from brokers and agents not affiliated with DWM.

### **Payment of Fees**

Unless instructed to the contrary, DWM will directly debit each Client's account for the investment consulting and administrative fees payable to DWM, as well as any independent investment advisory fees that may be charged by the third-party managers recommended by DWM. DWM will remit the appropriate fees to the third parties according to their pro rata share.

All fees shall be debited in advance and calculated quarterly based upon the market appraisal by DWM of the value of the Client accounts within each Household as of the last business day of the previous calendar quarter. The fees will be prorated for any partial quarters and calculated based upon the market appraisal by DWM of the value of the Client accounts as of the close of business on the day preceding the withdrawal of funds.

Should a Client terminate prior to the end of DWM's billing cycle, unearned fees will be returned to the Client on a pro-rata basis.

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

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DWM retains the ability to charge performance-based fees which are fees based on a share of capital gains on or capital appreciation of the Steamboat Fund's assets.

The fact that DWM can be compensated based on trading profits may create an incentive for DWM to make investments on behalf of Clients that are riskier or more speculative than would be the case in the absence of such compensation. In addition, the performance-based fee received by DWM is based primarily on realized and unrealized gains and losses. As a result, the performance-based fee earned could be based on unrealized gains that Clients may never realize. In addition, some Clients are not charged an incentive fee, thus DWM has an incentive to favor accounts for which it receives a performance-based fee. In no instance will Clients paying performance-based fees receive preferential treatment over Clients not paying performance-based fees. As a fiduciary, DWM recognizes its duties to act in good faith and with fairness in all of its dealings with all Clients.

To date DWM has not charged any performance-based fees to any Client.

## Item 7. Types of Clients

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DWM primarily provides discretionary and non-discretionary investment management services to high-net-worth individuals, individuals other than high net worth individuals, pooled investment vehicles (other than investment companies and business development companies), trusts, pension plans and other legal entities.

DWM also provides investment advice to the Private Funds which are related private partnerships.

Interests in the Private Funds that are collective investment vehicles sponsored by the Company are not registered under the Securities Act of 1933, as amended (the "Securities Act"), and such Private Funds are not registered under the Investment Company Act of 1940, as amended (the "Investment Company Act"). Accordingly, interests in the Private Funds are offered and sold exclusively to investors satisfying the applicable eligibility and suitability requirements either in private transactions within the United States or in offshore transactions. Typically, these investors are high net worth individuals, institutions, and other entities.

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

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### Methods of Analysis

DWM designs asset allocation strategies rooted in a wide array of factors—from risk and return preferences and cash flow requirements to Clients' personal and family beliefs about wealth—ascertained during the financial and estate planning process. Our advisors draw on the broad expertise within our organization to allocate Client assets across asset classes as appropriate, from fixed income securities to hedged investment strategies, traditional equity investment, and private equity partnerships.

From time to time, DWM may recommend investments in private partnerships or other private investments. DWM may also recommend investments in the Eden Partners Absolute Growth Fund and/or the Steamboat Fund to its Clients.

DWM also provides investment advice regarding the allocation of assets to third party managers in accordance with the Client's investment objectives. Money managers considered for recommendation will be subjected to a rigorous due diligence process. Factors considered will include, but not be limited to



reputation, performance record, philosophy, continuity of management, service to Clients, awareness of after tax performance objectives, minimum dollar investment requirement and fees. Information with respect to money managers (e.g., performance figures, investment style, etc.) will be obtained from tracking organizations, business publications, money managers, personal interviews, and other sources which DWM believes are reliable. DWM may also consider other criteria, including, but not limited to, the administration, recordkeeping and reporting services provided by a manager. DWM may retain outside consultants to assist in preparing money manager search lists. In the event that DWM retains an outside consultant, DWM will make the final determination regarding which money managers will be maintained on its search lists.

DWM conducts a great deal of research on the third-party managers prior to inclusion on its platform. DWM's selection of recommended investment managers is based upon three key factors: philosophy, personnel, and performance. DWM implements a proprietary analysis and selection process which may include personal visits to investment managers' offices as well as extensive qualitative and quantitative analysis.

