

**Form ADV, Part 2A Appendix 1  
Wrap Fee Program Brochure**

**Collegiate Capital Management, Inc.**

Corporate Office  
214 New Bern Place  
Raleigh, North Carolina 27601

Georgia Branch Office  
160 Clairemont Avenue, Ste 200  
Decatur, Georgia 30030

Virginia Branch Office  
106 W. South Street  
Charlottesville, Virginia 22902

Texas Branch Office  
501 Congress Avenue, Ste 150  
Austin, Texas 78701

Toll Free: 800-333-1701  
Website: [collegiatecapital.com](http://collegiatecapital.com)  
Email: [ecapps@collegiatecapital.com](mailto:ecapps@collegiatecapital.com)

**March 22, 2022**

This wrap fee program brochure provides information about the qualifications and business practices of Collegiate Capital Management, Inc. ("CCM"). If you have any questions about the contents of this brochure, please contact us by using one of the methods provided 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. Any reference or use of the terms "registered investment adviser" or "registered," does not imply that CCM or any person associated with CCM has achieved a certain level of skill or training.

Additional information about CCM is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **ITEM 2 - MATERIAL CHANGES**

**Revised March 22, 2022**

The purpose of this page is to inform you of any material changes since the last annual update to this wrap fee program brochure. If you are receiving this wrap fee program brochure for the first time, this section may not be relevant to you.

Collegiate Capital Management, Inc. (“CCM”) reviews and updates our brochure at least annually to make sure that it remains current. We have made no material changes since the last annual update to our brochure, dated March 24, 2021.

### ITEM 3 - TABLE OF CONTENTS

ITEM 1 - COVER PAGE .....	1
ITEM 2 - MATERIAL CHANGES .....	2
ITEM 3 - TABLE OF CONTENTS.....	3
ITEM 4 - SERVICES, FEES AND COMPENSATION .....	4
ITEM 5 - ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS .....	9
ITEM 6 - PORTFOLIO MANAGER SELECTION AND EVALUATION .....	10
Advisory Business .....	10
Performance-Based Fees and Side-by-Side Management.....	11
Methods of Analysis, Investment Strategies and Risk of Loss.....	11
Voting Client Securities.....	12
ITEM 7 - CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS.....	12
ITEM 8 - CLIENT CONTACT WITH PORTFOLIO MANAGERS.....	13
ITEM 9 - ADDITIONAL INFORMATION.....	13
Disciplinary Information .....	13
Other Financial Industry Activities and Affiliations .....	13
Codes of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	13
Brokerage Practices .....	14
Factors Considered in Purchasing Mutual Funds .....	17
Aggregation and Allocation of Transactions.....	17
Review of Accounts.....	17
Client Referrals and Other Compensation.....	18
Financial Information .....	19

## ITEM 4 - SERVICES, FEES AND COMPENSATION

Collegiate Capital Management, Inc. (“CCM,” “Firm,” “we,” “our,” or “us”) was incorporated in July 1994 and is registered as an investment adviser with the United States Securities and Exchange Commission (SEC). The Firm’s headquarters is located in Raleigh, North Carolina. The Firm has branch office locations in Decatur, Georgia; Charlottesville, Virginia; and Austin, Texas.

Only those assets held at Charles Schwab & Co., Inc. (Schwab) are eligible for the Collegiate Capital Management Wrap Fee Program (the “Program”). Many of the firm’s clients that have accounts that participate in the Program also have Employer Retirement (ER) Accounts that do not.

The collection of all accounts for any client is referred to as the client’s portfolio. The portfolio is managed to take advantage of the complementary characteristics offered by each custodian. For this reason, our clients should not evaluate the performance of a single account without consideration of the collective portfolio. The accounts of multiple individuals that are grouped together into a single portfolio for asset management is synonymously referred to as a household client.

The Program provides our clients with the Firm’s asset management services without incurring separate brokerage commissions or transaction charges. A wrap fee program is considered any arrangement under which clients receive investment advisory services and the execution of client transactions for a specified fee not based upon transactions in the account(s). CCM is both the sponsor and currently the only portfolio manager for our wrap fee program.

### Asset Management Services Provided

CCM’s core function is to provide asset management services to clients pursuant to a properly executed Client Agreement. The Client-Relationship Addendum describes any restrictions imposed by the client, including instructions regarding investment in certain securities or types of securities, client personal information, accounts that are to be managed by CCM and the manner by which advisory fees are to be paid.

The Firm’s Investment Advisor Representatives (IARs) develop an investment strategy consistent with each individual client’s investment objectives, financial and tax status, risk tolerance, and time horizon as documented in the Addendum and in client conversations. CCM offers customized investment advice, cash management and model (PRISM) portfolios (note, PRISM portfolios are no longer offered to new clients in the Program, but some existing clients continue to have PRISM portfolios in the Program. After the client discovery process, the Firm’s IAR will suggest which service is most appropriate to meet the client’s needs.

