



Part 2A Appendix 1 of Form ADV:

*Wrap Fee Program Brochure*

Executive Wealth Management, LLC

135 W. North Street, Suite 1

Brighton, MI 48116

Telephone: 810-229-6446

[www.ewmadvisors.com](http://www.ewmadvisors.com)

Fortunatus Separately Managed Account Services

March 1, 2021

This wrap fee program brochure provides information about the qualifications and business practices of Executive Wealth Management, LLC. If you have any questions about the contents of this brochure, please contact us at 810-229-6446 or [kritsema@ewmadvisors.com](mailto:kritsema@ewmadvisors.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. Executive Wealth Management, LLC is a registered investment adviser. Registration does not imply any particular level of skill or training.

Additional information about Executive Wealth Management, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 140736.

Consistent with SEC rules, we seek to ensure that our clients receive a summary of any material changes to this and subsequent Disclosure Brochures within 120 days after the close of our fiscal year. We may also provide you with other disclosures at other times during the year in the event of any material changes to our business.

Please carefully review the following material changes that have been made since our last annual updating amendment filing of this Form ADV, Part 2A, Appendix 1 ("Appendix 1"):

- + Executive Wealth Management has added information on EWM Legal Services, LLC, DBA "EWM Legal Solutions" to Item 9. This is a new affiliated entity offering legal services for estate preparation, wills, trusts and other services which are often needed as part of larger financial picture.

Please note that the foregoing represents only material changes made since our last annual updating amendment filing of this Appendix 1 in March of 2020.

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## ITEM 4 SERVICES, FEES AND COMPENSATION

Executive Wealth Management (hereinafter “EWM” or “we”) sponsor Fortunatus Separately Managed Account Services (hereinafter the “Program”), a wrap fee program. A wrap fee program is an advisory program under which a specified fee or fees are not based directly on transactions. Your account is charged for advisory services, which includes portfolio management and the execution of client transactions. This Wrap Fee Program Brochure is limited to describing the services, fees, and other necessary information clients should consider prior to becoming a client within the Program.

For a complete description of the other services offered by our firm and the fees charged for those services, clients should refer to our Form ADV Part 2: Firm Brochure. You may obtain a copy of our Firm Brochure, free of charge at any time, by contacting us by phone at 810-229-6446 or via email, [kritsema@ewmadvisors.com](mailto:kritsema@ewmadvisors.com).

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### SERVICES

EWM is the sponsor and investment manager of Fortunatus Separately Managed Account Services, a wrap fee program. EWM manages discretionary investment advisory accounts through the Program using model portfolios (hereinafter “Fortunatus Portfolios”) provided to EWM through an agreement between EWM and Fortunatus Investments, LLC (hereinafter “Fortunatus”), an SEC registered investment adviser related to EWM through common ownership and control. Reference to registration does not imply any particular level of qualification or skill. Each model portfolio is designed by Fortunatus to meet a particular investment objective and risk tolerance, among other considerations. Clients will retain individual ownership of all portfolio securities.

EWM will allocate the client's assets among various Program models taking into consideration the overall risk and objectives selected by the client. From this information, EWM will determine which individual, or combination thereof, Fortunatus Portfolio(s) is best suited to the client's particular circumstances. Weighting among asset classes is determined by the Program model selected. Mutual funds, individual equities, ETFs and ETNs will be selected on the basis of any or all of the following criteria as they relate to the security or its underlying index: performance history; industry sector; the investment manager, management style and philosophy; track record; investment objectives; composition and focus, and; fee structure and expenses. Past performance is no guarantee of future returns. Clients will have the opportunity to place reasonable restrictions on the types of investments held in the client's Program account. However, EWM reserves the right to decline or terminate the Program within a client's account if it believes the restrictions imposed are not reasonable or otherwise inhibit the effective management of the clients given Program.

EWM always seeks to maintain current client suitability information on file. This information guides our fiduciary responsibility in determining appropriate model portfolio/s for each client and situation. Keeping EWM updated on your financial situation helps us ensure your account continues to be managed in a manner fitting your financial circumstances. EWM respectfully requests prompt notification of any material change in your financial circumstances.

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### FORTUNATUS INVESTMENTS, LLC AND PROTACTICAL™ INVESTING:

We have engaged Fortunatus Investments, LLC, a registered investment adviser affiliated with EWM through common ownership and control and with whom EWM shares its principal place of business with, to provide model investment portfolios for EWM clients enrolled in the Program. Due to our affiliation and shared principal office, we are familiar with the background, experience, and philosophy of Fortunatus' Investment Policy Committee members; the process

by which the firm makes investment decisions; the firm's risk management controls, evaluation processes, and the adequacy and effectiveness of its operational and compliance controls and infrastructure. Fortunatus uses an approach to investment analysis and strategy that it refers to as ProTactical™, which is summarized below.

Beginning with its diversified model asset allocation portfolios, designed to meet predefined investment objectives, Fortunatus uses a proactive approach in an effort to exploit situations in which the risk for executing the strategy is likely to be rewarded. Fortunatus seeks to measure the performance momentum of a particular asset class against the overall market in an attempt to anticipate the relative strength of a particular asset class. After appropriate risk/reward opportunities are identified, fundamental research is used to determine the investments that are best positioned to capitalize on this relative strength should the trajectory of performance continue as expected.

A risk of Protactical™ investing is that the Investment Committee's assumptions regarding relative strength and the continued momentum of a particular asset class be incorrect.

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#### INVESTMENT DISCRETION:

EWM offers Program services on a discretionary basis only. Clients grant us investment discretion over their Program account(s) through the Investment Management Agreement, titled 'Investment Advisory Agreement'. Should the client wish to impose reasonable limitations on this discretionary authority, such limitations would be included in this Investment Advisory Agreement. You may change/amend these limitations as desired in writing.

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#### PROGRAM ADMINISTRATION.

EWM has contracted the services of GeoWealth Management, LLC (hereinafter "GeoWealth") as subadvisor to EWM. GeoWealth is a registered investment advisor with the Securities and Exchange Commission offering trade, model implementation and other back office capabilities to EWM. Trade needs and program enrollment requests are sent to GeoWealth for aggregation, block execution and allocation to client accounts. GeoWealth provides trading, portfolio reporting, and fee billing services to EWM.

Although these service providers will not separately manage their own advisory client accounts or those of any other adviser using The Program, they will, from time to time, trade the same or similar securities in its client portfolios that are traded for EWM clients. Due to privacy, when this occurs, EWM will not know whether our clients receive a better or worse price or execution than service provider clients.

We will seek to directly contact each wrap fee program client at least annually to verify that there has been no change in the client's financial circumstances and/or investment objectives and determine whether the client wishes to impose any reasonable restrictions on the management of the account(s). Any such changes or requests are communicated in writing to the client's investment advisor representative, who is responsible for implementing appropriate adjustments to the client's portfolio.

While we provide the client with periodic reminders, it remains the client's responsibility to advise EWM of any changes to the information previously provided that might impact the ongoing suitability of any prior determined investment strategy(ies) and/or objectives. Any communicated changes will be reviewed by the EWM investment advisor representative against the clients' current portfolio holdings to confirm they are appropriately invested.

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#### TRADE AGGREGATION AND ROTATION:

For trades placed in Program accounts, it is EWM's policy to block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple

clients so long as transaction costs are shared equally and on a pro-rated basis among all accounts included in any such block. Block trading allows EWM to execute market trades in a timely and equitable manner, is intended to reduce overall cost and reduce price differentiation between clients' accounts.