## **Risks**

Investing in securities is inherently risky. An investment in individual securities or in a portfolio of securities could lose money. The investments selected by DWM and third-party investment advisors should be deemed speculative investments and are not intended as a complete investment program. These types of investments are designed for sophisticated investors who fully understand and are capable of bearing the risk of loss of their entire investment. DWM cannot give any guarantee that it will achieve its investment objectives or that any Client will receive a return of its investment.

Although DWM expects to use third party investment advisors ("Advisors") with favorable performance histories, Clients and investors are urged to note that such Advisors may not perform as well in the future and that, therefore, no degree of success can be guaranteed whatsoever. Each Advisor will have complete discretion in managing that portion of the Private Funds' or Client assets assigned to such Advisor. As a result, the success of the Private Fund and Client accounts will depend largely on the ability of DWM to select successful Advisors.

Advisors used for Client accounts employ various investment strategies that expose Clients to specific risks associated with those strategies. Clients are urged to refer to the Advisors' Form ADV Part 2 for important information regarding the risk of loss associated with each Advisor.

Bankruptcy of a broker or custodian could cause excessive costs or loss of investor funds. If a broker with whom DWM has an account becomes insolvent or bankrupt, DWM may be unable to recover all or even a portion of the assets maintained by Clients with that broker. Similarly, if a custodian housing a Client's securities or other assets becomes bankrupt or insolvent, the Client may be unable to recover all or even a portion of the assets held by the custodian.

DWM may rely on information that turns out to be wrong. DWM selects investments and third-party investment Advisors based, in part, on information provided by issuers and investment Advisors to regulators or made directly available to DWM by the issuers or investment Advisors. DWM is not always able to confirm the completeness or accuracy of such information, and in some cases, complete and accurate information is not available. Incorrect or incomplete information increases risk and may result in losses.

Clients may choose to employ margin strategies in eligible accounts. Employing margin strategies is aggressive and entails significant risks. Because DWM's fees are based on the assets in the Client's account, and because margin loans increase the assets in an account, margin strategies will increase the investment fees payable to DWM. Clients also pay interest on their margin loans. Investing with margin strategies will magnify losses and could result in a Client losing more than their original investment.

Clients may invest from time to time in illiquid, privately-issued securities of issuers related to DWM. These types of investments are designed for sophisticated investors who fully understand and are capable of bearing the risk of loss of their entire investment. Privately-issued securities of start-up companies are inherently risky and potentially difficult to value. Clients may be required to hold their investment for an indefinite period of time. DWM cannot give any guarantee that any client will receive a return of its investment in such securities.

No market for interests in the Private Funds can be expected to develop, and it may be difficult or impossible to transfer any interests, even in an emergency. Because of the restrictions on withdrawals and transfers, an investment in the Private Funds is a relatively illiquid investment and involves a high degree of risk. A subscription for interests in the Fund should be considered only by persons financially able to maintain their investment and who can accept a loss of all of their investment. Investors are urged to refer to the Private Funds' offering documents for a complete description of the risks associated with an investment in the Private funds.

## Item 9. Disciplinary Information

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### Disclosure Events

There are no disclosure events involving a criminal or civil action in a domestic, foreign, or military court of competent jurisdiction in which DWM or its management personnel are involved.

There are no disclosure events involving an administrative *proceeding* before the SEC, any other federal regulatory agency, any state regulatory agency, or any *foreign financial regulatory authority* in which DWM or its management personnel are involved.

There are no disclosure events involving A *self-regulatory organization (SRO) proceeding* in which DWM or its management personnel are involved.

## Item 10. Other Financial Industry Activities and Affiliations

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Neither DWM nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Neither DWM nor any of its *management persons* are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

DWM also provides comprehensive financial planning services, which may involve areas or activities other than giving investment advice, such as insurance planning, retirement planning, estate planning, and business planning.

### Private Funds

DWM is the investment adviser, and the related party to, Eden Investment Partners LLC, the General Partner of the Private Funds. DWM may recommend investment in the Private Funds to certain of DWM's Clients.

### Insurance Products

DWM is licensed as an insurance producer with the state of Connecticut. DWM personnel may recommend certain insurance products to Clients and may receive commissions on direct sales of insurance products to Clients.