Unless included as a restriction in the addendum, client assets will be managed on a discretionary basis. Discretionary management allows the firm’s advisors to buy and sell securities without previous client consent. Both the timing and quantity of assets traded are at the firm’s discretion.

The financial and other personal information the client provides to CCM provides a basis for all investment analyses, recommendations, and decisions. CCM expects that the client has provided all relevant information that might affect any investment decisions. It is the client’s responsibility to advise CCM of any changes in circumstances (e.g., financial needs, objectives, goals, and investments held with other firms) that might impact the client’s financial condition and that therefore may affect our approach. Transactions in non-retirement accounts may trigger taxable consequences. The firm’s IARs consider this factor along with others as investment decisions are made.

We believe that one of the best descriptors of our firm is that of financial concierge. While our primary function is to manage client accounts, we are a firm that provides guidance across a wide variety of life-long financial related issues that impact our clients' and their heirs' quality of life. Our advisors work with the firms' clients and other professionals to provide the following services:

- Management of Client Portfolios
- Consolidated Portfolio Reporting
- CCM's Proprietary Client Portal (CCMconnect®)
- Assistance with Inter-Generational Asset Transfer
- Financial Planning
- Insurance Needs Analysis
- Retirement Income Planning
- Investment Risk Management
- Social Security Analysis
- Assistance with Implementing Charitable Gifts
- Complete Account Servicing
- Investment-Related General Tax Planning

A client's account(s) collectively form a household portfolio. A portfolio may consist of accounts owned by a single individual or entity, accounts jointly owned with others or multiple independently owned individual accounts. The portfolio is managed to take advantage of the complementary characteristics offered by each custodian. For example, one custodian may offer a stable value option that offers compelling characteristics. Whereas another custodian may offer the largest overall selection of investment options. For this reason, our clients should not evaluate the performance of a single account without consideration of the collective portfolio.

As part of our work we:

- Analyze the client's financial circumstances in conjunction with the client's long-term financial goals.
- Recommend investment strategies suited to the client's financial needs and objectives.
- Carry out agreed upon strategies.
- Conduct periodic in-person or telephonic portfolio reviews.
- Provide the client with consolidated quarterly statements.
- Assist the client to set up electronic access to the custodians' website and to the firm's client portal, CCMconnect® to track activity in their accounts.

Clients may be invested in: (a) equity mutual funds; (b) bond mutual funds; (c) exchange-traded stocks (ETFs); (d) U.S. government securities; (e) stocks that trade over the counter; (f) U.S. corporate debt; (g) fixed accounts of annuity products; (h) structured products; (i) money market funds; (j) municipal securities; (k) certificates of deposit; (l) stocks issued by foreign corporations; and (m) variable annuity products. We suggest variable annuity products to our clients in rare cases when client circumstances would warrant such counsel. We also manage some legacy variable annuity assets and a small number of ER accounts for which a variable annuity product may be the only option allowed by the employer or is the best selection among a limited number of options.

## **Program Fees**

Clients with accounts that participate in the Program pay a single bundled fee to CCM for our advisory services and transactions instead of paying these fees separately for those accounts. The wrap fee each client will pay depends on the size of the client's account and whether the client selects customized investment advice, cash management, or our model portfolios.

Participating in the wrap fee program may cost a client more or less than purchasing investment management and trading services separately. Factors that may affect the cost to CCM of a wrap fee program compared to other compensation arrangements include: the advisory fees the client would pay for CCM's investment management services if the fees were un-bundled; the transaction and execution fees the custodian would charge to the client under a non-wrap fee arrangement, and the frequency and volume of trading activity in the client's account. Under the terms of this wrap fee program, CCM will pay trading and execution costs imposed by the custodian for transactions in client accounts. This arrangement may present a potential conflict of interest for CCM, since we may have a financial disincentive to engage in active trading. However, transaction fees are not a material consideration for CCM in deciding whether to engage in any trading or the level of trading activity through the custodian. We make investment decisions for clients in wrap fee programs the same way we manage accounts where the client pays for trading and execution costs separately.

CCM receives advisory fee compensation when clients participate in this wrap fee program. This compensation may be more than what CCM would receive if clients participated in other programs at CCM or paid separately for investment advice, brokerage, and other services, and CCM therefore may have a financial incentive to recommend the wrap fee program over other programs or services.

All fees paid to CCM for investment advisory services are separate from fees and expenses charged to owners of mutual fund and ETF shares or variable annuity contracts by the product sponsor or the account custodian. CCM does not impose start-up, closing or annual maintenance fees, redemption fees, or penalty fees in connection with the portfolio, although the custodian of the account may impose such fees.

