

**ITEM 1 – COVER PAGE****FORM ADV PART 2A – FIRM BROCHURE**

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March 31, 2022

This brochure provides information about the qualifications and business practices of Pinnacle Wealth Advisors, Inc., *doing business as*, Pinnacle Wealth Advisors. If you have any questions about the contents of this brochure please contact us at the telephone number or web address listed above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Please note that the use of the term “registered investment advisor” and description of our firm and/or our associates as “registered” does not imply a certain level of skill or training. Clients are encouraged to review this brochure and any brochure supplements (“brochure supplements”) for more information on the qualifications of our firm and our associates.

Additional information about Pinnacle Wealth Advisors is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable CRD number for Pinnacle Wealth Advisors is 117517.

**ITEM 2 – MATERIAL CHANGES**

We have not made any material changes to this brochure since our prior brochure dated March 17, 2021.

We will ensure that all current clients receive a Summary of Material Changes to this and subsequent brochures within 120 days of the close of our fiscal year. A Summary of Material Changes is also included within our brochure available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for our firm is set forth on the cover page of this document. Clients will further be provided with disclosure about material changes affecting our firm or a new brochure as may become necessary or appropriate at any time, without charge.

A copy of our brochure may be requested, free of charge, by contacting us at the telephone number reflected on the cover page of this document.

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## ITEM 4 – ADVISORY BUSINESS

Pinnacle Wealth Advisors, Inc., *doing business as* Pinnacle Wealth Advisors, is an independent investment advisor firm registered with the SEC. Our offices are located in Clackamas, Oregon. Our firm was founded by Raymond Birch in 1995. The name of the firm was changed to Pinnacle Wealth Advisors, Inc. in 2012. Aaron Christopherson, CFP®, is the President and managing principal of PWA.

The information contained in this brochure describes our investment advisory services, practices, and fees. Please refer to the description of each investment advisory service listed below for information on how we tailor our services to the needs of our clients. As used throughout this firm brochure, the words “PWA,” “we,” “our,” “firm,” and “us” refer to Pinnacle Wealth Advisors, and the words “you,” “your,” and “client” refer to you as either a client or prospective client of our firm.

We offer investment supervisory services to our clients which incorporate ongoing management of client portfolios, financial planning, and consulting advice. For clients where this more comprehensive service offering is not a fit, we offer stand-alone financial planning services. We also provide retirement plan consulting services to qualified retirement plans and their fiduciaries. Our investment advice is always tailored to the unique circumstances, financial goals, and investment profiles of our clients. A description of the individual investment advisory services we offer is set forth below.

Investment Supervisory Services. Our investment supervisory services may be engaged on either a “full service” basis or under our “new investor” program. In either arrangement, we will consult with you at the inception of our relationship and periodically thereafter to review your overall financial circumstances, investment objectives and needs, time horizon for investments, tolerance for risk, and other factors we deem relevant to understanding your unique “investor profile.” You may impose reasonable restrictions on our management of your investment accounts (*e.g.*, limiting the specific securities, types of securities, or market sectors in which we may invest your assets) at any time. While we strive to consult with clients frequently, you are encouraged to promptly and proactively advise us of any material changes in your financial circumstances, income, and cash flow needs during our relationship. We will document your investor profile and investment restrictions in our client file, update them from time-to-time based on our periodic communications with you, and use them to guide our ongoing management of your investment accounts.

We will recommend an initial investment portfolio and investment strategy which aligns with your investor profile. Once a portfolio solution is agreed upon, we will implement the desired portfolio within your investment accounts, monitor your investments (including any SMAs, *defined below*) on an ongoing basis, and implement changes or rebalance your portfolio as needed or appropriate, in consideration of current economic conditions, our market opinions and assumptions, and what we believe to be your best interests. Investment allocation and security selection is our responsibility – you will be required to grant our firm *discretionary authority* to manage your investment accounts. This means that you will authorize PWA to direct transactions within your investment accounts *without* obtaining your consent prior to each transaction.

Client portfolios are typically constructed utilizing a diversified combination of some or all of the following instruments: individual stocks and bonds, mutual funds, exchange-traded funds (“ETFs”), and variable products (life insurance and annuities). Depending on the client’s financial circumstances, we may also recommend other instruments, including, without limitation, U.S. government and municipal securities, money market accounts, options, and certain alternative investments.

In some instances, we may recommend that you engage certain independent third party money managers (“Independent Managers”) to manage all or a portion of your account (each such sub-account, a “Separately Managed Account” or “SMA”), typically on a *discretionary* basis. Under this arrangement, the Independent Manager shall be responsible for all investment selection and trading decisions with respect to your SMA and shall directly manage it in accordance with your investment objectives and risk profile as communicated by our firm. We will serve in a co-advisory capacity with respect to your SMA(s), responsible for the initial and ongoing determination of the suitability of the Independent Manager’s investment program, monitoring the performance of your SMA(s), and recommending changes in your SMA allocations as we determine to be in your best interests.

The Independent Managers we recommend to you may contract with us directly to provide sub-advisory services to your account, may be accessible via the investment platform of your custodian, or may operate in an entirely independent capacity. In most instances, you will be required to execute a separate written investment advisory agreement and/or discretionary trading authorization in favor of the recommended Independent Manager(s). You will be provided with the Form ADV Part 2A (or equivalent disclosures) for any recommended Independent Managers in advance of engaging their services.

