

**FORM ADV Uniform Application for Investment Adviser Registration  
Part 2A: Investment Adviser Brochure  
Item 1: Cover Page**

**Carolina Financial Advisors, Inc.**

**CRD # 118823**

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*This brochure provides information about the qualifications and business practices of Carolina Financial Advisors, Inc. If you have any questions about the contents of this brochure, please contact us at the phone number listed above.*

*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. Please note, where this brochure may use the terms "registered investment adviser" and/or "registered", registration itself does not imply a certain level of skill or training.*

*Additional information about the firm and its representatives is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)*

## **Item 2: Material Changes**

The material changes in this brochure from the last annual updating amendment of Carolina Financial Advisors, Inc. on 02/25/2021 are described below. Material changes relate to Carolina Financial Advisors, Inc. policies, practices or conflicts of interests only.

Carolina Financial Advisors, Inc. has transitioned to registration with the United States Securities and Exchange Commission from its prior registration at the state level.

Carolina Financial Advisors, Inc. has updated their contact information (front page).

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## **Item 4: Advisory Business**

Established in 2000 by President, Christopher Wick Jones, Carolina Financial Advisors, Inc., (the “Firm” “CFA” or us, we, our) is a North Carolina corporation and is a registered investment adviser in the State of North Carolina. CFA provides portfolio management services (or investment management services) on a discretionary basis. We also provide financial planning services to Clients (you, your).

The portfolio management services include the following:

- Establishing investor goals;
- Developing an investment policy;
- Defining investment goals and the strategies required to attain them; and
- Making recommendations on asset allocation, selection of investments and portfolio management;

CFA’s investment advisory services include an assessment of the Client’s specific investment goals, objectives, risk tolerances as distinguished from those of other Clients, including all relevant financial data (including, employment, income, tax bracket, family obligations, etc.).

### ***Financial Planning Services***

CFA provides financial plans that are based on the individual client’s financial, risk/reward objectives and tax status. The financial plans may be comprehensive or segmented. Typical planning engagements include:

- Planning for financial independence;
- Planning for major purchases;
- Education funding;
- Income and estate tax planning; and
- Family wealth preservation and transfer

CFA’s financial planning services typically involve the review of a client’s overall financial situation, personal and financial goals, risk tolerance and objectives.

### ***Investment Policy***

The investment policy of CFA is preservation of principal. CFA’s priorities for account management include:

- Emphasize quality securities
- Diversify investments in keeping with the particular client’s investment plan
- Limit each security position as a percentage of the total portfolio

- Consider selling a portion of a position when it becomes too large a percentage of the portfolio
- Establish and maintain research coverage on securities and monitor price behavior
- Follow buy and sell points established by research
- Achieve the lowest average cost by building each position gradually according to fundamentals and market conditions
- Minimize transactions and commission costs through discounts or institutional rates
- Avoid speculation, aggressive trading, the new-issue market, options, tax shelters and non-liquid securities.

The principal owner of Carolina Financial Advisors, Inc. is Mr. Christopher Wick Jones.

As of December 2020, Carolina Financial Advisors, Inc. managed \$139,029,766 in discretionary assets and \$20,083,036 non-discretionary assets.

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

### **Fees for Investment Management Services:**

Compensation is based on total assets under management.

<b>Assets Under Management</b>	<b>Annual Management Fee:</b>
\$0 to \$1,000,000	1.00-2.5%
\$1,000,001 to \$2,000,000	0.85-2.5%
\$2,000,001 to \$5,000,000	0.65-2.5%
\$5,000,001 to \$10,000,000	0.50%-2%
Above \$10,000,000	To be negotiated.

Clients are charged at the end of the quarter. Fees are billed in arrears after the close of the quarter.

Investments in mutual funds may incur management fees in addition to those charged by CFA (see below).