Clients may incur certain charges imposed by custodians, brokers, and other third parties such as fees charged by managers, custodial fees, short-term redemption fees, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual fund prospectuses disclose any management fees for mutual funds. Management and other expenses charged by ETF sponsors are disclosed in publicly available sources. These charges, fees and commissions are exclusive of and in addition to our fee. Neither CCM nor its employees receive any portion of these commissions, fees, and costs for assets held in Program accounts.

Our IARs receive a percentage of the advisory fees paid to the firm by their clients. Each IAR also is responsible for the payment of costs associated with trading in accounts participating in the Program. Therefore, our IARs may have a disincentive to recommend participation in the Program.

Clients may incur transaction and custodial costs associated with the management of certain ER accounts that are not part of the Program.

### Advisory Fees - Customized Investment Advice

The percentage fee each client is charged for advisory fees is determined based upon the linear fee structure shown below. CCM's fee schedule is not negotiable.

Portfolio Value	Annual Fee Percentage
Up to \$99,999	2.25%
\$100,000 - \$249,999	1.75%
\$250,000 - \$499,999	1.50%
\$500,000 - \$999,999	1.25%
\$1,000,000 - \$2,999,999	1.00%
\$3,000,000 - \$4,999,999	0.90%
\$5,000,000 - \$9,999,999	0.80%
Greater than \$10,000,000	0.75%

As assets under management (AUM) increase above certain breakpoints, the percentage fee charged for all assets decrease. In like manner, if AUM decrease below a breakpoint, the percentage fee charged for all assets increase. When a client reaches a breakpoint, all AUM are charged at this new percentage rate. The fee percentage applied to each portfolio is determined based upon the value of the portfolio on the last day of the previous billing quarter. With the prior consent from each party, CCM combines assets of spouses, children, parents, siblings, partners living at the same address and corporate or trust assets for which any of these individuals act as corporate officer or trustee when determining the fee percentage that will apply to the assets of these individuals and entities. Exceptions may include prior fee arrangements, a divorce of spouses who were both clients as well other exceptions allowed by the firm.

### Advisory Fees – Cash Management Portfolios

Cash Management Portfolios are charged a quarterly advisory fee based on the following schedule:

Portfolio Value	Annual Fee Percentage
Up to \$2,999,999	0.50%
\$3,000,000 to \$4,999,999	0.45%
\$5,000,000 to \$9,999,999	0.40%
Greater than \$10,000,000	0.35%

### Advisory Fees – PRISM Model Portfolios

The advisory fee for the management of PRISM Model Portfolios is 0.90% per annum. While PRISM portfolios are no longer offered to new clients in the Program, some existing clients continue to have PRISM portfolios in the Program.

## General Fee Disclosures

Some clients are under fee schedules that predate our current fee schedules, are not charged a fee, or are charged a lower fee at our discretion. Clients are billed consistent with the fee schedule in place at the time the advisory agreement was executed.

- a. *Payment.* Fees are payable quarterly, in advance, upon deposit of funds or securities into the portfolio. An initial payment will be prorated to cover the period from the date the assets are first held by the agreed upon custodian through the end of the current calendar quarter. In cases where transaction costs borne by CCM to generate the funds for the payment of quarterly advisory fees exceed the fee itself, CCM may choose to bill the advisory fee for that account annually in arrears or not bill a client for partial fees that would result in a small payment. From time to time the firm may waive advisory fees for certain clients. Some ER plans impose an annual maximum percentage advisory fee that may be less than the client's annual fee percentage based upon assets under management at the firm.
- b. *Calculation of Fee.* The Firm computes the fee for each full calendar quarter based upon the value of the assets at the close of the market on the last business day (valuation day) of the previous quarter and the applicable fee percentage. For example, a client whose annual fee percentage is 1.25% will be billed for the second quarter based on the value of the assets at the close of business on March 31st (or the last market day of March) according to the following algorithm:

$$\text{Fee} = \text{Value of Assets at the End of the Previous Quarter} \times (0.0125/4)$$

For new advisory assets, a partial fee will be billed based upon the fraction of the quarter for which the agreed upon custodian holds the assets. The Firm uses 91 billable days per calendar quarter for this calculation. As an example, if for this same client the assets fall under management on March 10th, the partial fee for that first quarter will be computed based upon the following algorithm:

$$\text{Fee} = \text{Value of the Assets on March 10th} \times (0.0125/4) \times (22/91)$$