## Other Affiliations

DWM uses internet-access client database services provided by Market76, Inc., a company founded by a former officer and current shareholder of DWM. Market76 is an analytics provider to financial services firms. Some DWM clients have invested in Market76. Although DWM does not own or control Market76, DWM and Market76 are affiliated through common ownership in that Ethan Eden is a shareholder of DWM (10% but less than 25% as reflected on Schedule A) and the current CEO of Market76 (with approx. 30-35% ownership). DWM performs ongoing due diligence on Market76 to ensure that client data is always safe and protected.

DWM may also use integrated data management services provided by Digital Financial, a company managed by a former officer and current shareholder of DWM. Digital Financial is a provider of integrated data management solutions to financial services firms. Although DWM does not own or control Digital Financial, DWM and Digital Financial are affiliated through common ownership in that Ethan Eden is a shareholder of DWM (10% but less than 25% as reflected on Schedule A) and the Managing Member of Digital Financial (with approx. 80-90% ownership). DWM performs ongoing due diligence on Digital Financial to ensure that client data is always safe and protected.

## Northcreek Fund I

Elizabeth Eden also serves as one of the general partners for Northcreek Fund I which provides creatively structured mezzanine and senior debt investments in middle-market companies. Northcreek is a licensed Small Business Investment Company ("SBIC") investing out of two funds (Funds I & II) with financial resources of \$250 million comprised of partnership equity and funding through the U.S. Small Business Administration through its Debenture program. Northcreek invests in a variety of transactions including leveraged acquisitions, recapitalization, growth/expansion, buyout and balance sheet re-positioning or senior deleveraging with a target investment size ranging from \$1 million to \$12 million. However, any compensation that Elizabeth Eden may receive from serving in such capacity, which is 30% of the total general partner interest, is assigned and made payable directly to the Eden Partners Absolute Growth Fund (EPAG) for the benefit of the limited partners.

## Disclosure of Material Conflicts

All material conflicts of interest are disclosed regarding the Adviser, its representatives or any of its employees, which could be reasonably expected to impair the rendering of unbiased and objective advice.

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

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## Code of Ethics

DWM's Code of Ethics is designed to comply with Rule 204A-1 under the Investment Advisers Act of 1940. The Code is based upon the principle that DWM and its employees owe a fiduciary duty to clients to conduct their affairs, including their personal securities transactions, in such a manner as to avoid (i) serving their own personal interests ahead of clients, (ii) taking inappropriate advantage of their position with the firm, and (iii) any actual or potential conflicts of interest or any abuse of their position of trust and responsibility.

The purpose of DWM's Code of Ethics is to preclude activities which may lead to or give the appearance of conflicts of interest, insider trading, and other forms of prohibited or unethical business conduct. As such, DWM and its employees are prohibited from engaging in fraudulent, deceptive, or manipulative conduct. DWM and its employees have an affirmative duty of utmost good faith to act solely in the best interest of its clients.

DWM has adopted the following Code of Ethics in accordance with SEC rule 204A-1 or similar state rules:

- **Fiduciary Responsibility-** DWM and its staff shall exercise the highest standard of care in protecting and promoting the interests of its clients and will provide a written disclosure containing any conflicts of interest that may compromise their impartiality or independence. As fiduciary, DWM shall not accept any referral fees or compensation that is contingent upon the purchase or sale of any financial product.
- **Integrity-** All professional services shall be rendered with the highest level of integrity.
- **Objectivity-** DWM and its staff shall provide advice that is objective and in the best interest of the client and without undisclosed conflicts of interest.
- **Competence-** DWM and its staff shall maintain the necessary knowledge and skills to provide our clients with competent advice and services.
- **Fairness-** All professional services shall be performed by DWM and its staff in a manner that is fair and reasonable to its clients.
- **Confidentiality-** DWM and its staff shall maintain and safeguard all confidential client information in accordance with applicable laws.
- **Diligence-** DWM and its staff shall ensure the accuracy and completeness of records, information, and data collected, used, and managed, and will take necessary steps to correct any discrepancies.
- **Regulatory Compliance-** DWM and its staff shall comply fully with appropriate laws and internal regulations.

DWM will provide a complete copy of its Code of Ethics to any client or prospective client upon request.