Certain technical, procedural and practical constraints limit EWM's ability to aggregate trades among clients. For example, trades placed in Adviser Managed Portfolios will typically not be aggregated with trades placed in the same security on the same day for other EWM clients. In addition, EWM will not be able to block trades for client accounts who direct the use of broker other than TD Ameritrade.

Occasionally, a model portfolio strategy is implemented across a number of related client accounts, such as by combining several related household accounts for a single client. When a particular security is bought or sold for several of these related accounts, EWM would not generally aggregate these household accounts in a single trade block. You should note that accounts excluded from blocked trades could receive the same, more, or less favorable terms for the same transaction. A disparity, at times, will exist between the price paid or received by the client and the price paid or received by other clients participating in the aggregated trade.

Partial fills of blocked trades will generally be allocated on a pro rata basis. Adjustments to this pro rata allocation are made when necessary to avoid having odd amounts of shares held in any client account. They are also made to avoid deviations from pre-determined minimum/maximum holdings limits established for any account. There are occasionally other acceptable allocation considerations outside of these reasons that are evaluated at the time of occurrence.

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#### TRADE ERROR POLICY:

While EWM endeavors at all times to enter trades correctly, errors will sometimes occur. It is EWM's policy and practice to seek to identify and correct trade errors promptly without disadvantaging the client in any way. Should EWM discover a trade error attributable to the action or inaction of EWM or its staff, it is the firm's policy to correct the error so as to place the client in as good a position as he/she would have been in had the error not occurred. If a trade error results in a profit, the gains will be donated to a 501(c)(3) charity of EWM's choosing.

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#### PROGRAM FEES AND COSTS

EWM charges clients an annual "wrap-fee" for participation in the Program plus additional fees and expenses, as set forth below. Client accounts will be directly debited, as authorized, in advance at the beginning of each calendar quarter based upon the value (market value or fair market value in the absence of market value), of the client's account at the end of the previous quarter. This calculated value includes all Program and non-program assets held within Program accounts.

The annual wrap fee consists of two parts and will be charged according to the following fee schedule:

<u>Assets Under Management</u>	<u>Annual Fee (%)</u>
On the First \$249,999	1.50%
On the next \$250,000 - \$499,999	1.25%
On the next \$500,000 - \$999,999	1.00%
On the next \$1,000,000 - \$1,999,999	0.75%
Over \$2,000,000	0.75%

Administrative fees are also charged quarterly, in advance and are subject to a \$35 minimum annual fee. Clients with accounts valued at less than \$7,000 will incur a higher overall percentage fee than is set forth in the firm's lowest tier of the fee schedule set forth above due to the firm's \$35 minimum required administrative fee. Consequently, such smaller accounts you could determine to be too costly or impractical to maintain with the firm.

**Administrative Fee Schedule\***

<u>Assets under management</u>		<u>Annual Fee %</u>
On the first \$1	- \$1,999,999	0.50%
On the next \$2,000,000	- \$2,999,999	0.45%
On the next \$3,000,000	- \$4,999,999	0.40%
On the next \$5,000,000	- \$7,499,999	0.35%
On the next \$7,500,000	- Above	0.30%

\*Subject to an annual \$35 minimum fee, billed quarterly.

As sponsor to the Program, EWM generally retains the portion of the fee paid by the client that is not attributable to referral fees, as applicable, commissions and other transaction costs that are incurred by the firm in managing Program accounts, (if any and that are not separately charged to the client), and costs associated with administration of the Program. These administrative costs represented approximately 50 bps of the total account value that go to Portfolio Managers and our 3<sup>rd</sup> party trading and portfolio management platform.

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**WHAT SERVICES ARE COVERED BY THE PROGRAM FEES?**

Program fees pay for our firm's advisory services to clients under the Program, quarterly reporting, brokerage services for Program accounts to the extent that trades are placed as necessary to conform the account to one or more of the standard Program models through TD Ameritrade, Inc. (hereinafter "Standard Program Model Assets") and custody charges for clients' Standard Program Model Assets custodied at TD Ameritrade, Inc.

Advisory fees will vary among EWM's clients based upon a number of factors, including the size of the client's account, the types of investments, the nature of related services provided and the length of the advisory relationship with a client among other things. EWM does group certain related client accounts for the purposes of determining the annualized fee.

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**ADDITIONAL INFORMATION ABOUT PROGRAM FEES.**

In considering the investment program described in this Brochure, clients are cautioned that depending multiple factors, which can include but are not limited to; the level of fees charged by the executing broker-dealer; the amount of portfolio activity in the clients' account, the value of the services provided under this Program can exceed the total cost of such services had they been provided separately. In addition, the Program Fee at times can be higher or lower than that charged by other sponsors of comparable wrap fee programs. The factors that should be considered by a prospective client include the size of a client's portfolio, the nature of the investments to be managed, commission costs, custodial expenses, if any, the anticipated level of trading activity and the amount of advisory fees only for managing the client portfolio.

Many, but not all, transactions in Program accounts are affected without separate commission charge to the client. A portion of the wrap fee is generally considered as being in lieu of commissions. Often there are additional costs, however, for fees and expenses charged by; mutual funds; exchange traded funds (ETFs); exchange traded notes (ETNs); exchange fees; transfer taxes; Step Out trades (as defined later); or certain administrative fees for wire

transfers or certificate issues. Additional charges are incurred for transactions in; fixed income securities; unit investment trusts ("UITs"); and certain legacy or non-conforming assets (i.e., trades in securities that are not part of the standard Program model selected). Clients should consider that depending upon the level of the wrap fee charged, the amount of portfolio activity in the client's account, the value of custodial and other services which are provided under the arrangement, and other factors, the wrap fee may, or may not, exceed the combined cost of such services if they were to be provided separately. Or if EWM were to negotiate commissions and seek best price and execution of transactions for the client's account.

Depending on a client's investment needs and in order to better address those needs, EWM is able to invest a portion of the client's assets in investments that are not part of the selected, standard Program model. Under these circumstances, the client will typically incur transaction charges with respect to those assets that are in addition to the Program fees as set forth below.

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#### OTHER FEES AND EXPENSES:

All fees paid to EWM for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds, ETFs and ETNs to their shareholders. In the case of mutual funds, these fees and expenses are described in each fund's prospectus.

These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client will pay an initial or deferred sales charge. A client could invest in a fund directly, without the services of EWM. In that case, the client would not receive the services provided by EWM which are designed, among other things, to assist the client in determining which fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and the fees charged by EWM to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

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#### WHAT SERVICES ARE NOT COVERED BY THE PROGRAM FEES?

The Program fees do not cover brokerage costs to the extent that trades are conducted through brokers or dealers other than TD Ameritrade, Inc. (hereinafter "Step Out Trades") or custody charges if client assets are custodied anywhere other than TD Ameritrade, Inc. In addition, custody charges are not covered by the Program fees with respect to account holdings that are not recommended through one or more of the Program models (non-Standard Program Model Assets), even if those assets are custodied with TD Ameritrade, Inc.