- c. *Computing Market Value.* In computing the market value of the portfolio, each equity security listed on a national securities exchange will be valued at the market close on the last market day of the previous calendar quarter. The custodian provides pricing for certain fixed income investments based upon information received from pricing matrix services. The price for any one fixed income instrument may not include such factors as liquidity, position sizes in any one account, or recent news concerning the issuer. The Firm includes accrued interest for fixed income holdings as a part of the market value on client portfolio statements and considers this also a component of the client's billable assets. We do not include accrued interest for structured products since interest actually paid is contingent upon certain market variables. While we make reasonable efforts to test the reliability of our sources, the Firm cannot guarantee the accuracy and completeness of the information provided to us. Discrepancies with custodial statements may arise due to different methodologies for calculating accrued interest for fixed income investments used by the custodian and the Firm's portfolio management software. CCM does make a reasonable attempt to verify both securities and fixed income pricing provided by the account custodian using independent sources. Stable value funds are generally priced at \$1.00 per unit.
- d. *Additions and Withdrawals.* Clients may make additions and withdrawals to the portfolio at any time, subject to IRS and employer constraints and the usual and customary securities settlement procedures. Assets of at least \$100,000 deposited to or withdrawn from the portfolio, will generally be charged a pro rata fee based upon the number of days remaining in the quarter in the same



manner described in *b. Calculation of Fee*. The market value of the deposits used in the partial fee calculation will be the value of the deposit on the date of deposit into an advisory account. CCM does not make fee adjustments for partial withdrawals or for the portfolio's appreciation or depreciation within a billing period.

- e. *Termination*. Both CCM and the client have the authority to terminate the advisory relationship at any time. A pro rata refund of fees will be paid to the client according to (b) Calculation of Fee, if either the client or CCM terminate the agreement within a given quarter after the fee for that quarter has been paid.
- f. *Payment Method*. Authorization to bill specific accounts for fees is contained within the Client Agreement and Client-Relationship Addendum executed by the client and the Firm. The Firm receives advisory fees in one of the following two ways:
  - 1. *Deducted from the client's portfolio, when due*. The IAR selects the specific investment within an account to liquidate if needed to generate funds for the payment of the fee. The client should not assume that the custodian determines or verifies the correct calculation of the fee. Authorization for the automatic deduction of fees from client accounts is contained in the Client Agreement and in the custodian's account application or in a separate custodial authorization form. The client may instruct CCM to debit fees from one account for payment of the fee due for the management of one or more other advisory accounts. Fees for after-tax accounts are not debited from retirement accounts. Quarterly statements provided by the custodian of the account(s) will show the amount of the fee deducted. The client may terminate authorization for automatic fee deduction by notifying CCM or the custodian in writing.
  - 2. *Paid by check*. Fees not directly debited from a client's portfolio are paid by check, consistent with an invoice provided by the Firm. Checks should be made payable to Collegiate Capital Management, Inc.
- g. *Clients with Multiple Portfolio Structures*. We do not combine assets managed under different portfolio structures (e.g., Customized Investment Advice, Cash Management) for the same client to meet or exceed breakpoints.
- h. *Fees Attributed to Other Accounts*. The fee for other accounts may be deducted from an account participating in the Program with the client's authorization.

## ITEM 5 - ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS

Our Firm provides portfolio management services to individuals, high net worth individuals, charitable organizations, trusts and estates, pension and profit-sharing plans, and corporations. The Firm does not require a minimum portfolio value for our clients. However, because of our fee structure, we do not believe it is necessarily in an individual's best interest to utilize our Firm's customized portfolio management services for assets under \$100,000 unless this threshold is expected to be exceeded soon after entering the advisory relationship.

## ITEM 6 - PORTFOLIO MANAGER SELECTION AND EVALUATION

### Selection and Review of Portfolio Managers

CCM is the sponsor and the only portfolio manager of our wrap fee program. CCM does not use outside portfolio managers for the Program.

### Advisory Business

Accounts in the Program are managed on an individualized basis consistent with the client's investment objectives, financial goals, etc.

#### Clients and Their Accounts

Our Firm is attentive to the various conflicts that arise during the operation of our business. We have developed and periodically review and update a Conflicts of Interest Matrix that identifies these conflicts and describes how we address each. This review consists of a testing process that identifies procedures to be tested, method of testing, results, and follow-up actions required. CCM also conducts an annual review of our procedures to identify weaknesses and corrective actions. We will provide a summary of these conflicts if requested by the client.

CCM is independently owned and operated and not affiliated with Schwab. Most client accounts held at Schwab participate in the Collegiate Capital Management Wrap Fee Program.

Most of the Firm's clients can rollover or transfer certain account balances to other accounts if certain age or employment status criteria have been satisfied. The firm may recommend such portfolio restructuring to achieve certain benefits to the client which may include:

1. Access to a wider range of asset types;
2. Increased number of investment options within certain asset types;
3. Reduced costs associated with administrative, transactional and asset-based charges;
4. Simplification of the portfolio by consolidating assets within the same account type; and
5. Attain advantageous tax treatment.