We offer and strongly encourage all of our clients to take advantage of our comprehensive web-based financial planning program, which generates an additional set of data points that further helps to guide our long-term investment and planning recommendations for the client’s assets. This comprehensive online planning tool helps take into account the unique nature of each client’s personal financial situation, as opposed to a “one size fits all” approach.

In addition to the portfolio management component of our services described above, clients who engage us on a “full service” basis also receive, at their election, a customized written financial plan that is tailored to assist them in the management of their overall financial affairs. Our financial planning recommendations are based on your unique investor profile and will address various topics relevant to your individual financial situation. The topics covered may include, without limitation, retirement planning, insurance review, cash flow management/budgeting, debt management, estate planning, education funding, charitable gift planning, and others. The written financial plan we provide you will reflect an overview of your overall financial circumstances, a summary of your investments, and our investment recommendations. We will review and update your financial plan periodically, as appropriate based on your financial needs and investment objectives, material changes in your financial circumstances, and otherwise, as you may reasonably request. We will also provide “full service” clients with ongoing financial consulting services designed to address common financial topics and issues relevant to the client’s financial plan and affairs. You will make the ultimate investment and implementation decisions with respect to any assets held outside of the accounts over which you have

granted us discretionary authority and will be responsible for monitoring of all such “held away” investments for which we provide planning or consulting recommendations.

Clients who engage us for investment supervisory services under our “new investor” program do not receive a customized written financial plan or ongoing financial consulting as part of this advisory service. Certain other restrictions and eligibility limitations apply to our new investor program – please see Item 5 for details.

Stand-Alone Financial Planning and Consulting. Financial planning and consulting services are also offered to clients on a stand-alone basis. Clients who engage us on this basis do not receive any review or update of their written financial plan following delivery, unless otherwise agreed.

Retirement Plan Consulting Services. We offer retirement plan consulting services to qualified retirement plans and their fiduciaries based upon the needs of the plan and the services requested by the plan sponsor or named fiduciary. In general, these services may include a review of an existing plan, formulation of the investment policy statement, assistance selecting and monitoring plan service providers, recommendations regarding investment selection, on-going consulting, portfolio management services, and participant enrollment and investment education services.

We do not offer, sponsor, or participate in any wrap fee programs.

The types of investments we typically recommend to clients are described above within the description of our investment supervisory services. We may also provide advice regarding investments held in your portfolio at the inception of our advisory relationship and/or other investment types not listed above, at the client’s request.

Please see Item 8 of this brochure for a description of the methods of analysis and investment strategies we typically utilize in advising client accounts.

As of December 31, 2021, PWA managed approximately \$148,143,370 in client assets on a fully discretionary basis, and approximately \$35,264,085 of client assets on a non-discretionary basis.

## ITEM 5 – FEES AND COMPENSATION

A description of the fees we charge for advisory services is set forth in this Item 5. We generally strive to ensure the equal treatment of all clients with respect to fees. Therefore, the standard fees discussed in this brochure are generally not negotiable, although we reserve the right to negotiate asset-based fees for accounts with market value in excess of \$7,000,000 and to make certain exceptions to our general fee policies for family members, friends or individuals personally known to us, and/or those who are employed by non-profit organizations. As an additional matter, individual clients may pay fees that are higher or lower (or otherwise materially different) than those described in this brochure based on certain legacy fee arrangements.

Fees for Investment Supervisory Services. For “full service” advisory engagements and “new client” program accounts, we typically charge annual asset-based fees in line with the fee schedules shown below. Fees are calculated as a percentage of the market value of the client’s investment account(s), as

calculated by the custodian. They are charged quarterly, in advance, based on the market value on the day assets are received into the client's account, and prorated through the end of the quarter. The value of annuities and outside 401k holdings are generally included for purposes of our fee calculations, unless otherwise agreed. Certain additional "Alternative Investment Fees" may apply where the client's account includes alternative investments. These additional fees are described separately below.

**Full Service Program Fee Schedule (Portfolio Management, Financial Planning, and Financial Consulting)**

<b>Household Assets*</b>	<b>Annual Asset-Based Fee (Retroactive to \$1.00)</b>
\$0 - \$ 99,999	1.60%
\$100,000 - \$249,999	1.35%
\$250,000 - \$499,999	1.20%
\$500,000 - \$999,999	1.15%
\$1,000,000 - \$2,499,999	1.00%
\$2,500,000 - \$3,999,999	0.95%
\$4,000,000 - \$6,999,999	0.90%
\$7,000,000 and above	0.85%

**New Investor Program Fee Schedule (Portfolio Management Only)**

<b>Household Assets*</b>	<b>Annual Asset-Based Fee (Retroactive to \$1.00)</b>
\$0 – \$10,000	0.00%
\$10,000 - \$99,999	0.85%

\* In the case of multiple accounts within a family, our billing is based on the collective value of all accounts held by the family members.

