



# Circle Wealth MANAGEMENT

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**Item 1: Cover Page**  
**CIRCLE WEALTH MANAGEMENT, LLC**  
**Form ADV, Part 2A**  
**Firm Brochure**

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Date of Brochure: March 31, 2022

This Brochure provides information about the qualifications and business practices of Circle Wealth Management, LLC. If you have any questions about the contents of this Brochure, please contact us at (908) 206-1306. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about Circle Wealth Management, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). References to Circle Wealth Management, LLC being a "registered investment adviser" or any reference to being "registered" does not imply a certain level of skill or training.

## **Item 2: Material Changes**

There are no material changes since the last annual update on March 31, 2021.

In addition to the above material changes, the Firm has made disclosure changes, enhancements and additions below at Items 4, 6, 7, 8, 14 and 15.

**Item 3:**  
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#### **Item 4: Advisory Business**

Circle Wealth Management, LLC (“CWM”) is a New Jersey based registered investment adviser with offices in New York City and Summit, New Jersey. We were formed in December 2006 in the state of Delaware and registered as an investment adviser with the SEC on April 24, 2007. CWM is principally owned by Maria L. Kattan-Chrin with four other equity Partners.

We provide customized wealth advisory and investment management services to a select group of high-net-worth individuals and multi-generational families, their related trusts, foundations, and endowments. We offer a collaborative and comprehensive approach to planning, investment management, and financial education. Clients have access to the CWM Women’s Financial Education Group.

We spend considerable time getting to know each of our clients, both at the beginning of the relationship and on an ongoing basis. Through a series of discussions, we ascertain the client’s financial situation, investment objectives, and risk preferences. Based on this information, we prepare a customized Investment Policy Statement (IPS) which consists of a strategic asset allocation reflective of client’s goals and our asset class and market views. We review the IPS with our clients annually and update it, to reflect changing objectives and/or circumstances.

Our investment management services, include due diligence across asset classes and investment strategies, selection of managers and/or securities, portfolio implementation, ongoing monitoring, and comprehensive reporting. Our monitoring process includes daily cash and transaction reconciliation across all accounts and custodians, providing for real-time transparency and aggregated performance tracking. Our reporting system can also incorporate assets that are not directly managed by CWM to provide a comprehensive financial picture.

Our holistic approach integrates estate, tax, insurance, and charitable considerations. We have in-house knowledge to support these planning needs but do not directly offer these services. We work collaboratively with clients’ attorneys, accountants, consultants, and insurance experts to provide a cohesive and efficient experience.

As of December 31, 2021, we managed assets for 59 primary client relationships. Total assets under management were \$3,420,602,236, of which \$1,766,485,455 were discretionary and \$1,654,116,780 were non-discretionary.

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

We are compensated exclusively by our clients and do not share in the fees paid to Independent Managers, custodians, broker/dealers, or any other provider. CWM fees are based on the overall assets under management, for both discretionary and non-discretionary relationships. In addition, when a client situation requires that we provide services in areas other than investment management, such as family office services, we will offer those services for a flat annual fee, determined by the complexity of the mandate and the requirements of the client. All fees are mutually agreed upon between us and the client. Fees can vary based on several factors, including

the client's specific circumstances/requests and the complexity of the account(s). Our typical fees range from 30 bps to 85 bps.

Our advisory fees are pro-rated and invoiced quarterly in advance, based on either the market value of the assets, which may include uninvested cash, on the last business day of the previous quarter or the agreed upon quarterly flat fee. Our Investment Advisory Agreement and the custodial agreements may authorize the custodian to debit the Client's account for our advisory fee and to directly remit that advisory fee to us in compliance with regulatory procedures.

All fees paid to CWM for its services are separate and distinct from the fees and expenses charged directly by the custodian(s) of the client's account(s), transaction charges imposed by the broker-dealer executing securities transactions for the client's account(s), applicable fees charged by qualified custodians associated with account maintenance/transfers; fees and expenses embedded in ETFs and mutual funds held in or for the client's account(s) and/or charged to the client's account(s) by investment managers, such as hedge funds and private equity partnerships, Independent Managers, and by the client's other advisors. For further discussion concerning CWM's brokerage practices, please see Item 12 below.