### **Participation/Interest in Client Transactions**

DWM is the investment adviser, and the related party to, Eden Investment Partners LLC, the General Partner of the Private Funds. DWM may recommend investment in the Private Funds to certain of DWM's Clients. From time to time, DWM may also recommend mutual funds or other investments that it, or its employees, buy and/or sell for themselves or third-party managers that it, or its employees may recommend to Clients.

## **Item 12. Brokerage Practices**

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### **Research and Other Soft Dollar Benefits**

Regarding research and other soft dollar benefits, DWM does not receive research (both proprietary and non-proprietary) or other products or services other than execution services from a broker/dealer or a third party in connection with *client* securities transactions (otherwise known as "soft dollar benefits").

### **Brokerage for Client Referrals**

In addition to the investment management fees discussed above, Clients will also be responsible for any brokerage clearing, transaction, and custody charges for their accounts. DWM currently has custody arrangements with Schwab and Fidelity and in some circumstances DWM may work with other custodians as recommended or directed by Clients if possible (see Directed Brokerage below). DWM will generally have authority to determine or suggest brokers used and to negotiate commission rates on behalf of the Client. The criteria for the selection of brokers will be the full range and quality of the

broker's services, including execution capability, commission rates, financial condition, responsiveness, and the value and quality of custodial services provided to the Client, if any.

Currently, DWM recommends that Clients establish brokerage accounts with select custodians to include the Schwab Institutional division of Charles Schwab & Co., Inc., a registered broker-dealer, to maintain custody of Clients' assets and to effect trades for their accounts. DWM will work with the Client to seek to obtain the most favorable arrangement for these services. While DWM normally requests that all Clients custody their accounts at Schwab, DWM may accept accounts with other custodians in certain situations. Clients are advised that they may pay more or less for these services if they were purchased directly from other providers and that not all investment advisors request their clients to direct brokerage. DWM does not primarily trade in individual equities or fixed income securities. DWM typically invests clients' assets in open-end mutual funds. However, to the extent that DWM invests Client accounts in individual equities or fixed income securities, DWM, by directing brokerage, may be unable to achieve most favorable execution of Client transactions and Clients may pay more money. Custodial and transaction fees charged to Client accounts by the broker-dealer will be borne by the Client and are separate and apart from the fees charged by DWM and third-party investment advisors.

Schwab provides DWM with access to its institutional trading and operations services typically not available to Schwab retail investors. These services generally are available to independent investment advisers at no charge to them so long as a total of at least \$10 million of the adviser's clients' account assets are maintained at Schwab Institutional. Schwab Institutional services include research, brokerage, custody, access to mutual funds and other investments that are otherwise available only to institutional investors or would require a significantly higher minimum initial investment. Schwab Institutional also makes available to DWM other products and services that benefit DWM and may not benefit its clients' accounts. Some of these other products and services assist DWM in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of DWM fees from its clients' accounts, and assist with back-office support, recordkeeping, and client reporting. Many of these services generally may be used to service all or a substantial number of DWM accounts, including accounts not maintained at Schwab Institutional. Schwab Institutional may also provide DWM with information and consulting services intended to help DWM manage and further develop its business enterprise. These services may include information technology consulting, regulatory compliance publications and presentations. Schwab Institutional 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 DWM.

Third party investment Advisors recommended to Clients will have full investment discretion, and trading authority, and shall have sole responsibility for the implementation of the investment program with respect to the Client's account for which investment discretion has been delegated by the Client and accepted by the Advisors. DWM will not place orders for transactions in the Client's account or otherwise exercise trading authority over the account when the account is being managed by an Advisor.

### **Directed Brokerage**

From time to time, brokerage transactions may be directed to brokers other than an account's prime or custodian broker. Such direction of brokerage through a broker other than the Client's prime or custodial broker will only be done in the following circumstances: 1) for listed stocks or bonds, to obtain lower brokerage commissions or better execution (net of the prime broker fee), 2) for unlisted bonds, to obtain better pricing or availability, 3) for unlisted stocks, to obtain net pricing from a market-maker, or 4) to seek availability to buy an IPO when directed by the Client. In each case, direction of brokerage to brokers other than the Client's prime broker is done only to obtain for the Client better availability, better pricing, or lower commissions net of any prime broker fees for the away trade and will not typically use a broker for the primary purpose of obtaining research.