Under our new investor program, we do not provide the client with a comprehensive written financial plan, ongoing financial consulting services (beyond those related to management of the client's investment accounts), or access to alternative investments. New investor clients are also required to set up an automatic monthly deposit to the investment account to be managed by our firm under the program. Certain clients who have rollover retirement accounts may not be eligible to enroll in our new investor program and may be subject to fees of up to 1.00% of the market value of their rollover assets.

Our advisory fees for these services are directly deducted from the client's account held at the custodian. You will be required to authorize our direct deduction of fees in our written advisory agreement and/or in the account opening documentation of your custodian. We will first look to cash balances in your account or to liquidate money market shares to pay our advisory fees. In the event that cash balances or money market shares are not available, other investments may be liquidated to pay our advisory fees then due. We will only liquidate investments held your account for these purposes in line with our fiduciary duty to the client.

We will submit a request to the custodian each time a fee is to be deducted from your account. You will receive an account statement at least quarterly from the custodian showing all holdings and transactions

in your account during the period, including any deductions for advisory fees paid to our firm. The custodian is not responsible to verify the accuracy of our advisory fees. Therefore, clients are strongly encouraged to carefully and promptly review their custodial account statements upon receipt. If you have any question or concerns about our advisory fees or any transactions or holdings in your account, you should contact us at the telephone number listed on the cover page of this brochure.

For illustration purposes only, a client account with a value of \$734,500 on September 30th subject to the above fee policies would pay a quarterly management fee calculated as follows:

$$\$734,500 \times 1.15\% = \$8,446.75 / 4 = \$2,111.69.$$

### **Alternative Investment Fees**

Alternative investments (*e.g.*, privately offered real estate investment trusts or pooled investment vehicles, private equity funds, hedge funds, commodity pools, and/or other unregistered investment vehicles) may be subject to an additional annual asset-based advisory fee typically ranging from 1.50% - 2.00% per year of the value of each alternative investment held by the client (an "Alternative Investment Fee"). Alternative Investment Fees, if any, are charged to the client separate and in addition to our customary asset-based fees set forth in the fee schedules above, and are intended to recognize the increased costs and efforts required of PWA in sourcing and negotiating, performing due diligence and suitability analysis upon, and monitoring the progress of such investments on behalf of the client. These fees are charged to the client quarterly, in advance, and are typically directly deducted from the client's account held at the custodian. The specific Alternative Investment Fee charged by PWA will be agreed with the client in writing and will vary with respect to each alternative investment in which the client participates. PWA will attempt to offset some portion of the cost of its Alternative Investment Fees by negotiating favorable investment terms on behalf of the client with the issuer or sponsor of the alternative investment. For example, in some instances, PWA may be able to obtain for the client preferential interest payments or returns, liquidity terms, or lock-up provisions from the issuers or sponsors of the recommended alternative investment(s). The aggregate amount of asset-based advisory fees charged to any client, *inclusive of any Alternative Investment Fees*, typically shall not exceed a maximum of 2.00% of the total market value of the client's account per year.

### **Independent Manager Fees and Third Party Professional Fees**

Where Independent Managers are engaged to manage a portion of your assets, the amount of their advisory fees, billing schedule, and payment procedures are set forth in their separate written disclosure documents, advisory agreements, and/or the account opening documents of the client's account custodian. Typically, Independent Managers will directly deduct their advisory fees from the client's account held at the custodian. The Independent Manager's advisory fees are separate and in addition to our advisory fees, and will typically be paid directly from your account at the custodian. The client may be required to execute a separate written addendum to our advisory agreement acknowledging the additional advisory fees to be charged by any Independent Managers.

As part of our advisory services, we may also recommend that the client engage other third party professionals including attorneys, certified public accountants, and others. In the event the client chooses



to utilize any such other professionals, they will be separately subject to the fees charged by these independent specialists.

Fees for Stand-Alone Financial Planning and Consulting Services. Stand-alone financial planning clients typically pay fixed fees ranging from \$3,000 - \$5,000. We may occasionally agree to an hourly based fee arrangement wherein we may charge hourly rates up to \$250. The specific fee applied to your engagement will be set forth in a written advisory agreement and will be determined by PWA based on the scope of the services to be provided, the complexity of the client's assets and overall financial situation, our expectation of the time and resources necessary to complete our services, and other factors we deem relevant. These fees are invoiced to the client either in paper or electronic format and are due in full upon our delivery of the written financial plan or other requested financial guidance and recommendations. Payments are typically made by check or credit card, check, or other agreed upon payment method. Updates and reviews of stand-alone written financial plans are only conducted at the client's specific request and are subject to the payment of additional advisory fees.

Fees for Retirement Plan Consulting Services. PWA specializes in advising full service independent 401k programs for small and midsize firms. Plans are typically built on an 'open architecture platform,' with various providers competing for a company's plan. The services of a third party administrator are usually recommended, and all plans under our management are benchmarked against Fi360 to ensure a competitive fee structure and access to a wide variety of investment options. As a registered investment advisor, at the plan's option, we may serve as an "investment manager" to the plan under the Employee Retirement Income Security Act of 1974, and take responsibility as such under section 3(38) thereof.

We work closely with the plan or its named fiduciary to develop a competitive fee schedule that reflects the size of the plan as well as the number of participants and their level of involvement. In most instances, financial planning for participants is built into the pricing structure, which typically consists of an annual asset-based management fee ranging from 0.10% - 0.50% of the market value of the plan's account. In some instances, fixed annual fees may apply.