The fees and expenses imposed by mutual funds and ETFs are described in each fund's prospectus and will generally include a management fee, other fund expenses, and a possible distribution fee. If hedge funds, private equity partnerships, fund of funds, and managed accounts also impose sales charges, a client may pay an initial or deferred sales charge. The client should review both the fees charged by the funds and the fees charged by CWM to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

**Fee Differentials.** CWM may price its services based upon various objective and subjective factors. CWM in its discretion, may charge a lesser investment advisory fee, charge a flat fee, waive its fee entirely, or charge a fee on a different interval, based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, complexity of the engagement, anticipated services to be rendered, grandfathered fee schedules, employees and family members, courtesy accounts, competition, negotiations with client, etc.). As a result, CWM's clients could pay diverse fees based upon the market value of their assets, the complexity of the engagement, and the level and scope of the overall investment advisory and/or consulting services to be rendered. As a result of these factors, similarly situated clients could pay diverse fees, and the services to be provided by CWM to any particular client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly.

#### **Item 6: Performance-Based Fees and Side-By-Side Management**

CWM is not a party to any performance or incentive-related compensation arrangements with its clients.

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

Our client base is comprised of individuals and multi-generational families, and their associated entities, including trusts, partnerships, and foundations. We also work with a select group of endowments.

Although we typically require \$30 million in investment assets, the determining factor in establishing a relationship with CWM is the client's fit with our practice. Each client signs an advisory agreement that sets forth the terms and conditions of the relationship between the client and CWM as well as the fees.

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

**Methods of Analysis.** In connection with servicing client accounts, CWM utilizes both quantitative and qualitative analysis. This analysis includes technical analysis and fundamental research. The main sources of the information that CWM uses in CWM's investment decision-making process include proprietary due diligence and research processes, information gathered from consultants, contracts with database services, and research materials from third parties including broker-dealers, banks, independent investment newsletters and investment managers.

**Investment Strategy.** CWM's primary role is to work with advisory clients on their asset allocation by creating, implementing, and monitoring their investment policy statement. CWM utilizes long term investments, short term investments, margin transactions, options, and Independent Managers as the investment strategies that it recommends and/or employs for servicing client accounts.

(a) **Long-term investments.** Long term investments are generally comprised of individual equity, fixed income and option securities, exchange traded funds, mutual funds, private partnerships such as hedge funds, fund of funds, private equity funds and structured notes which are held at least one year after the date of their purchase.

(b) **Short-term investments.** Short term investments are generally comprised of individual equity, fixed income and option securities, exchange traded funds, mutual funds and structured notes which are sold within one year from the date of their purchase. Short term purchases may result in frequent trading of securities, which may negatively affect investment performance through the impact of increased brokerage and other transaction costs and taxes that the client account may incur.

(c) **Leverage.** CWM may allocate assets to Independent Managers who may use leverage in their investment program. Leverage may create an opportunity for greater yield and total return but may also increase exposure to capital risk and higher current expenses.

(d) **Option Trading.** CWM directly and/or the Independent Managers it recommends or allocates assets to, may buy or write put and call options through listed exchanges and over-the-counter. The use of options transactions as an investment strategy can involve a high level of inherent risk. Option transactions establish a contract between two parties

concerning the buying or selling of an asset at a predetermined price during a specific period of time. During the term of the option contract, the buyer of the option gains the right to demand fulfillment by the seller. Fulfillment may take the form of either selling or purchasing a security, depending upon the nature of the option contract. Generally, the purchase or sale of an option contract shall be with the intent of “hedging” a potential market risk in a client’s portfolio and/or generating income for a client’s portfolio. Please Note: Certain options-related strategies (i.e. straddles, short positions, etc.), may, in and of themselves, produce principal volatility and/or risk. Thus, a client must be willing to accept these enhanced volatility and principal risks associated with such strategies. In light of these enhanced risks, client may direct Registrant, in writing, not to employ any or all such strategies for his/her/their/its accounts. There can be no guarantee that an options strategy will achieve its objective or prove successful. No client is under any obligation to enter into any option transactions. However, if the client does so, he/she must be prepared to accept the potential for unintended or undesired consequences (i.e., losing ownership of the security, incurring capital gains taxes).