In most cases, more than one of these factors might apply. At times the IAR must make judgements between competing factors to arrive at a recommendation that we believe will result in the best outcome for our client.

#### Additional Disclosures

The Firm does not make new investments in limited partnerships in Program accounts. On occasion, a new client may have such holding(s) that become part of the advisory assets. In these cases, the Firm strives to act in the best interest of the client regarding a hold or sell decision.

Discretionary accounts are those for which the client has authorized the IAR to determine the holding, quantity and timing of trades at the IAR's discretion based on guidelines provided by the client. Non-discretionary accounts are those that require the IAR to receive the client's approval before initiating any trade. Although the Firm's IARs believe that we can best serve our clients by acting on a discretionary basis, the Firm does have clients that prefer a non-discretionary relationship. We believe that in many cases

our work is time sensitive and that reaching out to a large number of clients before implementing investment decisions might not be in the client's best interest.

## **Performance-Based Fees and Side-by-Side Management**

Some advisory firms receive a portion of the appreciation in a client portfolio as full or partial payment for services. CCM does not receive compensation in the form of these performance-based fees.

## **Methods of Analysis, Investment Strategies and Risk of Loss**

CCM follows an investment management approach that incorporates the strengths of our staff in the fields of finance, business, mathematics, physical sciences and behavioral economics. These perspectives and methods that result sustain a methodology that seeks to achieve a balanced approach in addressing the relationship between risk and return. CCM may purchase research, data and analyses that supplement each IAR's readings and investigations. Only each client's IAR has authorization to make trading decisions. Trades may be entered by the IAR or by others in the Firm at the direction of the IAR.

The Firm's IARs are required to stay current with those matters that could affect investment decisions for their client. Each IAR evaluates and updates their preferred sources of news and analysis. Areas of investigation include world and national events, macroeconomic trends and forecasts, current market drivers and analyses and projections of equity and fixed income market conditions. Additionally, the Firm may purchase macroeconomic, equity and fixed income research.

The Investment Committee of the Firm regularly corresponds and meets to discuss market conditions, specific investment ideas independent investigations completed by individual staff members, specific client related investment issues faced by IARs and ideas for future investigation. The results of all these efforts form the basis for investment decisions made by the Firm's IARs.

Since a large percentage of the accounts, we manage are ER accounts and are restricted to investment in mutual funds, we focus most of our collaborative efforts on the analysis and evaluation of mutual funds. CCM has developed various analytical methods of evaluation that are key to the investment decisions made by our IARs. These analyses begin with a screening of mutual funds that do not satisfy certain criteria such as manager tenure, age of fund and relative ranking based upon a comparison of performance over different periods of time with other funds within the same asset class. CCM overlays the differences in asset class performance over time onto these data. The Firm applies these methods to investment options available within ER accounts and to a much broader population of funds that can be used in brokerage accounts.

In addition to mutual funds, individual equities and exchange-traded funds (ETFs) may be a part of a client's brokerage account. The Firm evaluates individual equities and ETFs using the purchased research sources mentioned previously, as well as publicly available resources including Big Charts, Yahoo Finance, Bloomberg, and various other financial and general news sources.

IARs use mutual funds, ETFs, individual bonds, certificates of deposit, money market accounts, annuities and stable value funds as fixed income investments. The Firm evaluates fixed income investments using the same resources described above but also with input from Schwab's fixed income specialists and trading desks as well as third-party bond dealers.

Many of our clients have access to stable value funds or annuities. IARs may select these fixed income investments on their merits when compared to other fixed income options available to a client. The IAR monitors these options as the fixed income environment changes and makes adjustments.

IARs may also use structured products in the management of client accounts. The firm feels that investment in structured products can be a complementary risk to other holdings in many of our clients' portfolios. A structured product is an investment vehicle normally based on a basket of underlying securities, such as equities, debt issuance, commodities, indices, currencies, or any combination thereof. Since payoffs and components vary and contain no standards from product to product, the risks vary from one product to another. Structured products are subject to the risk of default by the issuer. Therefore, the financial condition and creditworthiness of the issuer are important considerations when assessing the ability of the issuer to meet its obligations according to the terms of the structured product. Structured products are generally purchased with the intention that they would be held until maturity.

Due to a limited secondary market, it may not be possible to sell a structured product prior to maturity. Additionally, should a secondary market exist, investors who need to sell a structured product prior to maturity may be subject to a significant loss. The potential return on structured products is subject to market volatility and the risks associated with the linked indices or basket of stocks or currencies. The issuers of structured products may choose to hedge their obligations by entering into derivatives and/or trading in one or more instruments, such as options, swaps, or futures. The costs associated with such hedging activity could affect the market value of a structured product. If the investment benchmark is linked to one or more commodities, the investment may be subject to market volatility and risks relating to commodities. If the investment benchmark is linked to a foreign currency or currency basket, the investment may be subject to foreign currency risks.