Termination Policies. All clients must sign a written investment advisory agreement with PWA prior to the commencement of any advisory services. Our advisory services may be terminated at any time by either party on written notice delivered to the non-terminating party. The client has a right to terminate our advisory services within five (5) business days after entering into an advisory contract with PWA, without incurring any advisory fees or penalties of any kind from PWA. For any termination occurring thereafter, any unearned fees for services paid in advance will be returned to the client, prorated based upon the date of termination. Any earned but unpaid fees will be invoiced to the client at termination and are due in full upon presentation to the client. Where a fixed fee applies, the client shall pay us an amount equal to our binding, good faith estimate of the value of the services provided through the date of termination. While PWA imposes no termination fees or penalties of any kind for early termination, the client may potentially incur some transaction costs (imposed by the custodian) associated with liquidating their portfolio, in the event that they wish to no longer stay with the current custodian. In the event that the client chooses to stay with the existing custodian, PWA will be removed as the advisor on the client's account.

Additional Costs and Fees. Our advisory fees do not cover any of the following costs, which shall be paid separately by the client, as applicable: customary transaction costs and brokerage commissions related to activity in the client's brokerage account; custodial fees, reporting charges, taxes, margin costs, wire transfer fees and other similar charges; the costs of any advisory fees charged by Independent Managers; and any internal costs and fees charged in connection with investments in any mutual funds, ETFs, variable products, and/or alternative investments. To fully understand the total cost you will incur when engaging our services, you should review the prospectus and related materials provided by each mutual fund, ETF, alternative investment and/or Separately Managed Account program in which you participate and the contractual arrangement entered with your account custodian.

Compensation for Sales of Securities. Neither our firm, nor any of our associated persons, receive or accept any additional compensation in connection with the sale of any securities to clients.

Compensation for Sales of Insurance Products or Services. Certain associated persons of PWA are licensed to sell insurance in one or more states and may be affiliated with a licensed general insurance agency (including our affiliate, Financial Techniques, Inc.) or act as a direct agent representative of a specific insurance company or companies. Insurance related business may be transacted with advisory clients and PWA's insurance licensed individuals, and/or our affiliate, Financial Techniques, Inc., may receive commissions and fees, including trailing commissions, as a result of the sale of insurance products or services to clients. These insurance related commissions and fees are separate and distinct from the fees paid to PWA by its clients in connection with the firm's provision of investment advisory services.

The receipt of insurance related commissions or fees by any individuals associated with our firm or our affiliate, Financial Techniques, Inc., presents a conflict of interest insofar as it creates a financial incentive for our firm and/or our associated persons to recommend certain insurance products and services to clients over other products that would not generate such additional compensation. In some instances, PWA, its associated persons, and/or affiliate may receive both trailing commissions and advisory fees related to insurance products sold to clients. This creates a further conflict of interest because the firm can be viewed as being compensated twice for recommending and monitoring the same underlying insurance product(s).

As fiduciaries, we must act primarily for the benefit of our investment advisory clients. As such, we will only transact insurance related business with clients when fully disclosed, suitable, and appropriate. Further, we must determine in good faith that any commissions or fees paid to our associated persons are appropriate. Clients are under no obligation to use any individual associated with our firm for the purchase of any insurance products or services. Clients may use any insurance firm or insurance agent they choose. We encourage you to ask us about the conflicts of interest presented by the insurance licensing of our associated persons.

Individual Retirement Account Rollover Disclosure. As part of our investment advisory services to you, we may recommend that you roll assets from your employer's retirement plan, such as a 401(k), 457, or ERISA 403(b) account (collectively, a "Plan Account"), to an individual retirement account, such as a SIMPLE IRA, SEP IRA, Traditional IRA, or Roth IRA (collectively, and "IRA Account") that we will manage on your behalf. We may also recommend rollovers from IRA Accounts to Plan Accounts, from Plan Accounts to Plan

Accounts, and from IRA Accounts to IRA Accounts. When we provide any of the foregoing rollover recommendations we are acting as fiduciaries within the meaning of Title I of the ERISA and/or the Internal Revenue Code ("IRC"), as applicable, which are laws governing retirement accounts.

If you elect to roll the assets to an IRA that is subject to our management, we will charge you an asset-based fee as set forth in the advisory agreement you executed with our firm. This creates a conflict of interest because it creates a financial incentive for our firm to recommend the rollover to you (*i.e.*, receipt of additional fee-based compensation). You are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by our firm. Due to the foregoing conflict of interest, when we make rollover recommendations, we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours.

Under this special rule's provisions, we must:

- meet a professional standard of care when making investment recommendations (give prudent advice);
- never put our financial interests ahead of yours when making recommendations (give loyal advice);
- avoid misleading statements about conflicts of interest, fees, and investments;
- follow policies and procedures designed to ensure that we give advice that is in your best interest;
- charge no more than a reasonable fee for our services; and
- give you basic information about conflicts of interest.

Many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, you should consider the costs and benefits of a rollover.