### **Fees for Individual Financial Planning Services:**

Clients may choose either an hourly fee or a fixed fee. Hourly fee clients are billed the actual number of hours spent by CFA at an agreed upon rate. All fees are billed in arrears.

### **General Information on Advisory and Financial Planning Services / Fees**

1. All client accounts may be invested in mutual funds, exchange traded funds (or similar securities). These securities carry additional fees and expenses (including advisory fees) that are in addition to CFA's fees for our services. As a result, you should evaluate the total of the fees to ensure the services received are reasonable from a total cost perspective.

2. CFA's fees are negotiable whether for advisory or financial planning services.
3. Accounts for employees and their family members (or friends of CFA) may be managed for reduced fees or no fee. Exceptions to our standard fees (charged to Clients who are not employees, their family members or friends of the firm may result in a conflict of interest and possibly variation in the degree to which the accounts are managed. However, our services are consistently provided to all clients, including those described here.

At no time will CFA direct funds to itself or its employees, with the exception of the deduction of management fees. These management fees may be deducted from the client's account(s) only when the following occur:

1. The Client authorizes the account custodian in writing to accept directions of CFA to deduct the fee (as stated in the advisory agreement);
2. The Client is sent an informational invoice and the custodian is advised of the amount to be deducted simultaneously. The invoice to the client shows the base amount on which the fee is calculated, the fee percentage and the actual amount to be deducted;
3. The quarterly or monthly statements from the custodians must show the deduction of the management fee in the listing of transactions occurring in the account during the period.

David L. Belk and William ("Bill") Poland, in their outside business activities (see Item 10 below) are licensed to accept compensation for the sale of insurance products to CFA clients. This may present a conflict of interest and could give the supervised person an incentive to recommend products based on the compensation received rather than on the client's needs. When recommending the sale of insurance products for which the supervised persons receives compensation, CFA will document the conflict of interest in the client file and inform the client of the conflict of interest.

Commissions are not CFA's primary source of compensation for advisory services. Advisory fees that are charged to clients are not reduced to offset the commissions or markups on insurance products recommended to clients.

#### **Item 6: Performance-based fees and Side-by-Side Management**

CFA does not charge any performance-based fees (fees based on a share of capital gains or capital appreciation of the client's assets).

## **Item 7: Types of Clients**

CFA provides investment advisory services to:

- individuals;
- trusts;
- estates;
- corporations;
- pensions and/or profit-sharing plans; and
- non-profit organizations

CFA provides financial planning services to individuals.

CFA does not require a minimum to establish an investment advisory account. CFA will recommend to Clients that they start their managed accounts with a minimum of at least \$250,000.

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

CFA's methods of analysis and investment strategies include:

- fundamental,
- technical and cyclical.

Fundamental analysis involves the fundamental financial condition and competitive position of a company. CFA will analyze the financial condition, capabilities of management, earnings, new products and services, as well as the company's markets and position amongst its competitors in order to determine the recommendations made to clients. The primary risk in using fundamental analysis is that while the overall health and position of a company may be good, market conditions may negatively impact the security.

Technical analysis involves the analysis of past market data rather than specific company data in determining the recommendations made to clients. Technical analysis may involve the use of charts to identify market patterns and trends which may be based on investor sentiment rather than the fundamentals of the company. The primary risk in using technical analysis is that spotting historical trends may not help to predict such trends in the future. Even if the trend will eventually reoccur, there is no guarantee that CFA will be able to accurately predict such a reoccurrence.

The types of investments recommended are:

- equity securities (including exchange-listed securities, securities traded over-the-counter and foreign issuers through ADRs (American depository receipts traded on US exchanges),
- corporate debt securities (other than commercial paper),
- certificates of deposit,
- municipal securities,

- investment company securities (including variable annuities and mutual fund shares),
- U.S. Government securities and participation or interests in client transactions,
- options contracts on securities,
- interests in partnerships investing in real estate

The main sources of research information used by CFA include:

- financial newspapers and magazines,
- inspections of corporate activities,
- research materials prepared by others,
- corporate rating services,
- timing services,
- annual reports,
- prospectuses,
- filings with the SEC and company press releases.