Program fees also do not cover commissions or other transaction costs incurred for trades placed in the client's Program account that are not recommended by one or more of the Program models (hereinafter "non-Standard Program Model Trades"), even if placed through TD Ameritrade, Inc. Such additional charges at times are incurred upon the sale of legacy holdings and trades ordered by EWM to better conform the client's Program account to the client's financial circumstances, among other things. Program fees do not include expenses of mutual funds and exchange traded funds or similar pooled investment vehicles such as fund management fees charged to each fund's investors, exchange fees, transfer taxes, odd-lot differentials, or certain administrative fees for wire transfers or certificate issues.

Certain assets not included within the Program are sometimes held in Program accounts. These assets are treated as 'Advisor Managed Portfolios' as referenced in Item 12 of the EWM Form ADV Part 2A. Refer to our Form ADV, Part 2A, Item 12, 'Brokerage Practices' for further information regarding how these assets are handled.



Clients should note that accounts excluded from blocked trades, such as Margin accounts or other imposed restrictions, may receive more or less favorable terms for the transaction and a disparity can exist between the price paid or received by the somehow restricted client and/or the commission charged to the client and the price paid or received and/or commissions charged to other clients participating in an aggregated trade.

Clients incur charges for other account services provided outside of the Program that are not directly related to the execution and clearing of transactions, including, but not limited to, IRA custodial fees, safekeeping fees, wire transfer fees, interest charges on margin loans, exchange fees, and fees for transfers of securities.

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#### NEGOTIABILITY OF FEES:

In certain circumstances, all fees are negotiable. In addition, certain family members and personal acquaintances of EWM's affiliated persons receive Program and advisory services at a discounted rate which is not available to advisory clients generally. Certain legacy clients have fee structures, different than our current fee structure, which is no longer available to new clients.

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#### COMPENSATION

Private Wealth Advisors of EWM are paid primarily as a percentage of assets under management, including assets invested in The Program. In consequence, their compensation would increase as the assets that they manage increases. We do not compensate our Private Wealth Advisors differently based on participation in The Program or participation in other advisor managed services that EWM offers.

Most owners of EWM and Fortunatus Investments are also Private Wealth Advisors of EWM. These owner advisors benefit from the revenue generated to Executive Wealth Management and The Program model provider, Fortunatus. As Executive Wealth Management and Fortunatus Investments, LLC are under common ownership and control, we have developed The Program fee structure to mimic non-program fee's to avoid this conflict.

While the officers, directors and other associated persons of EWM endeavor at all times to put the interests of the clients first as part of EWM's fiduciary duty, clients should be aware that the receipt of additional compensation itself creates an inherent conflict of interest, which affect the judgment of these individuals when making recommendations. See Item 9 for further information on conflicts of interest.

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## ITEM 5 ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS

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#### THERE ARE MINIMUM REQUIREMENTS

Portfolios utilized in The Program have model specific minimum investment amounts defined. The lowest initial minimum investments range from \$2,000-\$50,000. There is no indicated minimum account size so long as the minimum investment for each model sleeve is able to be reached. Clients cannot invest in The Program if they do not meet the minimum investment for the model chosen.

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## THIS IS YOU

EWM provides advisory services through the Program, where appropriate, to individuals, including high net worth individuals, pension and profit-sharing plans (other than plan participants), trusts, estates, charitable organizations, corporations and other businesses.

Program clients must direct EWM as to the broker dealer/custodian to be used in managing their account. As a condition for program participation, clients are required to direct us to custody their assets with and to place trades through TD Ameritrade, Inc. TD Ameritrade, Inc. is an unaffiliated FINRA-member broker dealer and the clearing firm and custodian that we use for brokerage accounts. We reserve the right to decline acceptance of any client account for which the client directs the use of a broker dealer/custodian other than TD Ameritrade, Inc. Please refer to the "Benefits Received" section of Item 9 for additional information.

Not all advisers require that clients direct it to use a particular broker dealer, though the sponsors of wrap fee programs often do.

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## DIRECTED BROKERAGE.

EWM does not have the discretionary authority to determine the broker dealer/custodian to be used for Program client accounts. EWM has negotiated an arrangement with TD Ameritrade, Inc. an unaffiliated, FINRA-member broker dealer, to provide custodial and brokerage services to Program accounts. EWM has evaluated TD Ameritrade and believes that it will provide EWM clients with a blend of execution services, costs and professionalism that will assist EWM in meeting its fiduciary obligations to clients.

The designation of a broker other than TD Ameritrade would generally be incompatible with the Program platform. As such, Program clients are requested to direct EWM, in writing, to custody the client's Program assets with, and to place trades in the client's Program account through TD Ameritrade. EWM reserves the right to decline acceptance of any client account for which the client directs the use of a broker dealer/custodian other than TD Ameritrade. Notwithstanding a directed brokerage arrangement, clients should note that EWM retains the authority, as delegated to its service providers, to place Program trades at a broker dealer other than TD Ameritrade in an effort to receive best price and execution for trades that occur across Program models. These "Step Out trades" result in additional cost to the client, as set forth above in Item 4 subheading "What services are not covered by the Program fees?".

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## TERMINATION:

A client agreement can be canceled at any time, by either party, for any reason upon receipt of written notice. Upon written termination of any account, any prepaid, unearned fees will be promptly refunded.

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## ITEM 6 PORTFOLIO MANAGER SELECTION AND EVALUATION

Through an agreement, EWM utilizes the portfolio management services of Fortunatus Investments for our Wrap Fee Program. EWM is related to Fortunatus through common ownership and control. The Directors of EWM also serve on the Investment Policy Committee of Fortunatus investments. They have direct impact on the development of portfolios for The Program. The individuals on the Investment Policy Committee must possess, minimally, a college degree and/or appropriate business experience and all required licenses. As previously disclosed, all client assets in

the Program are either directly or indirectly managed by our portfolio managers. Please refer to Item 4 for a detailed description of Fortunatus Separately Managed Account Services Program's services and fees.

EWM's Board of Managers for EWM Capital, LLC, EWM's parent company, meets regularly to evaluate new and reevaluate existing investment opportunities, and the current model portfolios provided by Fortunatus Investments, LLC. During these meetings EWM will deliberate issues regarding the proper allocation of client assets based on the current economic conditions. Fortunatus is subject to an at least annual review by EWM. In these reviews, EWM evaluates Fortunatus on several factors including, but not limited to, portfolio performance, trade effectiveness, execution quality and/or service to our investment advisor representatives.

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## PERFORMANCE

EWM does not generate performance information. The portfolio provider to The Program, Fortunatus Investments, claim compliance with the Global Investment Performance Standards, or GIPS®. GIPS® are globally accepted standards considered industry best practice for investment performance reporting and presentation.

The portfolio provider, Fortunatus, subjects its reporting to annual verification by Alpha Performance Verification Services. Verification does not ensure the accuracy of any specific composite presentation. Verification examines the policies and procedures of the model provider in relation to the GIPS® standards and the consistent application of those standards. Fortunatus provides EWM model performance information claiming compliance with GIPS® monthly, and GIPS® compliant presentation annually.

EWM has adopted policies and procedures designed to ensure that account reporting of client portfolios and investments reflect current, fair and accurate market valuations. Although we consistently apply our methodology, we do not engage a third party to conduct reviews of performance information nor do we seek to comply with any particular industry standard when calculating portfolio performance.

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## RELATED PERSONS

Directors of EWM parent company, EWM Capital, LLC, serve on the Fortunatus Investment Policy Committee. They have direct impact on the development of portfolios for The Program.