Note that an employee will typically have four options in this situation:

1. leaving the funds in your employer's (former employer's) plan;
2. moving the funds to a new employer's retirement plan;
3. cashing out and taking a taxable distribution from the plan; or
4. rolling the funds into an IRA rollover account.

Each of these options has positives and negatives. Because of that, along with the importance of understanding the differences between these types of accounts, we will provide you with a written explanation of the advantages and disadvantages of both account types and the basis for our belief that the rollover transaction we recommend is in your best interests.

## **ITEM 6 – PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

We do not charge any performance-based fees (fees based on a share of capital gains on or capital

appreciation of your assets) or engage in the side-by-side management of accounts.

PWA and/or individuals associated with our firm may manage accounts which belong either to themselves, individually, or to their family or their affiliates (collectively, "Proprietary Accounts") while simultaneously managing client accounts. It is possible that orders for Proprietary Accounts may be entered simultaneously (but typically only as part of a block trade) with, or opposite to, orders for client accounts, pursuant to, for instance, a neutral allocation system, a different trading strategy, or trading at a different risk level. The management of any Proprietary Account is subject to our Code of Ethics and the duty of our firm and its personnel to exercise good faith and fairness in all matters affecting client accounts.

## ITEM 7 – TYPES OF CLIENTS

We typically provide advisory services to individuals, high net worth individuals, pensions, 401(k) and profit sharing plans, trusts, estates, partnerships, corporations, and other business entities.

We do not impose any minimum account size or fee minimums of any kind to open or maintain an advisory relationship with our firm.

## ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS

PWA utilizes a variety of sources to assess risk and opportunities in the capital markets. We have developed a network of sources and contacts to provide us with information necessary to assist our investment process. These include, but are not limited to, fund company research, newspapers and magazines, web-based data, proprietary paid independent research, timing services, press releases, and other sources.

The investments we primarily recommend are individual equities of both U.S. and foreign issuers, ETFs, mutual funds, SMAs, corporate debt (bonds), municipal securities, U.S. government securities, certificates of deposit, and variable products (life insurance and annuities). Where appropriate, we may also recommends the use of certain options strategies, typically involving the use of covered calls.

Our investment strategies include buying securities, including individual stocks, ETFs, and mutual funds for the long term (*i.e.*, with the intention that they held within the portfolio for a period of 12 months or more), short term (*i.e.*, with the intention that they be held within the portfolio for a period less than 12 months), and trading, option writing, including covered calls, and/or other spreading strategies. In addition, where appropriate, some clients may receive recommendations to participate in certain alternative investments.

We are cognizant of the current tax implications for 'non-retirement' accounts and prefer to adopt strategies that offer us the ability to incur long term capital gains rates for our clients, where at all possible.

Our risk management strategies include the following:

- seeking a high level of diversification by utilizing non-correlated assets within client accounts.

- designing portfolios that match the investment horizon of each individual client. Typically longer-term horizons will increase the likelihood of shorter-term volatility.
- maintaining a sufficient amount of bond mutual funds and/or cash to ensure cash flow can be maintained even during periods of shorter-term market declines.
- investing in bond funds with shorter maturities when the risk of rising interest rates exists.
- utilizing ETFs and mutual funds within client accounts to provide for investor diversification via access to many individual holdings within one asset class.
- where appropriate, utilizing a 'covered call' option strategy that allows us to lower the cost basis of a position (through the collection of an option premium) and quantify the upside potential.

Stocks generally and historically have a higher risk of loss than bonds. Emerging market exposure may contain the risk of unstable governing countries. When investing in international markets, investors are also exposed to the potential risk of the local currency and its relationship to the U.S. dollar, resulting in higher or lower returns based on the currency under performance or outperformance against the U.S. dollar.

Where an Independent Manager is recommended, clients should note that a past track record of success cannot be relied upon as a predictor of the Independent Manager's investment success in the future. In addition, the underlying holdings of your SMA(s) are typically determined by the Independent Manager directly, and may change overtime without advance warning to PWA, creating the potential for overlap with other investments held in your account. This increase in the correlation of your holdings will increase the risk of loss where the value of any overlapping holdings should decrease. There is also a risk that an Independent Manager may deviate from the stated investment mandate or strategy of your SMA, which could make the holding(s) less suitable for your portfolio. PWA does not control any Independent Manager's daily business and compliance operations, and thus our firm may be unaware of any lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

Investors choosing to invest in alternative investments face the potential risk of loss of principal, interest, or both. Alternative investments are typically illiquid, and carry company specific interest rate and economic risk. They also typically involve various internal charges and costs of participation which are higher and which are not typically associated with investments in public (market-traded) securities, such as administration, audit, redemption, and accounting fees, and various other fees and costs. Alternative investments could see investor principal tied up for longer than the stated investment period, and a worst case scenario may see investors losing some or all of their principal.

More generally, clients are advised that alternative investments involve a substantially higher degree of risk and are more speculative than public (market-traded) securities. They are not appropriate for all clients. You should be financially capable of accepting an extremely high degree of risk and should have significant resources beyond those invested in any alternative investment or privately offered security. Stated differently, your alternative investments should purely represent "risk capital" within your overall investment portfolio, the complete loss of which would have insubstantial effect on your overall financial circumstances and financial goals. Clients are urged to carefully review any disclosure documents, operating agreements, subscription materials, private placement memoranda, prospectuses and similar

documentation provided by the issuers of private securities with their independent legal and tax advisors before investing.