CFA uses the following strategies in its investment advisory business: long-term purchases (securities held longer than one year), short-term purchases (securities sold within a year), trading (securities sold within 30 days), short sales and option writing (including covered options, uncovered options or spreading strategies).

### **Risk of Loss:**

All investments are subject to the following principal risks:

The value of securities in the portfolio will go up and down. Consequently, the overall valuation of the account may decline and you could lose money. The stock market is subject to significant fluctuations in value as a result of political, economic, and market developments. If the stock market declines in value, the portfolio is likely to decline in value. Because of changes in the financial condition or prospects of specific companies, the individual stocks selected by CFA may decline in value, causing the account to decline in value.

### **Item 9: Disciplinary Information**

Rule 206(4)-4 of the Investment Advisers Act of 1940 requires investment advisers to provide clients with disclosures as to any legal or disciplinary activities deemed material to the client's evaluation of the adviser.

Please note, neither the Firm nor its personnel have any disciplinary, regulatory, criminal, civil, or otherwise reportable history to disclose at this time.



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

William Scott Poland is a licensed insurance agent. From time to time, he will offer clients advice or products from this activity through his wholly owned corporation, Kingdom Vision Financial, Inc. Clients should be aware that these services frequently pay a commission and involve a possible conflict of interest, as commissionable products can conflict with the fiduciary duties of a registered investment adviser. Carolina Financial Advisors, Inc. always acts in the best interest of the client; including in the sale of commissionable products to advisory clients. Clients are in no way required to implement the plan through any representative of Carolina Financial Advisors, Inc. or Kingdom Vision Financial, Inc. in their capacity as a licensed insurance agent.

William Scott Poland is the sole owner of Kingdom Vision Financial, Inc. dba Dries Poland Insurance.

David Leonard Belk is a licensed insurance agent. From time to time, he will offer clients advice or products from this activity through his wholly owned corporation, Belk & Associates, Inc. Clients should be aware that these services frequently pay a commission and involve a possible conflict of interest, as commissionable products can conflict with the fiduciary duties of a registered investment adviser. Carolina Financial Advisors, Inc. always acts in the best interest of the client; including in the sale of commissionable products to advisory clients. Clients are in no way required to implement the plan through any representative of Carolina Financial Advisors, Inc. or Belk & Associates, Inc. in their capacity as a licensed insurance agent.

David Leonard Belk is the sole owner of Belk & Associates DBA Belk Financial Group.

The Firm employs the services of Sheets Smith Wealth Management (“SSWM”), an SEC registered investment adviser, to act as a sub-adviser for certain client accounts. Compensation for these sub-advisory services is made directly by the Firm at no cost to the Client. The utilization of this service is discussed in advance with the Client as to the appropriateness of the “buy and hold approach” utilized by SSWM.

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

### **Code of Ethics:**

As required by Rule 204A-1 of the Investment Advisers Act of 1940, CFA has adopted a Code of Ethics. The Firm has determined to set forth guidelines for professional standards, under which all employees of the Firm are to conduct themselves. The Firm has set high standards, the intention of which is to protect client interests at all times and to demonstrate its commitment to its fiduciary duties of honesty, good faith and fair dealing with clients.

A copy of the Firm’s Code of Ethics will be provided to any client upon request by contacting the President, Mr. Christopher Jones at (336) 379-0300.

**Participation of Interest in Client Transactions:**

We follow our own advice. Therefore, our employees and principals of CFA from time to time may have an interest in securities which are recommended to or owned by CFA clients. Employees may buy or sell securities identical to those recommended to customers for their personal accounts. Even though CFA employees are investors who could not noticeably affect the market, the fact that we own, purchase or sell the same securities (at the same time or different times) as we recommend or purchase or sell securities for Clients poses a conflict of interest.