(e) **Short Selling.** CWM may allocate assets to Independent Managers who may sell short securities of an issuer in the expectation of covering the short sale with securities purchased in the open market at a price lower than that received in the short sale. Restrictions on short selling activities imposed by the federal securities laws and the various national and regional securities exchanges could limit such investment activities. There can be no assurance that securities necessary to cover a short position will be available for purchase.

Risk of Loss. Risks can occur as a result of macroeconomic conditions, market conditions, and idiosyncratic risks inherent in Independent Managers and/or securities. There is no way of predicting how the Independent Managers will make investments or whether they will act in accordance with any disclosure documents or descriptive materials given by them to CWM. There can be no assurance that CWM will achieve its clients’ objectives or that the strategies described herein will be successful. Clients’ assets may be allocated to Independent Managers who may be invested in securities and other financial instruments or obligations for which no market exists and/or which are restricted as to their transferability under federal or state securities laws. As such, clients may not be able to exit from such investments when they would like to, even if they are underperforming. Given the factors that are described below, there exists a possibility that a client could suffer a substantial loss as a result of making investments. Investing in securities involves risk of loss that each client should be prepared to bear.

Risks of Derivatives. CWM, directly and/or the Independent Managers it recommends or allocates assets to, may trade derivatives. The risks posed by derivatives include (1) credit risks (the exposure to the possibility of loss resulting from a counterparty's failure to meet its financial obligations); (2) market risks (adverse movements in the price of a financial asset or commodity); (3) legal risks (an action by a court or by a regulatory or legislative body that could invalidate a financial contract); (4) operations risks (inadequate controls, deficient procedures, human error, system failure or fraud); (5) documentation risks (exposure to losses resulting from inadequate documentation); (6) liquidity risks (exposure to losses created by the inability to prematurely terminate a derivative); (7) systemic risks (the risk that financial difficulties in one institution or a major market disruption will cause uncontrollable financial harm to the financial system); (8) concentration risks (exposure to losses from concentration of closely-related risks such as exposure

to a particular industry or exposure linked to a particular entity); and (9) settlement risks (the risk that a client faces when it has performed its obligations under a contract but has not yet received value from its counterparty).

(a) **Leverage.** CWM may allocate assets to Independent Managers who may use leverage in their investment program. Leverage may create an opportunity for greater yield and total return but may also increase exposure to capital risk and higher current expenses.

(b) **Short Selling.** CWM may allocate assets to Independent Managers who may sell short securities of an issuer in the expectation of covering the short sale with securities purchased in the open market at a price lower than that received in the short sale. Restrictions on short selling activities imposed by the federal securities laws and the various national and regional securities exchanges could limit such investment activities. There can be no assurance that securities necessary to cover a short position will be available for purchase. A short sale creates the risk of a theoretically unlimited loss because the price of the underlying security could theoretically increase without limit and increase the cost of buying those securities to close the short position.

(c) **Institutional Risk and Custodial Risks.** The institutions, including brokerage firms and banks, with which CWM and Independent Managers directly or indirectly do business, or to which securities have been entrusted for custodial and prime brokerage purposes, may encounter financial difficulties that impair the operational capabilities or the capital position of a client. Brokers may trade with an exchange as a principal on behalf of a client, in a “debtor-creditor” relationship, unlike other clearing broker relationships where the broker is merely a facilitator of the transaction. Such broker could, therefore, have title to all of the assets of the client (for example, the transactions which the broker has entered into on behalf of the client as principal as well as the margin payments which the client provides). There is a residual risk that any brokers or dealers could become insolvent. While both the U.S. Bankruptcy Code and the Securities Investor Protection Act of 1970 seek to protect investor property in the event of failure, insolvency or liquidation of a broker dealer, a failure of a broker dealer that has custody of client assets may result in the client incurring losses due to its assets being unavailable for a period of time. Such losses could be significant.

(d) **Counterparty Risk.** CWM may allocate assets to Independent Managers who may effect transactions in many markets including “over-the-counter” or “interdealer” markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of “exchange based” markets. This exposes the client to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, therefore causing the client to suffer a loss.