We have developed internal controls so the benefits of additional compensation for Directors does not sway the decision of how their clients, as Private Wealth Advisors, are invested. The standardization of fees charged to all EWM clients mitigates the conflicts presented to the owners of Executive Wealth Management who are also Private Wealth Advisors of the firm. Private Wealth Advisors who are also beneficial owners of EWM Capital, LLC, would benefit from additional fees paid to Fortunatus through the Program and create an incentive to choose or promote The Program over other advisory services of Executive Wealth Management.

Item 9 discusses our Code of Ethics, which, among other things, restricts these directors from acting on information learned while participating in the Fortunatus Investment Policy Committee to their, or their clients benefit, outside of The Program.

Fortunatus is the only portfolio manager associated with our program. As an affiliated company, EWM does not conduct due diligence on other available subadvisors at this time. We refer clients to the Program, or other service offerings, as appropriately in line with our fiduciary responsibility. The Fortunatus Investment Policy Committee is primarily comprised of the EWM Board of Managers and thus initial due diligence was not performed due to our

familiarity and affiliated nature. In order to mitigate any potential conflict, EWM monitors the Program on an on-going basis to determine and evaluate the portfolio management team's model risk tolerance and performance.

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## ADVISORY BUSINESS

EWM offers the following advisory services to our clients in addition to The Program:

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### ADVISOR REPRESENTATIVE MANAGED PORTFOLIOS

Advisor Representative Managed Portfolios (hereinafter "Advisor Managed") are discretionary investment accounts managed directly by investment advisor representatives of EWM rather than through a portfolio created and managed by Investment Committee (such as the Fortunatus Separately Managed Account portfolios summarized below). Advisor Managed Portfolios are managed on a discretionary basis though certain legacy clients have engaged the firm to provide advice on a non-discretionary basis. Account management is guided by the stated objectives of the client.

Advisor Managed Portfolios will generally reflect a complete, "stand-alone" portfolio with an appropriate allocation to address the client's investment needs, objectives and risk profile, or an "add-on" account designed and managed in conjunction with, or in consideration of, the client's other portfolio holdings.

Advisor Managed Portfolios are reviewed with the client at least annually by the EWM representative assigned to the account. At any time, if the EWM representative, believes that a portfolio adjustment is necessary (Some examples include a particular investment that is performing inadequately, a client's situation has changed, or that a different investment is more appropriate for the client account) EWM will enter into transactions for the account in accordance with the fiduciary discretionary authority granted by the client.

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### EXECUTIVE WEALTH MANAGEMENT 401(K) GPS SERVICES

Executive Wealth Management 401(K) GPS Services (hereinafter "EWM 401(K) GPS") consist of investment management within employer-sponsored retirement plans. Clients who choose this discretionary platform will follow a process to permit EWM to make trades on their behalf. See further information regarding this process in Item 15, of Form ADV Part 2A: CUSTODY.

EWM 401(k) GPS is limited to qualified plans and are provided to individual plan participants. EWM 401(K) GPS evaluates only investment options available within the plan, as provided by the participant and seeks to determine which of these are most appropriate for the client and in what allocations. EWM uses a risk tolerance profile, among other considerations, to develop these allocations. Ongoing services include initial recommendations for changes to the client's current strategy, if appropriate, and further recommendations each calendar quarter to follow. These will include changes if appropriate.

EWM has contracted Fortunatus Investments, LLC (hereinafter "Fortunatus"), an affiliated Registered Investment Advisor under common ownership and control, as subcontractor to EWM to integrate its ProTactical™ investment process into EWM 401(k) GPS. Utilizing the signals and allocations provided by Fortunatus, recommendations are implemented with linked accounts.

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### PORTFOLIO MANAGEMENT WITHIN RETIREMENT PLANS

EWM is party to arrangements with the sponsors of retirement plans that offer self-directed options to the plan's participants. Under these arrangements, plan participants can separately engage EWM to provide portfolio management services within the individuals plan account(s) through a separate and limited-access advisor portal.

EWM, together with the client, develop the participant's personal investment policy and create and manage a portfolio based on that policy using only the investment vehicles available through the plan. EWM will manage these accounts on a discretionary basis (though certain legacy clients have engaged the firm to provide advice on a non-discretionary basis). Account supervision is guided by the stated objectives and time horizon of the client (i.e., maximum capital appreciation, growth, income, or growth and income).

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## PENSION CONSULTING

Pension Consulting services bundle several advisory services, which EWM provides separately or in combination. While the primary clients for these services are governmental employers, EWM also offers these services to non-profit and private sector employers.

Pension Consulting services are comprised of four distinct services. Clients can choose to use any or all of these services.

*Investment Policy Statement (hereinafter "IPS") Preparation:* EWM will meet with the client to determine the client's investment needs and goals. In the case the client does not already have a written investment policy, EWM will then assist in preparing an Investment Policy Statement (IPS) articulating those needs and goals and include a policy pursuant to which those goals are to be sought. The IPS will list the criteria for investment vehicle selection and the procedures for, and frequency of, investment performance monitoring. The employer client is responsible for adoption of the prepared IPS.

*Selection of Investment Vehicles:* EWM will review various investment options with the client, consisting primarily of mutual funds (both index and managed) and ETFs to determine which of these investments could be appropriate for the implementation of the client's IPS. Only investment vehicles within the boundaries of the IPS will be considered. The client will then determine which investment vehicles to be utilized based on the Investment Policy Statement.

*Monitoring of Investment Performance:* Client investments will be monitored in accordance with the frequency and procedures delineated in the IPS. Although EWM will not be involved in any way in the purchase or sale of these investments, EWM will supervise the client's portfolio and will make recommendations to the client as market factors and the client's needs dictate.

*Employee Communications:* For pension, profit sharing and 401(k) plan clients, which participants exercise control over individual account assets ("self-directed plans"), EWM also provides educational support and investment workshops designed for the plan participants as the sponsor requests. The nature of the topics to be covered will be determined by EWM and the client under the guidelines established in ERISA Section 404(c). The educational support and investment workshops will not provide Plan participants with individualized, tailored investment advice or individualized, tailored asset allocation recommendations unless the participant separately engages EWM to provide such services.

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## FINANCIAL PLANNING

New clients engaging the firm to provide advice via a Financial Plan only will receive a written report, providing the client with a detailed plan designed to help achieve their stated financial goals and objectives.

In general, the financial plan will address any, some, or all, of the following areas of concern:

- *Personal*: Family records, budgeting, personal liability, estate information and financial goals;
- *Business*: Business valuation, planning, payroll and other business-related issues;
- *Education*: Education IRAs, financial aid, state savings and 529 plans, grants and general assistance in preparing to meet dependent's continuing educational needs through development of an education plan;
- *Tax & Cash Flow*: Income tax and spending analysis and planning for past, current and future years. EWM will illustrate the impact of various investments on a client's current income tax and future tax liability;
- *Death & Disability*: Cash needs at death, income needs of surviving dependents, estate planning and disability income analysis;
- *Retirement*: Analysis of current strategies and investment plans to help the client achieve his or her retirement goals; and
- *Investments*: Analysis of investment alternatives and their effect on a client's portfolio.

Ongoing question and answer sessions are done. Related documents supplied by the client are carefully reviewed with a written report prepared. Should a financial plan only client choose to implement the recommendations contained in the plan, EWM suggests the client work closely with their attorney, accountant, insurance agent, and/or other professionals as appropriate and will assist as appropriate and requested by the client.