Investing in securities involves certain risks including the loss of capital. Clients should be prepared to bear that risk. Investors should be diligent to understand the risks associated with each of their investments and should also understand their exposure to other risks including interest rate risk, credit risk and longevity risk. We encourage our clients to seek our counsel, and other sources that they may choose, to obtain the best possible understanding of these risks. Nondiscretionary clients may incur added risk since some investment approaches are time sensitive and can best be implemented in a timely fashion without a requirement to receive the client's authorization for trades.

## **Voting Client Securities**

As a matter of Firm policy, CCM does not have authority and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. CCM will not provide advice to clients regarding the clients' voting of proxies. In this same way, CCM will not advise a specific course of action regarding participation in investment-related class action suits. We will, however, provide to the client all information that the Firm possesses to allow the client to make an informed decision regarding their participation. Clients will receive their proxies or other solicitations directly from their custodian or a transfer agent.

## **ITEM 7 - CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS**

CCM collects information from clients about their financial situation, goals, and risk tolerance. It remains the client's responsibility to advise CCM of any changes in circumstances (e.g., financial needs, objectives, goals, and investments held with other firms) that impact the client's financial condition. Transactions in non-retirement accounts may trigger taxable consequences. The client should provide all relevant information that might affect any investment decisions. *See additional information under Item 9 – Review of Accounts.*

## **ITEM 8 - CLIENT CONTACT WITH PORTFOLIO MANAGERS**

Interactions with clients are generally with the client's IAR and include electronic and telephonic exchanges and personal meetings when deemed necessary by both client and advisor.

## **ITEM 9 - ADDITIONAL INFORMATION**

### **Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Collegiate Capital Management, Inc. Our Firm has no such events to report.

### **Other Financial Industry Activities and Affiliations**

Some of the Firm's IARs have licenses to offer life and health insurance products. IARs maintain these licenses primarily for the purpose of engaging in general discussions regarding the suitability of life insurance products and, in limited cases, recommending the purchase of fixed annuity products. While CCM does not receive any commissions for insurance recommendations, these individuals receive commissions on the sale of insurance products. This presents a conflict of interest because these individuals may have an incentive to recommend insurance products as a result of the commission received, rather than on the client's needs. In all cases, CCM will fully disclose any insurance commissions to the client. Insurance commissions are separate from any fees that CCM receives for investment advisory services. Clients are not obligated to act upon any insurance recommendations. IARs allocate less than five percent of their time to this business activity.

### **Codes of Ethics, Participation or Interest in Client Transactions and Personal Trading**

The Firm's IARs and all staff adhere to a strict Code of Ethics (COE). Each employee of the Firm must certify, annually, that they have read, understand and will abide by the COE. The COE addresses (a) our general standard of business conduct, (b) prohibition against insider trading, (c) personal securities transactions, (d) gifts and entertainment, (e) protecting the confidentiality of client information, (f) employee service as a director or board member of any organization, (g) compliance procedures, (h) certification by employees of certain Firm dictates and procedures, (i) maintenance of records, and (j) reporting violations and sanctions. CCM will provide a copy of our COE to any client or prospect upon request.

CCM allows for the purchase of stocks, ETFs, and closed-end mutual funds by employees of the firm that we may also purchase or sell for our clients. Substantially, all these purchases are for holdings that do not present liquidity issues or are thinly traded. For this reason, we feel that there are no conflicts with respect to our fiduciary responsibility to our clients for these investments. In those cases where we feel like there is a liquidity or trading volume issue, transactions must be approved by Mr. Walker, the firm's Chief Investment Officer. The firm's policy for trading in fixed income securities and structured products is to first ensure that accommodation is made for the firm's clients before the firm's employees may participate in an order.

CCM may aggregate trades among client accounts as well as with accounts of CCM and our employees. Such aggregation presents a conflict of interest as we may have an incentive to allocate more favorable executions to our own accounts or the accounts of our employees. Our policies to address this conflict are as follows: (a) We will disclose our aggregation policies in this brochure; (b) We will not aggregate transactions unless we believe that aggregation is consistent with our duty to seek best execution (which