## **Aggregation of Client Orders**

DWM will aggregate client orders when it is in the clients' best interest to do so.

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

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Each of DWM's financial advisers reviews their respective accounts on a monthly basis. Generally, financial advisers do not have more than 100 primary Client relationships. Clients' accounts are also formally reviewed by Elizabeth Eden, or Elizabeth Cook at least quarterly. Accounts may also be formally reviewed more frequently as inflows, outflows, or securities transactions cause DWM's financial advisors to review Client accounts in light of those changes. Clients will receive performance evaluation reports and all households receive reports on a quarterly basis. Upon request from a Client, additional reporting may be provided.

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

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### **Receipt of Economic Benefit (non-client)**

Please refer to Item 12 Brokerage Practices above for a discussion of the products and services Schwab provides to DWM.

### **Direct/Indirect Compensation for Client Referrals**

Please refer to Item 12 Brokerage Practices above for a discussion of the products and services Schwab provides to DWM.

## **Item 15. Custody**

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All Client assets are held in custody by unaffiliated broker/dealers or banks; however, DWM may have access to Client accounts since a related party serves as the General Partner of the Private Funds. Investors in the Private Funds may not receive statements from the custodian. Instead, the Private Funds are subject to an annual audit and the audited financial statements are distributed to each investor. The audited financial statements will be prepared in accordance with generally accepted accounting principles and distributed within 260 days of the Private Funds' fiscal year end.

All Clients' accounts are held in custody by unaffiliated broker/dealers or banks, but DWM can also access many Client funds through its ability to debit advisory fees. For this reason, DWM is also considered to have custody of Client assets. Account custodians send statements directly to the account owners on at least a quarterly basis. Clients should carefully review these statements and should compare these statements to any account information provided by DWM. Also see Fee Debiting Authority below for further details.

### **Fee Debiting Authority & Third-Party Standing Letters of Authorization**

DWM may maintain fee debiting authority and/or third-party Standing Letter of Authorization (SLOA) disbursement authority which both triggers differing levels of custody requirements. Although fee debiting authority is not required to be reported on Form ADV Part 1, Item 9, DWM is required to report client accounts of third-party SLOA disbursement authority under Form ADV Part 1, Item 9 and does so to the extent applicable.

To avoid the annual surprise exam requirements under the custody rule, DWM will exercise fee debiting authority only or third-party SLOA disbursement authority by complying with the following seven

conditions for SLOAs as addressed in the Investment Adviser Association (“IAA”) No Action Letter and SEC’s subsequent response on February 21, 2017:

1. The client provides an instruction to the qualified custodian, in writing, that includes the client’s signature, the third party’s name, and either the third party’s address or the third party’s account number at a custodian to which the transfer should be directed;
2. The client authorizes the investment adviser, in writing, either on the qualified custodian’s form or separately, to direct transfers to the third party either on a specified schedule or from time to time;
3. The client’s qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client’s authorization, and provides a transfer of funds notice to the client promptly after each transfer;
4. The client has the ability to terminate or change the instruction to the client’s qualified custodian;
5. The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client’s instruction;
6. The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser; and
7. The client’s qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

### **First-Party Disbursements**

For first-party disbursements effected by a journal, check, or ACH, DWM will not be deemed to have custody. However, first-party disbursements via wire may constitute custody unless the destination account number (and other particulars) are included on the original authorization. In the event that DWM does not currently maintain the destination account number on the original authorization, DWM will replace its authorization with a new compliant authorization form that includes the like-registration destination account details.

Therefore, DWM will be deemed to have custody for those client assets where DWM gives directives on money movements as described above unless it meets all seven conditions as applied to third-party SLOA disbursement authority.

## **Item 16. Investment Discretion**

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DWM offers both discretionary and non-discretionary client accounts. DWM does not primarily trade in individual equities or fixed income securities. DWM typically invests Clients’ assets in open-end mutual funds. DWM, on occasion, may trade in ETFs and in bonds on behalf of Clients. DWM will typically trade away bonds from the custodian with a boutique counterparty that DWM believes obtains better execution.