**Item 12: Brokerage Practices**

As described under Item 4, above, we may have investment discretion to select the securities and amount of securities for your accounts that we manage (see Item 16, below).

Our recommendations and decisions that we implement are based on our determination of suitability of the recommendation for your specific investment objectives and needs. When we have investment discretion, we select the security, the amount of security and timing of the transaction. We then place the transaction without obtaining your specific consent on a transaction-by-transaction basis.

**Discretionary Brokerage:** Included in discretionary authority is the authority to select the broker or dealer to be used in the purchase and sale of securities, in which case the commission rates paid are based on institutional discounts or discount brokerage fee schedules.

**Directed Brokerage:** Some clients may have a pre-established relationship with a broker and will instruct CFA to execute all transactions through that broker. In this case, it is understood that CFA may not have authority to negotiate commissions or obtain volume discounts and best execution may not be achieved. When the client chooses the broker, there may be a disparity between the commissions a client pays and those paid by other clients who do not direct us to use a broker or those clients who direct us to use different brokers.

CFA recommends and may utilize Charles Schwab & Co., Inc. Advisor Services, Fidelity Investments, Inc., National Financial Services, LLC (“Fidelity”), Vanguard Institutional Service, or other providers that would enhance serving client accounts.

These custodians are independent and third-party qualified custodians, utilized to maintain custody of clients’ assets and to effect trades for their accounts.

CFA is independently owned and operated and is not affiliated with any custodian or broker dealer. These custodians provide CFA competitive discount rates, electronic interfaces for order entry, market executions at inside prices and electronic access to account data, block trading fees, fee disbursement service, duplicative statements, confirmations and direct access to the Fidelity Fund Family as well as Fidelity’s Institutional Wealth Management

Program.

Custodial services include brokerage, custody, research and access to mutual funds and other investments that are generally available only to institutional investors or would require a significantly higher minimum initial investment.

**Soft Dollars:** In selecting brokers to affect securities transaction for a client, consideration is given to the quality of the selected broker's execution of similar transactions, the commission rates charged and in some cases, the quantity and quality of research and/or other investment advisory support provided by the broker.

CFA may recommend or use a broker who provides useful research and securities transaction services even though a broker who offers no research services and minimal securities transaction assistance may charge lower commissions. Directing transactions in such a manner and receiving research and execution services is called "soft dollars." The research and other investment advisory support services include:

- macro- and micro-economic reports,
- industry-wide reports,
- reports on specific investment selection of investment vehicles, personal consultation, and in some cases, software and electronic linkages which facilitate execution and record keeping.

In addition, Fidelity may make available, arrange and/or pay for these types of services rendered to CFA by independent third parties. Fidelity 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 CFA.

As a fiduciary, CFA endeavors to act in its clients' best interests, CFA recommends that clients maintain their assets in accounts at Fidelity may be based in part on the benefit to CFA of some of the services and products provided by Fidelity and not solely on the nature, cost or quality of custody and brokerage services provided by Fidelity, which may create a potential conflict of interest.

Clients may at times pay commissions to brokers not directly responsible for the particular research or services which led to or facilitated the transaction generating the commission. Conversely, they may benefit from research or service paid for by commissions paid by others. CFA balances its use of brokers to ensure that commissions do not exceed the value of any research and service provided and also to ensure that clients receive fair benefit from research and investment services provided to CFA in exchange for the commissions they pay.

**Block / Aggregated Transactions:** At times, CFA is able to achieve volume discounts by aggregating orders on behalf of two or more clients. In such cases, transactions for each account are generally averaged as to price and allocated as to amount in accordance with the daily purchase or sale orders placed for each account. Such combined or "batched"

trades may be used to facilitate best execution, including negotiating more favorable prices, obtaining more timely or equitable execution or reducing overall commission charges.