(e) **Underlying Manager Investments.** Certain underlying managers may take competing positions resulting in the client indirectly incurring certain transaction costs without accomplishing any net investment result. Furthermore, when allocating assets to unaffiliated investment managers, (i) CWM will not have the right to participate in the management, control or operation of the underlying funds or managers or evaluate much of the relevant economic, financial and other information which will be utilized by the underlying managers in their



selection, structuring, monitoring and disposition of investments and (ii) there is always the possibility that the underlying manager could divert or abscond with the assets, fail to follow agreed-upon investment strategies, provide false reports of operations or engage in other misconduct. Lastly, underlying fund investments (especially private equity funds) tend to be less liquid than publicly traded securities.

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

There are no legal or disciplinary events relating to CWM.

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

Neither CWM, nor its representatives are registered or have an application pending to register as: a broker-dealer, a registered representative of a broker-dealer, a futures commission merchant, a commodity pool operator, a commodity trading advisor, or a representative of the foregoing. CWM does not recommend or select other investment advisers for its clients for which it receives direct or indirect compensation.

Ann F. Kaplan is on the Board of the Goldman Sachs Bank. CWM does not believe that such affiliation creates any conflicts of interest for CWM.

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

CWM has adopted a Code of Ethics pursuant to SEC Rule 204A-1, under the Investment Advisers Act of 1940, as amended (“Advisers Act”), which serves to establish a standard of business conduct for all of CWM’s personnel that is based upon fundamental principles of openness, integrity, honesty and trust. As an investment advisor and fiduciary, CWM has an undivided duty of loyalty to act solely in the best interest of its clients and must avoid or disclose conflicts of interest. In carrying on its daily affairs, CWM and all Associated Persons (also known as “Supervised Persons”), shall act in a fair, lawful, and ethical manner in accordance with the rules and regulations imposed by the governing regulatory authority. It is the purpose of CWM’s Code of Ethics to emphasize and implement these fundamental principles within its operations. All Firm personnel shall act in accordance with the requirements of the Adviser’s Act, which sets forth numerous policies and procedures.

The Code of Ethics requires that upon joining CWM, all employees and partners must disclose all portfolio holdings individually and in which they or any immediate family member has direct or beneficial ownership. CWM must receive all transaction confirmations and monthly statements. CWM requires that prior to effecting any securities transactions, including trades and/or direct investments or investing with any investment managers for themselves or for immediate family, all employees and partners must request in writing, via email, and receive approval from the Chief Compliance Office and/or Managing Partner.

Employees and partners are prohibited from using any information acquired in their capacities as such to affect any trade or undertake any activity that may adversely affect CWM’s clients or their interests. All are similarly prohibited from furnishing such information for their own benefit. CWM requires that all personnel act in accordance with all the applicable Federal and State

regulations governing registered investment advisory practices. CWM analyzes its operations on an ongoing basis to identify potential conflicts. The Chief Compliance Officer reviews the Code of Ethics as well as CWM's internal policies and procedures with each employee to ensure each person is aware of his or her responsibilities. This review occurs upon joining CWM as well as on an ongoing basis. Information concerning the identity of the security holdings and financial circumstances of clients is to be kept confidential. Any violation of this Code of Ethics or any Firm policy and/or procedure is subject to CWM's disciplinary procedures, which may include termination of employment.

CWM will provide a copy of the Code of Ethics to any client or prospective client upon request.

The purchase or sale of the same securities as for the client. CWM personnel (including for purposes of this Item 11 its principals and employees) may purchase or sell the same securities for their own accounts as are recommended, purchased or sold for client accounts. In addition, any person affiliated with CWM may directly or indirectly hold the same securities as CWM recommends to clients. These investment activities may present a conflict of interest in the sense that CWM, or its personnel, may benefit financially from a transaction effected for a client account. The purchase or sale of same securities, and allocations to same managers, at or about the same time as in a client's account. If CWM personnel requests to transact in a security on the same day that CWM is transacting in that security for client accounts, the request is approved as long as the order is on the same side and it is placed in the CWM Master account. However, clients must receive the same or better execution. Mutual fund trade requests on the same side as CWM client transactions are approved as mutual funds are traded on a broad market at an average price for all trades of the day therefore it is not seen as a conflict. CWM believes that it has addressed potential conflicts of interest related to its personnel's personal trading through its internal compliance policies. Each such person will be required to request approval in writing, via email, from the Chief Compliance Officer and/or Managing Partner prior to effecting any transaction and/or investing with any investment manager, including ones to which CWM allocates client assets. The Chief Compliance Officer coordinates with the Managing Partner and execution team to assess if CWM is transacting, or intending to transact, in the security for clients on that day. If CWM is not transacting, or intending to transact, in the security the request is generally approved as long as it is on the same side of positions held by clients. If CWM is transacting, or intending to transact, in the security for client accounts, the partner or employee order must be entered in the CWM Master account and receive the same execution, but not a better execution, than that of clients.