DWM also provides direct management to certain of DWM’s clients through the offering of discretionary accounts providing individual security selections. DWM conducts investment research and selects a list of recommended securities based on a selection of strategies based on the capitalization of the companies under consideration. Client accounts are then invested according to the model security selection with allowances for any restrictions or client specific requirements. DWM will reimburse all losses suffered by Clients as a result of any trade error committed by an employee of DWM. Certain brokers with whom DWM executes trades, such as Charles Schwab, may retain profits gained from a trade error.

## **Item 17. Voting Client Securities**

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DWM does not have the authority to vote client proxies and therefore is not required to take action or render advice with respect to voting of proxies solicited by or with respect to the issuers of securities in which assets of the clients account(s) may be invested from time to time. *Clients* will receive their proxies or other solicitations directly from their custodian or a transfer agent.

DWM will not participate in class actions on behalf of Clients.

For portfolios subject to ERISA, responsibility for proxy voting will be determined by the plan document. If an account is managed by a money manager/sub adviser, the sub adviser will retain voting authority for that account.

## Item 18. Financial Information

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### Pre-Payment of Fees

DWM does not require or solicit prepayment of more than \$1,200 in fees per *client*, six months or more in advance.

### Material Impact of Discretionary Authority

DWM may exercise *discretionary authority* over certain *client* funds or securities. However, DWM does not anticipate any financial condition that may be reasonably likely to impair its ability to meet contractual commitments to *clients* at this time.

### Custody Disclosure

Please see Custody section above for further details.

### Bankruptcy Disclosure

DWM has not been the subject of a bankruptcy petition at any time during the past ten years.

### Protection Plan Loan

On April 17, 2020, DWM received a Paycheck Protection Plan Loan through the SBA in conjunction with the relief afforded from the CARES [Act]. DWM used the PPP within the prescribed requirements. The firm had no interruption of service.

## Privacy Policy

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### Privacy Policy Notice

Your privacy is important to us. Your personal information is kept secure. Under federal and state law, you have a right to know what information is being collected about you and how that information will be used. DWM collects nonpublic personal information about you from the following sources:

- Information DWM receives from you on applications or other forms.
- Information about your transactions with DWM; and
- Information that you specifically have had your other professional advisors forward to DWM.

DWM does not disclose any nonpublic personal information about our customers or former customers to anyone, except as permitted or required by law, or as directed by you:

- Under law, the information DWM collects is provided to companies that perform support services on our behalf as necessary to effect, administer, or process a transaction, or for maintaining and servicing your account;
- As directed by you, DWM will be working with your other professional advisors and DWM will provide information in our possession that is reasonably requested by the other advisors.



DWM does not give or sell information about you or your accounts to any other company, individual or group. DWM restricts access to nonpublic personal information about you to those employees who need to know that information to provide services to you. DWM maintains physical, administrative, and technical procedural safeguards to protect your nonpublic personal information. You do not need to call or do anything as a result of this notice. It is meant to inform you of how DWM safeguards your nonpublic personal information.

# Form ADV Part 2B: Brochure Supplement

Last Updated: March 15, 2021

## Diastole Wealth Management, Inc.

58 Boston Street  
Guilford, CT 06437  
(203) 458-5220  
[www.dwinvest.com](http://www.dwinvest.com)

### Supervised Persons:

*Elizabeth D. Eden*  
*Elizabeth E. Cook*  
*Mary L. O'Toole*  
*Jennifer L. O'Brien*  
*Eniko Mikle*  
*Barbara A. Buzzelli*  
*Ethan Eden*

*This brochure supplement provides information about the Supervised Persons listed above that supplement DWM's brochure. You should have received a copy of that brochure. Please contact Elizabeth Cook at (203) 458-5220 and/or via email at [ecook@dwinvest.com](mailto:ecook@dwinvest.com) if you did not receive DWM's brochure or if you have any questions about the contents of this supplement.*

*Additional information about DWM is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or its own website at [www.dwinvest.com](http://www.dwinvest.com).*

## Item 2. Educational Background and Experience

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### Supervised Persons

DWM requires certain licensing standards as well as a certain level of business experience for giving investment advice to clients. For example, all advisers must be professionals with relevant industry experience in order to adequately demonstrate a certain level of expertise in securities management and analysis. DWM requires that all investment adviser representatives maintain the minimum licensing qualifications in accordance with all federal, state, and self-regulatory organization (SRO) rules and regulations.