includes the duty to seek best price) for our clients. The trade also needs to be consistent with the terms of our investment advisory agreement with each client that has an account included in the aggregation; (c) We will not favor any account over any other account. This includes accounts of CCM or of any of our employees. Each account in the aggregated order will participate at the average share price for all of our transactions in a given security on a given business day. All accounts will pay their individual transaction costs; (d) Before entering an aggregated order, we will prepare a written statement (the “Allocation Statement”) specifying the participating accounts and how we intend to allocate the order among those accounts; (e) If the aggregated order is filled entirely, we will allocate shares among the clients according to the Allocation Statement; if the order is partially filled, we will allocate it pro-rata according to the Allocation Statement; (f) However, we may allocate the order differently than specified in the Allocation Statement if all client accounts receive fair and equitable treatment (see also Aggregation and Allocation of Transactions below). In this case, we will explain the reasons for the different allocation in writing, which the CCO must approve no later than one hour after the opening of the markets on the trading day following the day the order was executed; (g) If an aggregated order is partially filled and we allocate it differently than the Allocation Statement specifies, no participating account may purchase or sell the security for a reasonable period following the execution of the block trade. This only applies when the participating account sells or receives more shares than it would have if the aggregated order were completely filled; (h) Our books and records will separately reflect each aggregated order and the securities held by, bought, and sold for each client account; (i) Funds and securities of clients participating in an aggregated order will be deposited with one or more qualified custodians. Client’s cash and securities will not be held collectively any longer than is necessary to settle the trade on a delivery versus payment basis. Following settlement, cash or securities held collectively for clients will be delivered out to the qualified custodians as soon as practical; (j) We do not receive additional compensation or remuneration of any kind as a result of aggregating orders; and (k) We will provide individual investment advice and treatment to each client’s account.

## **Brokerage Practices**

### The Custodians and Brokers We Use

CCM does not maintain custody of your assets on which we advise. Although, under certain circumstances, we are deemed to have custody of your assets, if you give us authority to withdraw management fees from your account or establish certain letters of authorization for us to move money between accounts you have designated (*see ADV 2A - Item 15 Custody*). Your assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank. We require that our clients use Charles Schwab & Co., Inc. (“Schwab”), a FINRA-registered broker-dealer, member SIPC, as the qualified custodian for accounts participating in the Program.

CCM is independently owned and operated and not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities as we instruct. While we require that you use Schwab as custodian/broker, you will decide whether to do so and open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you. Even though your account is maintained at Schwab, we can still use other brokers to execute trades on occasion for your account, as described in the next paragraph.

### How We Advise on the Selection of Custodians

We seek to use a custodian for the Program who will hold your assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others, these:



- combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- capability to execute, clear and settle trades (buy and sell securities for your account)
- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- breadth of investment products made available (stocks, bonds, mutual funds, exchange traded funds (ETFs), etc.)
- availability of investment research and tools that assist us in making investment decisions
- quality of services
- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- reputation, financial strength, and stability of the provider
- their prior service to us and our other clients
- availability of other products and services that benefit us, as discussed below (*see “Products and Services Available to Us from Schwab”*)

### Your Custody and Brokerage Costs

Schwab generally does not charge our clients separately for custody services for accounts it maintains. Schwab is compensated by charging commissions or other fees on trades that it executes or that settle into your Schwab account. For participants in the Program, CCM pays these trading costs. Schwab’s commission rates and asset-based fees were negotiated based on our Firm’s commitment to maintain \$10 million of our clients’ assets in accounts held at Schwab. This commitment benefits our Firm because the overall commission rates and asset-based fees paid are lower than they would be if we had not made this commitment. In addition to commissions or asset-based fees, Schwab charges you a flat dollar amount as a “prime broker” or “trade away” fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. Again, for participants of the Program, those fees are paid by CCM. CCM has a conflict when purchasing structured products for our clients. If not purchased through prime brokerage, the cost of trading may be incorporated into the attributes of the product. Instead, by purchasing through a prime brokerage arrangement, trading costs are borne by CCM. For accounts that do not qualify for prime broker participation, the broker may pay the transaction cost for structured notes.

### Products and Services Available to Us from Schwab

Schwab Advisor Services (formerly called Schwab Institutional) is Schwab’s business serving independent investment advisory firms like us. Factors that CCM considers in recommending Schwab include its financial strength, reputation, execution, pricing, research, and service. In seeking best execution in recommending Schwab, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a Financial Institution’s services, including among others, the value research provided, execution capability, commission rates and responsiveness.

They provide us and our clients with access to its institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients’ accounts while others help us manage and grow our business. Schwab’s support services are generally available on an unsolicited basis (we don’t have to request them) and at no charge to us as long as we keep

a total of at least \$10 million of our clients' assets in accounts at Schwab. Here is a more detailed description of Schwab's support services:

(a) Services that Benefit You

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

(b) Services that May Not Directly Benefit You

Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- provide access to client account data (such as duplicate trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- provide pricing and other market data;
- facilitate payment of our fees from our clients' accounts; and
- assist with back-office functions, recordkeeping, and client reporting.

(c) Services that Generally Benefit Only Us

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- educational conferences and events;
- technology and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.

Schwab may directly provide some of these services. In other cases, Schwab will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits such as occasional business entertainment of our personnel.