Investors must be aware that our strategies do not alleviate all investment risk. We use our best judgment in the management we provide our clients, based on their stated risk tolerance and investment objectives in line with our role as your fiduciary. You should understand that typically, the higher the expected return of a portfolio, the higher the risk of volatility and loss.

Not every investment recommendation we make will be profitable, and we cannot warrant or guarantee any level of account performance. **Investing in securities involves risk of loss that clients should be prepared to bear.** Clients assume all market risk (both domestic and foreign) involved in the investment of their account assets.

Except as otherwise provided by law, we are not liable to clients for:

- Any loss that clients may suffer by reason of any investment recommendation we make with the degree of care, skill, and diligence under the circumstances that a prudent individual acting in a fiduciary manner would use; or
- Any independent act or failure to act by a custodian of client accounts.

Nothing in this brochure should be interpreted to limit or modify PWA's fiduciary duties to its clients and nothing herein shall act as a waiver of any right or remedy that a client may have under federal or state securities laws. Federal and state securities laws impose liabilities under certain circumstances on persons who act in good faith.

While we will make reasonable efforts to update your suitability information and investment profile at least annually, we strongly encourage you to give us complete information and to promptly notify us of any changes in your financial circumstances, income level, investment goals or employment status. We encourage you to contact us regularly to discuss any such changes.

## ITEM 9 – DISCIPLINARY INFORMATION

PWA does not believe there are any legal or disciplinary events that would be material to your evaluation of our personnel or our services.

## ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Except as indicated in Item 5 with respect to the insurance licensure of our associated persons and affiliates and in Item 14 with respect to solicitation arrangements, PWA does not have any relationships, industry activities, affiliations or arrangements and does not collect any additional compensation, directly or indirectly, that create a material conflict of interest with its clients.

PWA and its associated persons are not registered, nor do they have an application pending to register, as a broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor, or representative of any of the foregoing.

## ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENTS TRANSACTIONS AND PERSONAL TRADING

Our Code of Ethics. At PWA, we have adopted a Code of Ethics that governs our practice and the behavior of all employees and individuals associated with our firm.

The overriding themes of our Code of Ethics are as follows:

- To treat our clients at all times, as we would want to be treated, manifested in the highest level of professionalism and integrity.
- To fully disclose to clients the manner in which we are compensated and any conflicts of interest that may exist.
- To protect the confidentiality of client information and ensure the confidence of our clients, given the high level of referrals that our practice enjoys.

Our Code of Ethics is designed to prevent conflicts of interest between the financial interests of clients and the interests of the firm and its staff. Accordingly, it contains among other procedures, a requirement that our “access persons” report their personal securities transactions quarterly and report all securities positions in which they have a beneficial interest at least annually. These reporting requirements allow supervisors at the firm to determine whether to allow or prohibit certain employee securities purchases and sales based on transactions made, or anticipated to be made, in the same securities which may be purchased or sold for client accounts. The Code of Ethics is required to be reviewed annually and updated as necessary.

We will use reasonable care and exercise our independent judgment when conducting investment analysis, making investment recommendations and taking investment actions.

In our fiduciary capacity we owe you honesty, transparency, respect, competence and loyalty. You may request a copy of our Code of Ethics, free of charge, by contacting us at the telephone number reflected on the cover page of this brochure.

Material/Proprietary Interests in Securities Recommended to Clients. Raymond Birch, our firm’s founder, is a passive investor and member of Sandy Creekside Village, LLC (“Sandy Creekside”), a privately offered alternative investment which invests in the development and sale of real property and which may be recommended to PWA’s advisory clients. Mr. Birch has no role in or authority with respect to the management of Sandy Creekside.

Except as described in the preceding paragraph, our firm and individuals associated with our firm do not have any proprietary or material interests in or any role in the management of any companies or investments that we recommend to our clients.

Personal Trading; Participation or Interest in Client Transactions. As described in Item 6 of this brochure, PWA and/or individuals associated with our firm may manage Proprietary Accounts. Proprietary Accounts may buy and sell some the same securities as we buy or sell for client accounts. This practice creates an actual conflict of interest with our clients insofar as our firm or individuals associated with our firm may

have a financial incentive to trade in securities for Proprietary Accounts in advance of or opposite to transactions in the same securities for client accounts. To address this conflict, our policy is that, assuming the purchase or sale is otherwise appropriate for the subject client accounts, we will purchase or sell securities for our clients' accounts, as the case may be, before purchasing or selling any of the same securities for any Proprietary Accounts. In some cases we may buy or sell securities for our own account for reasons not related to the strategies adopted by our clients. The only exception to this general rule is where our Proprietary Accounts may participate in an aggregate ("block") trade simultaneously with client accounts.

In summary, our practice of buying and selling for Proprietary Accounts the same securities that we buy or sell for client accounts is restricted by the following controls:

- We are required to uphold our fiduciary duty to our clients;
- We are prohibited from misusing information about our clients' securities holdings or transactions to gain any undue advantage for ourselves or others;
- We are prohibited from buying or selling any security that we are currently recommending for client accounts unless we participate in an aggregated trade with clients or we place our orders after client orders have been executed; and
- We are required to periodically report our securities holdings and transactions to the firm's Chief Compliance Officer, who must review those reports for improper trades.