#### **Elizabeth D. Eden**

Founder, Principal, President, CEO  
Born 1955

#### Education

BA Degree in English, Centre College (1977)  
Investment Management Program, The Wharton School (1994)

#### Recent Experience

1996 to Present – Diastole Wealth Management, Inc.  
2008 to 2013 – ETC Brokerage Services, LLC (f/k/a Collective Financial, LLC)  
2005 to Present – Eden Investment Partners, LLC  
1984 to 1996 – Dean Witter, Senior VP and District Manager  
1982 to 1984 – Shearson Lehman Bros, Investment Consultant

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#### **Elizabeth E. Cook**

Principal, Chief Compliance Officer (CCO)  
Born 1958

#### Education

BA Degree in History, Yale University (1980)  
BFA Degree in Painting, Lyme Academy College of Fine Arts (2012)  
MFA Degree in Fine Arts, School of Visual Arts (2014)

#### Recent Experience

1996 to Present – Diastole Wealth Management, Inc.  
2008 to 2013 – ETC Brokerage Services, LLC  
2005 to Present – Eden Investment Partners, LLC  
1984 to 1996 – Dean Witter, Assistant Vice President

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#### **Mary L. O'Toole, CFA**

Senior Financial Advisor  
Born 1960

#### Education

Xavier University MBA, BA, Finance, International Affairs

#### Recent Experience

2009 - Present – Diastole Wealth Management, Inc.  
2007 -2009 – Interocean Wealth Management LLC  
2005 -2006 – Column Capital Advisors LLC

Designations

Chartered Financial Analyst (CFA) (1989)

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**Jennifer L. O'Brien**

Senior Financial Advisor  
Born 1969

Education

BS in Accounting, Salve Regina University, 1991

Recent Experience

2012-Present – Diastole Wealth Management, Inc.  
2012-2013 – ETC Brokerage Services, LLC  
2006 -2012- COO Investment Services Corp

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**Eniko Mikle**

Senior Financial Advisor  
Born 1963

Education

KLTE Gimnazium, Debrecen – Hungary (1982)

Recent Experience

2013 to Present – Diastole Wealth Management Inc.  
2013 to 2013 – ETC Brokerage Services, LLC, Registered Representative  
2008 to 2013 – Merrill Lynch Wealth Management, Senior Financial Advisor  
2005 to 2008 – UBS Wealth Management, Financial Advisor

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**Barbara A. Buzzelli**

Senior Financial Advisor  
Born 1959

Education

BS in Business Management, Southern New Hampshire University, 1981

Recent Experience

2010-Present – Diastole Wealth Management, Inc.  
2007-Present – William Pitt Sotheby's International Realty  
2006-2007 – East Lyme Board of Education  
1999-2006 – Diastole Wealth Management, Inc.

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**Ethan Eden**

Shareholder  
Born 1979

Education

BA Degree in History, Yale University (2001)  
MBA, Cornell University (2007)

Recent Experience

2017 to Present – Managing Member of Digital Financial LLC  
2010 to Present – Market76, Inc.  
1996 to Present – Diastole Wealth Management, Inc.  
2008 to 2012 – ETC Brokerage Services, LLC

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## Use of Professional Designations

**Chartered Financial Analyst (CFA).** The Chartered Financial Analyst (CFA) designation is a mark of distinction that is globally recognized by employers, investment professionals, and investors.

Since it was first introduced in 1963, the Chartered Financial Analyst® designation, or CFA charter, has become one of the most respected and recognized investment credential in the world. To earn the CFA charter, one must have four years of qualified investment work experience; become a member of CFA Institute (the global association of investment professionals that administers the CFA charter), pledge to adhere to the CFA Institute Code of Ethics and Standards of Professional Conduct on an annual basis; apply for membership to a local CFA member society; and complete the CFA Program.

The CFA Program is a globally recognized, graduate level curriculum that provides a strong foundation of the real-world investment analysis and portfolio management skills and practical knowledge needed in today's investment industry. It also emphasizes the highest ethical and professional standards. The Program is organized into three levels, each culminating in a six-hour exam. CFA Program candidates report dedicating in excess of 300 hours of study per level. Completing the entire Program is a significant challenge that takes most candidates between two and five years. For more information, please visit [www.cfainstitute.org](http://www.cfainstitute.org).