### **Item 13: Review of Accounts**

#### **Portfolio Management Accounts:**

On a quarterly basis, asset management client accounts are reviewed by the advisor assigned to the client and an investment statements are provided to Clients. More frequent reviews may be triggered by major market changes.

Securities that are held in a number of Client accounts are monitored on at least a monthly basis and frequently on a daily or weekly basis. CFA's emphasis is on a continuing monitoring of specific investments in Client accounts.

CFA requires that Clients use custodians that issue at least quarterly reports.

Individual portfolio managers update investment policies as needed and independently review the client portfolios they manage. Account managers review, among other issues: portfolio performance, withdrawals and additions, and portfolio segmentations and allocation.

Reports on advisory accounts are normally provided monthly by the institution having custody of the account. Such reports include, among other items:

- A list of individual securities
- Market value of individual securities
- Dividends and interest to date
- Market value of the portfolio

#### **Other Clients:**

CFA provides some investment advice on some Client employer retirement accounts and on variable annuities. CFA provides quarterly investment statements to Clients. The plan trustee of the employer retirement account determines the frequency of reporting and for annuity accounts held with insurance companies the policy determines the manner of reporting.

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

#### ***Institutional Custodian Services***

Institutional brokerage custodians, SUCH AS Fidelity, Charles Schwab, and Vanguard MAY make available to CFA other products and services that benefit CFA but may not directly benefit its clients' accounts. Some of these other products and services assist CFA 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)
- Advice, Research, and market analyses and reports
- Access to mutual funds and other investments that are otherwise generally available only to institutional investors
- Pricing information and other market data
- Facilitate payment of CFA's fees from client accounts
- Educational events
- Occasional business entertainment of CFA personnel
- Assistance with back-office functions, record keeping and client reporting

Many of these services generally may be used to service all or a substantial number of CFA accounts including accounts not maintained at a particular custodian. Custodians also make available to CFA other services intended to help CFA manage and further develop its business enterprise. These services may include:

- Consulting
- Publications and conferences on practice management
- Information technology
- Business succession
- Regulatory, compliance and marketing

CFA may pay "finders fees" to solicitors complying with Rule 306(4)-3. [To date no such fee has ever been paid.]

CFA subscribes to WiserAdvisor.com which is a lead generation service for Registered Investment Advisers and other financial professionals. In exchange for these services, CFA pays annually, monthly and/or one-time fees depending on the fee arrangement of the service.

## **Item 15: Custody**

CFA does not maintain or accept custody of client funds or securities.

## **Item 16: Investment Discretion**

CFA practices custom management of portfolios, on a discretionary basis, according to the client's objectives.

CFA has discretionary authority to determine:

- (1) the securities to be bought or sold for a client's account; and
- (2) amount of securities to be bought or sold for a client's account;

In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

The client should report any change in their personal information, financial situation and/or investment objective to the Firm promptly in writing.

Non-discretion means that we must obtain your specific consent (verbal or in writing) on a transaction-by-transaction basis. As a result, clients must be available to CFA during market hours. If we cannot reach you to approve recommended transactions, we cannot place those transactions on your behalf (and you may suffer economic loss due to rapidly moving markets (up or down)).

### **Item 17: Voting Client Securities**

Rule 206(4)-6 of the Investment Advisers Act of 1940 requires SEC registered advisers with proxy voting authority to disclose a summary of their proxy voting policies and offer to deliver to clients their complete proxy policy.

It is CFA's policy to have custodians of client accounts send all proxy voting material directly to the client.

Accordingly, CFA does not review specific proxy voting material as a matter of course, but only upon a request for advice. In instances in which we negotiate an exception to normal policy and agree to vote proxies the proxy voting policy is negotiated with the client and must be made part of a written contract.

### **Item 18: Financial Information**

Registered investment advisers are required to disclose certain financial information or disclosures about Carolina Financial Advisors, Inc.'s financial condition. The Firm has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.