The length of time it will take to provide a financial plan will depend on each client's personal situation as well as the promptness with which the client provides all information necessary to prepare the plan. All fees are agreed upon in writing prior to entering into a contract with any client. Established clients of the firm may request this service at any time at no additional cost as a supplement to their established advisory relationship and below outlined "fee for advice."

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#### THIS IS YOURS

Portfolio weighting between funds and market sectors will be determined by each client's individual needs and circumstances. Clients will have the opportunity to place reasonable restrictions on the types of investments which will be made on your behalf. However, EWM reserves the right to decline or terminate management within a client's account if it believes the restrictions imposed are not reasonable or otherwise inhibit the effective management of the assets.

EWM gathers information through in-depth personal interviews and documents submitted by the client. Information gathered includes a client's current financial status, future goals, attitudes towards risk, address and identity verification, among other things. Clients are encouraged to inform us promptly of any material change to their risk tolerance, financial circumstances, investment options available through their employer-sponsored retirement plan or other information provided. This prompt notification allows us to evaluate whether current portfolios continue to be suitable to your needs and in your best interest.

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#### THIS IS HOW WE MANAGE

The Program investments and EWM 401k GPS are managed primarily by investment Policy Committee. Our other Advisory services are directed primarily by the Investment Advisor Representative facilitating your relationship with EWM. Services

outside of The Program are reviewed and rebalanced at the account level or relationship level. As further described in Appendix 1 to form ADV Part 2A, participants in The Program are invested in models or model combinations based on stated risk tolerance and rebalancing of investments is done at the model level.

Advisor Managed Portfolios, due to client needs, or other factors, generally hold fewer investments than clients invested through the Fortunatus Separately Managed Account Services portfolios ("The Program"). From time to time these accounts are comprised of a position in a single security or instrument. Under certain circumstances, accounts may hold Advisor Managed positions within Program accounts.

EWM receives a portion of the fee clients pay for Program accounts. Additional information regarding fees is presented in Item 5. Aspects of costs for The Program are detailed in From ADV Part 2A, Appendix 1, Wrap Fee Brochure. Advisory Services outside of The Program will incur costs related to trade execution and brokerage services in addition to fees and compensation outlined below.

EWM believes the enrollment in The Program implements our defensive growth philosophy and in turn relieves a certain amount of operational and administrative burden of the firm. Fees associated with The Program are allocated from the Administrative Fee (detailed in Item 5) that all EWM Clients pay. Clients not enrolled in The Program appear to carry a larger administrative fee burden than clients who are enrolled in The Program. Most EWM Clients are enrolled in The Program. The standardization of fees charged to all EWM clients mitigates the conflicts presented to the owners who are also Private Wealth Advisors of the firm and the non-owner Private Wealth Advisors. Private Wealth Advisors who are also beneficial owners of EWM Capital, LLC, would benefit from additional fees paid to Fortunatus through the Program and create an incentive to choose or promote The Program over other advisory services of Executive Wealth Management. This structure also eliminates the conflict to the non-owner Private Wealth Advisor as they are paid the same should they choose The Program or Advisor Managed services. Eliminating compensation conflicts.

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#### PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT

EWM does not charge performance-based fees to any client.

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#### METHODS OF ANALYSIS

Regardless of methods utilized, investing in securities involves the risk of loss, including the risk of complete loss of principal invested. This is a risk you should be prepared to bear. We use the following methods of analysis in different situations when formulating our investment advice and/or managing client assets. Individual investment advisor representatives of EWM, Private Wealth Advisors, have the option to utilize some or all of these methods of analysis within portfolios:

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##### FUNDAMENTAL ANALYSIS

We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it could be a good time to buy) or overpriced (indicating it could be a good time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors



considered in evaluating the stock. Fundamental analysis places importance on the historical performance of a company which creates risk should that company is not able to continue or repeat that performance.

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## TECHNICAL ANALYSIS

We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investors behavior and potentially predict future price movement. Technical analysis employed by EWM includes trend following and relative strength analysis.

### TREND FOLLOWING

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Trend following is a method of analysis that objectively determines whether portfolios should have exposure to a rising asset class or preserve capital during unfavorable market environments.

### RELATIVE STRENGTH

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This method of analysis seeks to objectively identify market strength in order to ensure that clients invest in the best performing segments while underweighting or avoiding the weaker segments.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that, regardless of market trends or relative strength measured, a poorly managed or financially unsound company will still underperform. Though technical analysis is mathematically driven, there is the risk that the trend proves fleeting leading to whipsaw risk. This is a change in a securities trend, triggering buy or sell action, followed quickly by another change in the opposite direction. Whipsaw risk will impact account performance should our trends not trigger exit or re-entry. Positions in taxable accounts will be, at times, subject to short- and long-term taxable gains and losses.

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## MUTUAL FUND AND/OR ETF ANALYSIS

We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. We do not control the underlying investments in a fund or ETF. Managers of different funds held by the client, in some cases, hold the same security. This increases the risk to the client if that security were to fall in value. There is also a risk that a manager deviates from the stated investment mandate or strategy of the fund or ETF, which could make the fund or ETF less suitable of the client's portfolio.

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## LEGACY HOLDINGS

Investment advice is offered on any investments held by a client at the start of the advisory relationship. Depending on tax considerations and client sentiment, these investments will be integrated into the appropriate EWM strategy, held or sold. As with any investment decision, there is the risk that EWM's timing with respect to the sale and reinvestment of these assets will be less than ideal or even result in a short term or long-term loss or gain.



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## OTHER INVESTMENT VEHICLES

On rare occasions, and as appropriate with accredited investors, investment advice is also provided on investments in commodity pool fund of funds, limited partnerships and private placement partnerships (each a “Private Fund”). For private investments such as these, traditional fundamental, technical or other securities analysis is not possible when formulating recommendations. Instead, we rely on our due diligence process of the Private Funds and their investment managers in determining which funds to invest in on behalf of our clients.

The principal driver of portfolio selection is the relative skill set of the underlying fund managers in research, trading, risk management and organization building. The integrity of the individual(s) managing the Private Funds is of paramount consideration. A primary source of information used to identify potential Private Funds for investment include personal references, qualitative reviews of fund’s portfolio managers as described above, and review of the Fund Offering Memorandum, Limited Partnership Agreement, Subscription Agreement, performance records and other documents.

It is our policy and practice to conduct initial due diligence with respect to the investment manager of any prospective Private Fund investment. EWM monitors selected investment managers on an initial and annual basis to determine and evaluate the portfolio management team’s background, history, investment parameters, and the adequacy and effectiveness of the manager’s operational and compliance controls and infrastructure, among other things. Annually this due diligence is repeated. EWM seeks to avoid investment in any Private Fund where we determine the manager of such fund has failed to adopt certain minimal operational and compliance controls and safeguards.

One of the primary risks of investing with a third-party fund manager based, in part, on successful past performance is that they may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a third-party manager’s portfolio, there is also a risk that a manager deviates from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for you. Moreover, as we do not control the manager’s daily business and compliance operations, it is possible for us to miss the absence of internal controls necessary to prevent fraud or other business, regulatory or reputational deficiencies.

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## COMPUTER SOFTWARE

Through service offerings of EWM we use computerized financial planning software, “EWM Wealth Map”, to organize data and create an analysis of the client’s current and projected financial picture. In order to analyze security performance and risk, we use a variety of data supplied by third parties as well as percentile rankings of mutual fund managers’ adjusted risk performance.