## ITEM 12 – BROKERAGE PRACTICES

Recommendation of Custodians. We do NOT maintain custody of the assets that we manage. Your assets must be maintained at an independent qualified custodian, typically a broker-dealer or a bank, and held in your name. We do not have the authority to select the broker-dealer to be utilized for execution of transactions in your account or to determine the fees or commissions to be charged in connection with such transactions. Instead, the client selects the custodian and broker-dealer at which the client's account will be maintained by executing the account opening documents of the selected custodian and granting our firm the discretionary authority to instruct the selected custodian to execute transactions for the client's account.

We typically recommend that clients engage the custodial and securities execution services of TD Ameritrade ("TDA"). We also maintain relationships with Equity Institutional, Millennium Trust, and Equis (collectively with TDA, the "Recommended Custodians"). PWA is an independently owned and operated advisory firm, and in no way affiliated with or subject to the control or oversight of any of the Recommended Custodians.

Should you choose to engage us to manage your assets, you will need to open an account directly with one of the Recommended Custodians by entering into an account agreement with them. We may assist you in this process. Not all investment advisors require their clients to use a specific custodian and/or executing broker. This arrangement may prevent us from executing client transactions at the lowest possible transaction cost and may cost clients more money than other potential arrangements.



Best Execution. In recommending broker-dealers to clients, we have an obligation to seek the “best execution” of transactions in your account. This duty requires that we seek to execute securities transactions for clients such that the total costs or proceeds in each transaction are the most favorable under the circumstances. The determinative factor in the analysis of best execution is not the lowest possible commission cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of the recommended broker-dealer’s services. The factors we consider when evaluating a broker-dealer for best execution include, without limitation, the broker-dealer’s:

- execution capability;
- commission rate;
- financial responsibility;
- responsiveness and customer service;
- custodian capabilities;
- research services/ancillary brokerage services provided; and
- any other factors that we consider relevant.

Therefore, we will seek competitive commission rates, but we may not obtain the lowest possible commission rates for specific account transactions. With this in consideration, our firm will continue to recommend the Recommended Custodians until their services do not result, in our opinion, in best execution of client transactions.

Soft Dollars. The custodian(s) we recommend to you may provide us with certain brokerage and research products and services that qualify as “brokerage or research services” under Section 28(e) of the Securities Exchange Act of 1934 (“Exchange Act”). This is commonly referred to a “soft dollar” arrangement. These research products and/or services will assist us in our investment decision making process. Such research generally will be used to service all of our client accounts, but brokerage charges and similar fees paid by the client may be used to pay for research that is not used in managing that specific client’s account. Your account may pay the Recommended Custodian(s) a charge greater than another qualified broker-dealer might charge to effect the same transaction where we determine in good faith that the charge is reasonable in relation to the value of the brokerage and research services received.

Certain Other Benefits and Conflicts of Interest Related to the Recommended Brokers. For the accounts custodied at TDA, you will not be charged a separate fee for custody services. TDA is compensated by charging commissions or other fees on trades that we may execute or that settle into your account. Our experience has shown that having TDA execute trades in your account is consistent with our goal of seeking ‘best execution’ of your trades.

We do not receive any of the commissions charged to our clients by any of the Recommended Custodians listed above.

TDA support services are available to us at no cost, as long as we maintain a balance of at least \$30 Million of client assets in accounts at TDA. These support services include:

- access to your account data;
- provision of monthly statements to clients;

- daily pricing data;
- daily downloads to “Portfolio Center,” a client reporting system; and
- certain back office functions, including record keeping, gain/loss reporting, and tax reporting.

We may also receive other services from the custodians, broker-dealers, and/or other third-party vendors (including TDA) with which we do business to help us manage and further develop our business enterprise. These services may include educational conferences and events; technology, compliance, legal and business consulting; publications and conferences on practice management and business succession; and access to employee benefits providers, human capital consultants and insurance providers. Fees for these services may be waived, discounted or paid for by the broker-dealer, custodian or other vendors we utilize to service client accounts.

Irrespective of any direct or indirect benefits provided to our clients or our firm through TDA (or any other Recommended Custodians), we strive to enhance the client experience, help clients reach their financial goals, and put client interests before that of our firm or associated persons.

Clients should be aware that the receipt of the economic benefits by PWA described above, in and of itself, creates a potential conflict of interest and may directly or indirectly influence our recommendation of the Recommended Custodians (including TDA) to clients for custody and brokerage services. Other than the services and benefits described above, PWA and its representatives do not direct transactions and the commissions they generate (soft dollars) to brokerage firms or other parties to receive research or other benefits.

PWA does not process transactions through TDA or any other Recommended Custodian in return for referring new clients to PWA.