## Item 3. Disciplinary Information

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### Criminal or Civil Action

There are no disclosure events involving a criminal or civil action in a domestic, foreign, or military court of competent jurisdiction in which DWM or its personnel are involved.

### Administrative Proceeding (SEC/Federal/State)

There are no disclosure events involving an administrative *proceeding* before the SEC, any other federal regulatory agency, any state regulatory agency, or any *foreign financial regulatory authority* in which DWM or its personnel are involved.

### Administrative Proceeding (SRO)

There are no disclosure events involving A *self-regulatory organization (SRO) proceeding* in which DWM or its personnel are involved.

### Use of BrokerCheck

If this supplement is delivered electronically, and any supervised person under the firm has a disciplinary history, the details of any disclosure may be found on either the Financial Industry Regulatory Authority's (FINRA) BrokerCheck system ([www.finra.org/brokercheck](http://www.finra.org/brokercheck)) or the IAPD ([www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)).

There is no other *proceeding* in which a professional attainment, designation, or license of any of the supervised persons as part of this Brochure Supplement was revoked or suspended because of a violation of rules relating to professional conduct, nor were there any incidents where any of the

supervised persons as part of this Brochure Supplement resigned (or otherwise relinquished his attainment, designation, or license) in anticipation of such a *proceeding*.

## Item 4. Other Business Activities

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### Other Related Investment Business

None of DWM's *supervised person(s) listed above* is actively engaged in any *investment-related* business or occupation, including if the *supervised person* is registered, or has an application pending to register, as a broker-dealer, registered representative of a broker-dealer, futures commission merchant ("FCM"), commodity pool operator ("CPO"), commodity trading advisor ("CTA"), or an associated *person* of an FCM, CPO, or CTA.

### Insurance Business

A select number of investment adviser representatives ("IARs") as supervised persons of DWM (Elizabeth D. Eden, Eniko Mikle and Jennifer L. O'Brien) are also licensed insurance agents, and in such capacity, may recommend, on a fully disclosed basis, the purchase of certain insurance-related products which may present a potential conflict of interest between DWM's interests and those of its advisory clients. When acting in this capacity, such supervised persons may receive commissions for selling these products. However, clients are under no obligation to purchase products DWM or its management persons may recommend, or to purchase products or services through DWM or its management persons.

### Real Estate

A select number of investment adviser representatives ("IARs") as supervised persons of DWM (Barbara A. Buzzelli) is also a referral agent with William Pitt Sotheby's International Realty and may receive compensation from acting as a referral agent. When acting in this capacity, Ms. Buzzelli may receive referral fees/commissions for referrals. However, clients are under no obligation to purchase products DWM or its management persons may recommend, or to purchase products or services through DWM or its management persons.

### Northcreek Fund I

Elizabeth Eden also serves as one of the general partners for Northcreek Fund I which provides creatively structured mezzanine and senior debt investments in middle-market companies. Northcreek is a licensed Small Business Investment Company ("SBIC") investing out of two funds (Funds I & II) with financial resources of \$250 million comprised of partnership equity and funding through the U.S. Small Business Administration through its Debenture program. Northcreek invests in a variety of transactions including leveraged acquisitions, recapitalization, growth/expansion, buyout and balance sheet re-positioning or senior deleveraging with a target investment size ranging from \$1 million to \$12 million. However, any compensation that Elizabeth Eden may receive from serving in such capacity, which is 30% of the total general partner interest, is assigned and made payable directly to the Eden Partners Absolute Growth Fund (EPAG) for the benefit of the limited partners.

## Item 5. Additional Compensation

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None of the supervised persons listed above as part of this Brochure Supplement receive any "economic benefit" as that term is defined (e.g., *sales awards and other prizes*) from a non-client for providing advisory services.

## Item 6. Supervision

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### **Designated Supervisor**

Elizabeth Cook is the designated supervisor for DWM responsible for providing supervisory oversight regarding DWM's advisory business. Ms. Cook's contact information is (203) 458-5220. All supervision is performed on a regular and continuous basis where transactional activity is reviewed and approved by Ms. Cook as well as a review of ongoing management of investment advice and financial planning services.