A risk of such computer programs is that projections and recommendations formulated from the program are generated from assumptions entered by the software’s programmers, often based on how markets or securities have historically performed. However, markets and securities can and often do perform differently than they have in the past.

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## RISKS FOR ALL FORMS OF ANALYSIS

Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data is incorrect, there is always a risk that our analysis be compromised by inaccurate or misleading information.

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## INVESTMENT STRATEGIES

As appropriate, we use some or all of the following strategy(ies) in managing client accounts:

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### ASSET ALLOCATION

The primary investment strategy we use is based on diversification of your assets among a variety of investment vehicles and asset classes, popularly termed "Asset Allocation." The focus of our management and recommendations is primarily to achieve a diversified portfolio of investment assets. These assets are targeted to be in line with risk and return characteristics defined by our clients in our initial and ongoing meetings. The strategy includes evaluation of your current allocation of assets, defining them among or within various broad categories. We then apply recommendations, if appropriate, to reposition assets to work toward your desired results.

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### FORTUNATUS WRAP FEE PROGRAM AND PROTACTICAL™ INVESTING

As disclosed at Item 10 of this Brochure, we have engaged Fortunatus Investments, LLC (hereinafter "Fortunatus") as a subadvisor to provide model investment portfolios for EWM clients enrolled in The Program. Fortunatus is a registered investment advisor affiliated with EWM through common ownership and control. Registration does not imply any particular level of qualification or skill. EWM and Fortunatus share their principal place of business. Due to our affiliation and shared principal office, we are familiar with the background, experience and philosophy of Fortunatus' Investment Policy Committee members; the process by which the firm makes investment decisions; the firm's risk management controls; evaluation processes; and the adequacy and effectiveness of the operational and compliance controls and infrastructure. Fortunatus uses an approach to investment analysis and strategy that it refers to as ProTactical™. See the Form ADV Part II, Appendix 1 Wrap Fee Program for more information regarding model portfolio management and implementation.

A risk of ProTactical™ investing is that the Fortunatus Investment Committee's assumptions regarding relative strength, trend analysis and the continued momentum of a particular asset class prove to be incorrect. This investing style is subject to whipsaw risk, as described above, in quickly changing markets.

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### LONG-TERM PURCHASES

We purchase securities with the idea of holding them in your account for a year or longer. Typically, we employ this strategy when: we believe the securities to be currently undervalued; and/or we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, short-term gains that could be realized are not. If our predictions are incorrect, a security can decline sharply in value before we make the decision to sell. Should our predictions be accurate, the sale of the security after a long holding period would create taxable gains in taxable accounts.

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### SHORT-TERM PURCHASES

When utilizing this strategy, securities are purchased with the intention of selling them within a relatively short time (typically a year or less). We do this in attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

A short-term purchase strategy poses risks should the anticipated price swing not materialize; we are then left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially

taking a loss. This strategy also involves more frequent trading than does a longer-term strategy and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

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## OPTIONS

Within advisor managed accounts the use of options including writing (selling) covered calls, writing cash-secured puts and, at times, uncovered options, spreads, and the purchase of options are utilized. Participation in options contracts involves a significant degree of risk that is not suitable for all investors. Prior to options participation, Investors wishing to participate in an options strategy with EWM will be provided the most recent Options Clearing Corporation booklet and amendments:

### **“Characteristics and Risks of Standardized Options”**

It is very important you read and understand this booklet and its amendments if you are participating in Options. Options can only be utilized after a document is signed by the account holder indicating their understanding. They can be useful tools of risk management when utilized to hedge current positions. Certain options also pose genuinely unlimited potential for loss. Loss that includes more than the original investment. Options are generally short-term investments and carry the risks associated with short-term investments. Individuals should not participate in options without awareness and acceptance of these risks and all risks presented in the booklet and all applicable updates.

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## MARGIN TRANSACTIONS

Margin is primarily utilized temporarily during trade overlap or as a cash flow solution and is not a standard part of EWM investment process. Active use of Margin in client accounts is done on a non-discretionary basis as requested by the client after appropriate custodial documentation is completed. For certain clients, and under their direction, we also purchase stocks for their portfolio with money borrowed from your brokerage account. This allows the purchase of more stock than you would be able to purchase with your available cash. It also allows you to purchase stock without selling other holdings.

Margin transactions are not appropriate for all clients. Entering into margin transactions opens accounts to the risks of amplified losses, margin calls (investor required to inject cash into account to keep account compliant) or forced liquidation of securities in the case that cash is not available for a margin call. Use of margin also involves a significant degree of market risk, and interest rate risk. It is common that accounts have small margin balances during trade settlement periods and after billing processing. Any account that will enter into a Margin Balance beyond trade settlement or regular billing processes will be done on a nondiscretionary basis only.

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## RISK OF LOSS

Regardless of methods or analysis, securities investments are not guaranteed, and you can lose money on your investments. We ask that you work with us to help us understand your risk tolerance. Any changes to your current situation or risk tolerance such as lifestyle, disability, illness, job change or retirement, among others, should be promptly reported to EWM.

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## VOTING CLIENT SECURITIES

As a matter of firm policy, EWM does not vote proxies on behalf of clients. Therefore, although our firm provides investment advisory and asset management services relative to client investment assets, clients maintain exclusive

responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

We provide clients with consulting assistance regarding proxy issues only if they contact us with questions at our principal place of business.

## ITEM 7 CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS

As party to the agreement with EWM, Fortunatus has access to certain non-personally identifiable information, such as your name and custodial account number. EWM client account information that is utilized for the Fortunatus GIPS performance reporting and Model management is shared in accordance with our Privacy Policy. This information is sent directly from your custodial account nightly through GeoWealth. Fortunatus Investments, LLC works in agreement with EWM and our third-party trade entry service, GeoWealth, as to facilitate model inception for EWM accounts.

## ITEM 8 CLIENT CONTACT WITH PORTFOLIO MANAGERS

Your EWM Private Wealth Advisor is available to discuss the management and performance of your account. Our EWM Team will also handle any changes in your situation, which have an impact on the management of your Program account. As indicated previously, the Fortunatus Investment Policy Committee is comprised primarily of the Board of Managers of EWM. Those individuals are available to discuss the portfolios during regular business hours. The Chief Investment Officer of Fortunatus Investments, our model provider, is available to discuss portfolios together with you and your Private Wealth Advisor by appointment during normal business hours.

## ITEM 9 ADDITIONAL INFORMATION

### DISCIPLINARY INFORMATION

We are required to disclose any legal or disciplinary events that are material to your, or a prospective client's, evaluation of our advisory business or the integrity of our management. Neither our firm nor our management personnel have any reportable disciplinary events to disclose.

### OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

#### REGISTRATIONS

All management persons, most Private Wealth Advisors and certain employees of EWM are separately licensed as Registered Representatives of an unaffiliated broker dealer. EWM does not have any associated persons that are involved with the

futures commission, commodity pool operators, commodity trading advisors or are associated persons of those entities.

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#### BROKER-DEALER

Many associated persons of EWM are separately registered as Registered Representatives of Private Client Services, LLC (hereinafter "PCS"), a FINRA-member broker-dealer unaffiliated with EWM. If you request the services of a Broker Dealer such as for commission products like insurance or annuities, among others, EWM will recommend the use of PCS, for implementation of recommendations involving securities transactions provided that this recommendation is consistent with EWM's fiduciary duty to the client.