Trade Aggregation. We may aggregate client orders, so long as it is done for purposes of achieving best execution, and so long as no client is systematically advantaged or disadvantaged. Before aggregating client orders, we document the participating accounts and the allocation instructions. We submit allocation instructions to the broker-dealer before the market closes on the day of the order. We allocate aggregated orders to client accounts at the average price obtained. We allocate partially filled orders pro-rata based on the size of the order placed by each account. If we judge that we cannot or should not allocate a partially filled order pro-rata (e.g., if the quantity of securities obtained is too small or would not have a material impact if distributed among each account), then we apply the following procedures:

- We allocate the order to client accounts only (*i.e.*, no employees that participated in the order may receive any allocation); and
- We document our allocation decision.

## ITEM 13 – REVIEW OF ACCOUNTS

Review of Client Investment Accounts. Client investment portfolios are managed in accordance with the signed, mutually agreed upon, client investor profile. Portfolios are monitored on an on-going basis and formally reviewed at least annually by the investment advisor representative(s) primarily responsible for maintaining the advisor-client relationship. The specific individuals conducting account reviews may vary

from time to time, as personnel join or leave our firm. Follow up consultations, if necessary, following such reviews are conducted by our investment advisor representatives in person, over the phone, and/or via electronic means.

More frequent reviews of client accounts may be triggered by a change in the client's investment objectives; risk/return profile; tax considerations; contributions and/or withdrawals; large sales or purchases; security specific events; or changes in the economy more generally. Financial plans prepared for "full service" clients are reviewed and updated periodically, as appropriate based on the client's financial needs and investment objectives, and otherwise, as the client may reasonably request.

Financial plans for stand-alone financial planning clients are not reviewed or updated unless otherwise agreed with the client.

We typically draw from a pool of the same investment choices for most of our clients, so while account sizes may vary, we believe that all clients are benefitting from our best ideas at all times. We utilize the efficiency of 'block trading' so that when a decision is made to replace an investment, it is typically done for all clients at the same time. This allows us to treat all accounts equally, regardless of account size.

Clients will receive a monthly statement from the appropriate custodian, typically TDA and/or Millennium Trust, showing holdings, valuations and account activity. Once a quarter, we will provide our clients with a summary statement.

Review meetings are encouraged and are available as reasonably requested by the clients.

An annual year-end summary is mailed to clients, showing the performance of the portfolio for the preceding 12-month period.

## **ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

As referenced in Item 12 above, the Recommended Custodians and/or other service providers may provide research or other services or products that we may use to service all client accounts, including accounts that do not execute trades through the Recommended Custodians.

PWA may enter into solicitation agreements pursuant to which it compensates third-party intermediaries for referring prospective clients to our firm for the provision of investment advisory services. Solicitors introducing clients to us may receive cash compensation from us that may take the form of a retainer, a flat advertising fee, a fee per referral, and/or a percentage of the assets under management introduced to our firm. These fees may be paid to the solicitor by PWA on one-time or recurring basis. Unless otherwise explicitly disclosed in writing to the client, the cost of any fees paid to a solicitor will be borne entirely by PWA and referred clients do not pay any additional or increased costs as a result of having been referred to our firm by a paid solicitor.

We will only retain solicitors in accordance with the requirements of the "cash compensation rule," SEC Rule 206(4)-3, promulgated under the Investment Advisers Act of 1940. We will always disclose to you in writing any solicitor relationship affecting your engagement of our firm and the nature and amount of any solicitor fees we pay as a result of such arrangement.

**ITEM 15 – CUSTODY**

With the exception of our ability to directly debit advisory fees from client accounts as outlined in Item 5, we do not hold, directly or indirectly, client funds or securities, or have any authority to obtain possession of them. All client assets are held in the custody of an independent qualified custodian selected by the client. We currently recommend the Recommended Custodians to act as your qualified custodian, to hold your assets, and/or execute securities transactions for your account.

We shall have no liability to you for any loss or other harm to any property in the account, including any harm to any property in the account resulting from the insolvency of any custodian or any acts of the agents or employees of any custodian, whether or not the full amount of such loss is covered by the Securities Investor Protection Corporation (“SIPC”) or any other insurance which may be carried by the custodian of your account(s). Clients understand that the SIPC provides only limited protection for the loss of property held by a custodian.

**ITEM 16 – INVESTMENT DISCRETION**

At the outset of your advisory relationship with our firm, we will require that you sign a limited power of attorney on your accounts, allowing us to instruct your custodian to execute the purchase and sale of securities within your account without obtaining your consent to each specific transaction. These investments will always be directed in accordance with your investor profile, investment limitations, and restrictions.

In the event that you have a specific position that you wish to hold longer term, we will work with you to determine parameters to prudently manage that existing position.

**ITEM 17 – VOTING CLIENT SECURITIES**

We will not vote proxies on behalf of clients and will not provide advice to clients on how the client should vote.

We do not accept authority to vote client securities. Most clients will receive proxies and other solicitations directly from the custodian or transfer agent. If any proxy materials are received on behalf of a client, they will be sent directly to the client or a designated representative of the client, who is responsible to vote the proxy.

**ITEM 18 – FINANCIAL INFORMATION**

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

Advisors who have discretionary authority over client accounts, like PWA, are required to disclose any financial condition that is reasonably likely to impair their ability to meet contractual commitments to clients. We have no such financial condition to disclose.

PWA and its principals have not been the subject of a bankruptcy petition at any time in the past.