Our Interest in Schwab's Services

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. Beyond that, these services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. Schwab requires that our firm maintain \$10 million minimum at their firm. This may give us an incentive to require that you maintain your account with Schwab based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. It is primarily supported by the scope, quality and price of



Schwab's services (based on the factors discussed above – see *"How We Advise on the Selection of Custodians"*) and not Schwab's services that benefit only us.

#### Factors Considered in Purchasing Mutual Funds

CCM pays the transactions costs in wrap fee accounts. In such cases, CCM and its IARs have an incentive to purchase only non-transaction fee (NTF) funds. This presents a conflict of interest. For wrap fee accounts, CCM will purchase the fund share class with the lowest annual expense ratio for which the client or our firm meet certain purchase eligibility requirements. We periodically perform an analysis to identify any purchases that were made of higher expense ratio share classes. When identified, these shares are converted to the lower expense ratio share class except when there is a de minimis value in the holding.

#### Structured Products

As discussed in Item 6 above, IARs may use structured products in the management of client accounts. We can purchase structured products through Schwab or through other broker-dealers through a prime broker arrangement. Only accounts of at least \$100,000 in cash and/or securities are eligible to purchase structured products through a prime broker arrangement. CCM bears all transaction costs in our wrap fee program.

#### Aggregation and Allocation of Transactions

The Firm carries out each client trade individually unless CCM decides to purchase or sell the same security for more than one client at the same time. In this case, CCM combines trades of the same security into "batch" orders to obtain best execution, obtain better pricing, or negotiate more favorable transaction costs. Under this procedure, the Firm sells or purchases the security or securities at an average price. We then allocate the transaction among CCM's clients pro rata. Trades for nondiscretionary clients are included in these batch orders only to the extent that discretionary clients are not be harmed by any delay in executing the trade.

In the event that CCM determines that a prorated allocation of a batch order is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may give priority to one account when that account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased in other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a batch trade would result in a *de minimis* allocation in one or more accounts, CCM may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

#### **Review of Accounts**

CCM uses a portfolio management software tool that utilizes electronic interfaces with the custodians of our client accounts and market pricing sources to provide transaction and price data. The Firm and its IARs use this information to provide daily updates of the quantity and value of client holdings. These data are then the basis of various holding, transaction and performance analyses and client reporting. CCM also

uses a portfolio dashboard that provides various client analytics designed to assist in the management of client portfolios.

CCM has a four-tiered approach to the review of client portfolios. Our goal is to ensure that we manage assets according to our client's wishes, that we do this with as few errors as possible and that we communicate with our clients in a manner that facilitates their understanding of our approach, actions, and results.

**IAR Review** – As a result of the investigations described in Item 6 – Methods of Analysis, Investment Strategies and Risk of Loss, the Firm's IARs are aware of the short-term and long-term performance of various holdings in client accounts as well as the performance of similar alternative investments. Each IAR makes changes based upon the desired asset allocation, performance of individual holdings, as the client's investment objectives change or based upon factors that are judged by the IAR to be in the best interest of the client based upon any number of market and economic issues.

**Compliance Review** – The purpose of this review is to confirm that the management of accounts is consistent with the Firm's policies and procedures, the client's investment instructions and certain criteria established by the investment committee of the Firm. The latter criteria identify certain parameters that might expose the client to added portfolio risk and to set ranges of generally acceptable values for these parameters. It is the responsibility of the IAR assigned to the specific account to address and/or monitor any issues that arise from this review.

**Company Review** – Each quarter all client portfolios undergo further review during billing and statement generation. Tests are conducted to confirm that the Firm accounts for and assigns each client account to the correct portfolio, individual asset values are accurate, definition of proper asset class descriptions is correct and advisory fees are correctly calculated. The Firm provides each client with a quarterly portfolio statement. These statements provide portfolio and account level detail.

**Client Review** - The Firm's IARs communicate with their clients through personal meetings, phone conversations or email at least annually during which various aspects of the client's accounts are reviewed. This review may evaluate current holdings, allocations and performance, events that have or will impact their financial plans and any changes needed in our management approach. IARs use these interactions as a chance to share information that will assist the client in understanding the recent nature of the markets and other factors that have influenced our management decisions.

## **Client Referrals and Other Compensation**

CCM does not provide continuous and regular investment advisory services to individuals and other entities unless they are clients of the Firm. The Firm also does not compensate any person or entity for client referrals. Employees of CCM do not accept gifts from or provide gifts to clients or members of the financial industry unless they are of minimal value.

We receive an economic benefit from Schwab in the form of the support products and services Schwab makes available to us and other independent investment advisors that have their client accounts held at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above. The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

## **Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about CCM's financial condition. CCM has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of any bankruptcy or other adverse financial proceedings.