As Registered Representatives with Private Client Services, LLC Member FINRA/SIPC, these individuals are able to effect securities transactions, interests in limited partnerships, real estate investment trusts (REITs), and other securities, for which they will receive separate, yet customary compensation. You are not required to utilize the services of Private Client Services and may choose where you wish brokerage transactions to occur. The services of Private Client Services may or may not be available at other broker/dealers for a better or worse price. There is conflict of interest in the incentive to recommend brokerage products based on the compensation received, rather than on client need.

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#### OTHER INVESTMENT ADVISOR OR FINANCIAL PLANNER

EWM is related through common ownership and control to Fortunatus Investments, LLC, a registered investment advisor. As disclosed at Item 8 of this Brochure, EWM has entered into an agreement with Fortunatus to compensate that firm for providing model portfolios which are utilized by EWM in the management of Fortunatus Separately Managed Account Services accounts. Officers of EWM are the primary members of the Fortunatus Investment Policy Committee. This committee determines the aspects and actions of Fortunatus Model Portfolios.

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#### ACCOUNTANT OR ACCOUNTING FIRM:

EWM is related to EWM Tax Solutions, LLC (hereinafter "EWMTS"). Though not owned by EWM Capital, LLC, EWMTS is owned by the owners of EWM Capital, LLC and is under common control. This entity prepares and files federal income tax returns, and applicable tax returns for the state and local taxing authorities in which individuals declare residency. Certain EWM officers, Private Wealth Advisors and employees act in a separate capacity for this entity. Use of EWMTS requires separate engagement with this company. Fee is based on the complexity of the return.

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#### LAWYER OR LAW FIRM

EWM is related to EWM Legal Services, LLC (doing business as "EWM Legal Solutions", hereinafter "EWMLS"). Though not owned by EWM Capital, LLC, the indirect owners of EWM Capital, LLC are also primary owners of EWMLS, and the entity is under common control. This entity provides legal services for estate preparation, wills, trusts and other services which are often needed as a part of a larger financial picture. Certain EWM officers, Private Wealth Advisors, and employees act in a separate capacity for this entity. Use of EWMLS requires separate engagement with this company. The fee is based on the complexity of the arrangement.

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#### INSURANCE COMPANY OR AGENCY

Certain officers of EWM are also officers of Executive Financial Planning, Inc. (hereinafter "EFP"), a licensed insurance agency related to EWM through common ownership and control. Certain officers and associated persons of EWM are also insurance agents or brokers for one or more insurance companies that are not affiliated with EWM. Acting as a

licensed agent allows these individuals to offer insurance products and services such as long-term care insurance, annuities, life insurance and, on occasion, health insurance. When acting as insurance agents, these individuals will receive customary compensation at the time of sale and/or ongoing for each of these products or services. There is conflict of interest due incentive to recommend insurance products based on the compensation received, rather than on client need.

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#### ALSO, IMPORTANT

While the officers, directors, and other associated persons of EWM endeavor at all times to put the interests of the clients first as part of EWM's fiduciary duty, you should be aware that the receipt of additional compensation for outside, related activities itself creates an inherent conflict of interest. This conflict implicitly or explicitly affects the judgment of these individuals when making recommendations.

These entities and their operations are well known to EWM Private Wealth Advisors. Clients are under no obligation to engage these entities when considering implementation of tax services, legal services, brokerage, asset management or insurance recommendations. The implementation of services or recommendations through these entities lies solely at the discretion of the client. No affiliated entity of EWM receives commission or other transaction-based compensation in connection with trades placed in any account managed by EWM on a discretionary basis.

Products sold through affiliated or unaffiliated companies can be included in your relationship summary by request. No advisory or administrative fees are charged by EWM for these products. You should understand that if you elect to have investment recommendations implemented through PCS and an associated person of EWM though their separate capacity as a registered representative of PCS, lower/higher commissions or better/worse execution could be achieved, for certain types of securities, elsewhere.

The arrangement between EWM and Fortunatus creates additional conflicts. EWM's officers, who are also Private Wealth Advisors, with an indirect ownership interest in Fortunatus have incentive to enroll their client accounts in The Program rather than another platform or to separately manage the account. This incentive is because revenue received from Fortunatus will inure to the benefit of those officers. This conflict is similar for EWMTS and EWMLS in that the indirect ownership of the entities benefit from referrals too and business of these entities.

EWM seeks to address these conflicts of interest in the following ways:

- We have adopted Code of Ethics provisions reminding all supervised persons of their fiduciary obligations to EWM clients (refer to Item 11 of this Brochure). Specifically, their obligations around account type choice and additional compensation;
- Payment of fees to Fortunatus to participate in The Program are structured internally to reduce officer conflict of interest and are limited to reasonable compensation. This information is expanded on above in Item 4 of this brochure;
- We clearly disclose the existence of our financial industry activities and affiliations and the resulting conflicts here in our Disclosure Brochure to existing and prospective clients. This allows clients and prospective clients to assess the inherent conflicts of interest and make a fully informed investment decision; and
- The individual outside business activities of EWM Investment Advisor Representatives are provided via form ADV Part 2B – Brochure Supplement. We encourage you to review these documents prior too relationship inception and periodically thereafter to assess whether conflicts have changed.

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## CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

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### CODE OF ETHICS

Our firm has adopted a Code of Ethics, which sets forth the high ethical standards of conduct we require of our officers, directors, and otherwise associated persons pursuant to SEC rule 204A-1. EWM and our personnel owe a duty of loyalty, fairness, and good faith towards our clients. All associated persons of EWM are required to comply with applicable federal and state securities law. Persons have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, confidentiality of client information, gifts, enforcement, and recordkeeping provisions.

EWM's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients upon request. You may request a copy by email sent to Kyrstin Ritsema, Chief Compliance Officer, at [kritsema@ewmadvisors.com](mailto:kritsema@ewmadvisors.com), or by calling us at 810-229-6446. No principal or otherwise associated person of our firm is permitted to put his or her own interest above the interest of an advisory client.

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### MATERIAL INTEREST

EWM nor any associated persons, act in a principal capacity, recommend investments where individuals or officers are acting as general partner or act as investment advisor to any recommended funds or investment companies.

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### PERSONAL TRADING

Officers and associated persons of EWM are permitted to invest personally in securities that are the same or different than those we recommend to you. This creates times that related persons have material financial interest in positions traded within models or that EWM recommends to clients. This creates a conflict of interest. Our Code of Ethics is designed to assure that the personal securities transactions, activities, and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Often, related person(s) also has an interest or position in a certain security(ies) which are also recommended to a client.

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### TRADING POLICY

It is the expressed policy of our firm that no person employed by us can purchase or sell any security immediately pre or post (as applicable) a transaction(s) being implemented for a discretionary advisory account. This prevents such employee(s) from benefiting from transactions placed on behalf of advisory accounts. Trades occurring across multiple accounts under the discretion of the same Private Wealth Advisor will be entered as a blocked trade with average pricing. The associated person may participate in these blocks to reduce conflict resulting in price



discrepancy. Should these policies not be adhered too, associated persons will be subject to the EWM disciplinary policy and trades being cancelled in their personal accounts.

Associated persons and officers of EWM maintain personal accounts invested within The Program Fortunatus model portfolios. Trades within the models are executed in a block fashion with average pricing. Associated person accounts will be treated identically to client accounts during those trading occurrences. To address any conflicts in the case of partial execution, client accounts will be given priority for allocation over associated person or otherwise related accounts.

These situations present actual or potential conflicts of interest to our clients. In addition to items summarized above in Item 11, we have established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

- EWM delivers the Code of Ethics annually to all associated persons and requires a written acknowledgement of receipt;
- Associated persons of EWM are required to report any possible or actual violations to the Code of Ethics. No person who submits a concern made in good faith will experience retaliation, harassment or unfavorable or adverse employment consequences; and
- Any individual who violates the Code of Ethics will be subject to disciplinary action up to and including termination.

Related persons of our firm are separately registered as securities representatives of a broker-dealer, investment advisor representatives of another registered investment advisor, and/or licensed as an insurance agent/broker of various insurance companies. Please refer to the preceding section for a detailed explanation of these relationships and important conflict of interest disclosures.

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## CLIENT REFERRALS AND OTHER COMPENSATION

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### INDUSTRY BENEFITS

As disclosed at Item 12 of this Brochure, EWM receives certain economic benefits through its participation in TD Ameritrade's Institutional customer program. We also participate in Fidelity's platform services offered to independent investment advisors by Fidelity. As part of these services, EWM receives benefits that it would not receive if it did not offer investment advice to clients. Please refer to Item 12 of this Brochure for complete details regarding these arrangements and the conflicts of interest that arise as a result.

EWM invites experts to speak about relevant economic topics at client facing events. These speakers are often sponsored by fund companies and made available to EWM at no or reduced cost. These companies may also attend and sponsor certain client facing events. Generally, EWM has significant client assets invested in the companies that participate in these events. This creates a conflict of interest. EWM could feel obligated to utilize these fund companies due to their contributions, monetary or otherwise, over other fund companies. EWM addresses this conflict by ensuring event sponsors are clearly defined in all event invitations, and funds are selected on the analysis of the fund and not participation in events.

These benefits are only available to EWM because of the investment advice and advisory services we provide our clients. While we endeavor at all times to put the interest of our clients first as part of our fiduciary duty, the



possibility of receiving incentive awards creates a conflict of interest and has the potential to affect the judgment of these individuals when making recommendations.

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## SOLICITORS

We participate in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC. TD Ameritrade is an independent [and unaffiliated] SEC-registered broker-dealer. TD Ameritrade offers to independent investment Advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Advisor receives some benefits from TD Ameritrade through its participation in the program.

EWM receives client referrals from TD Ameritrade through its participation in TD Ameritrade AdvisorDirect Program. TD Ameritrade has established AdvisorDirect as a means of referring its brokerage customers, and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisors. In addition to meeting the minimum eligibility criteria for participation in AdvisorDirect, EWM has been selected to participate in AdvisorDirect based on the amount and profitability to TD Ameritrade of the assets in, and trades placed for, client accounts maintained with TD Ameritrade. TD Ameritrade is a discount broker-dealer independent of and unaffiliated with EWM and there is no employee or agency relationship between them.

EWM pays TD Ameritrade an on-going fee for each successful client referral. This fee is usually a percentage (not to exceed 25bps of the total account value that the referred client has set up with EWM ("Solicitation Fee"). Historically, the fee was a percentage of the advisory fee (not to exceed 25%) and certain grandfathered accounts are still under that relationship. EWM will also pay TD Ameritrade the Solicitation Fee on any advisory fees or accounts received by EWM from any of a referred client's family members, including a spouse, child or any other immediate family member who resides with the referred client and hired EWM on the recommendation of such referred client. The determination of the fee is based on the originally referred client's relationship. EWM will not charge clients referred through AdvisorDirect any fees or costs higher than its standard fee schedule offered to its clients or otherwise pass Solicitation Fees paid to TD Ameritrade to its clients. For information regarding additional or other fees paid directly or indirectly to TD Ameritrade, please refer to the TD Ameritrade AdvisorDirect Disclosure and Acknowledgement Form.

Clients should note that EWM's participation in AdvisorDirect raises conflicts of interest that do not necessarily arise in the context of other third-party referral arrangements. TD Ameritrade will refer clients through AdvisorDirect only to investment advisors that retain those assets at TD Ameritrade and whose client accounts are profitable to TD Ameritrade. Consequently, in order to obtain client referrals from TD Ameritrade, EWM has an incentive to recommend to clients that the assets under management by EWM be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. In addition, EWM has agreed not to solicit clients referred to it through AdvisorDirect to transfer their accounts from TD Ameritrade or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. EWM's participation in AdvisorDirect does not diminish its duty to seek best execution of trades for client accounts.

From time to time, we compensate, either directly or indirectly, third parties, whether natural persons or a company, for client referrals. These individuals are Solicitors for EWM. We are aware of the special considerations promulgated under Section 206(4)-3 of the Investment Advisors Act of 1940 and similar state regulations. As such, appropriate disclosure shall be made, all written instruments will be maintained by EWM and all applicable Federal and/or State laws will be observed. The fee paid to a solicitor by us will be specified in a separate disclosure document provided to the client. Payment of referral fees for prospective client referrals creates a conflict of interest to the extent that

such a referral is not unbiased. The solicitor is, at least partially, motivated by financial gain. Therefore, it is possible that such a referral may be made even if our advisory services are not the most suitable to a particular client's needs or when entering into an advisory relationship with us is not, overall, in the best interest of the client. EWM is under no obligation to accept the referred client. As these situations present a conflict of interest, we have established the following restrictions in order to ensure our fiduciary responsibilities:

All such referral fees are paid in accordance with the requirements of Rule 206(4)-3 of the Investment Advisors Act of 1940, and any corresponding state securities law requirements;

- Referrals received that EWM feels will not benefit from our services will be declined;
- Any such referral fee will be paid solely from our advisory fee, and will not result in any additional charge to the client; and
- All referred clients are required to sign a Solicitors Disclosure Document that fully discloses the solicitor's relationship with our firm and acknowledges the receipt of our Firm Brochure and other appropriate disclosures.

Several EWM investment advisor representatives, who are also registered representatives of Private Client Services, LLC, are contracted through EWM to participate in a networking agreement with a certain bank to offer non-deposit investment vehicles and investment advice on the premises of the bank. EWM pays rent to these banks and credit unions for the space utilized by these representatives within their buildings. As appropriate, these banks will refer clients to EWM.

Other than as described in Item 9 regarding indirect compensation to officers and individuals acting in separate capacity as an outside business activity, EWM nor our associated persons receive direct or indirect compensation related to referrals to affiliated entities EWMTS or EWMLS.

Clients referred to EWM through these arrangements are not charged higher fees than other EWM clients not referred by a third party. These arrangements create certain conflicts of interest as the advisors contracted within the networking agreement have incentive to spend a disproportionate percentage of their time on the premises of these financial institutions, or in servicing clients referred by these financial institutions in order to generate additional referrals. EWM seeks to mitigate this conflict through the Private Wealth Advisors acceptance of the EWM Code of Ethics, and ongoing review and monitoring of bank and non-bank clients of the Private Wealth Advisor. EWM closely follows the guidance and requirements set forth by the INTERAGENCY STATEMENT ON RETAIL SALES OF NONDEPOSIT INVESTMENT PRODUCTS dated February 15, 1994, and the letter dated November 24, 1993 from the Securities and Exchange Commission to Chubb Securities Corporation.

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## FINANCIAL INFORMATION

This item is not applicable to this brochure. Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement. EWM does not have any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. EWM has not been the subject of a bankruptcy petition at any time during the past ten years or prior.