CWM requires that all employees/partners provide copies of trade confirmations and all account and direct investment statements. Employees and partners of CWM are prohibited from using any information acquired in their capacities to affect any trade or undertake any activity that may adversely affect CWM's clients or their interests. All are similarly prohibited from furnishing such information to others or otherwise improperly using such information for their own benefit. Any individual not in observance of the above may be subject to termination.

### **Item 12: Brokerage Practices**

If the client requests that we recommend a broker-dealer/custodian for execution and/or custodial services, CWM generally recommends that investment accounts be maintained at Charles Schwab & Co., Inc. and its affiliates ("Schwab"). Before engaging CWM to provide investment

management services, the client will be required to enter into a formal Investment Advisory Agreement with CWM setting forth the terms and conditions under which we will manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

The factors we consider in recommending Schwab (or any other broker-dealer/custodian to clients) include: historical relationship, financial strength, reputation, execution capabilities, pricing, research, and service. Broker-dealers such as Schwab can charge transaction fees for effecting certain securities transactions (*See* Item 4 above). To the extent that a transaction fee will be payable by the client to Schwab, the transaction fee shall be in addition to CWM's investment advisory fee referenced in Item 5 above.

To the extent that a transaction fee is payable, CWM shall have a duty to obtain best execution for such transaction. However, that does not mean that the client will not pay a transaction fee that is higher than another qualified broker-dealer might charge to effect the same transaction where CWM determines, in good faith, that the transaction fee is reasonable. In seeking best execution, 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 broker-dealer's services, including the value of research provided, execution capability, transaction rates, and responsiveness. Accordingly, although Registrant will seek competitive rates, it may not necessarily obtain the lowest possible rates for client account transactions.

CWM does not receive referrals from broker-dealers.

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, CWM receives from Schwab (or could receive from other broker-dealer/custodians, unaffiliated investment managers, vendors, investment platforms, and/or product/fund sponsors) without cost (and/or at a discount) support services and/or products, certain of which assist CWM to better monitor and service client accounts maintained at such institutions. The support services that CWM receives can include: investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or free consulting services, discounted and/or free travel and attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by CWM in furtherance of its investment advisory business operations. As referenced above, some of the support services and/or products that CWM can receive may assist CWM in managing and administering client accounts. Others do not directly provide such assistance, but rather assist CWM to manage and further develop its business enterprise. The receipt of these support services and products presents a conflict of interest, because CWM has the incentive to recommend that clients utilize Schwab as a broker-dealer/custodian based upon its interest in continuing to receive the above-described support services and products, rather than based on a client's particular need. However, CWM's clients do not pay more for investment transactions effected and/or assets maintained at Schwab as a result of this arrangement. There is no corresponding commitment made by CWM to Schwab or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangements. CWM's Chief Compliance Officer, Kristen Breault, remains available to address any questions that a client or

prospective client may have regarding the above arrangements and the corresponding conflicts of interest presented by such arrangements.

Relative to its discretionary investment management services, when beneficial to the client, individual equity and/or fixed income transactions may be effected through broker-dealers other than the account custodian, in which event, the client generally will incur both the fee (commission, mark-up/mark-down) charged by the executing broker-dealer and a separate “tradeaway” and/or prime broker fee charged by the account custodian (generally, Schwab).

CWM generally recommends that clients utilize the brokerage and custodial services provided by Schwab. CWM may accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and CWM will not seek better execution services or prices from other broker-dealers or be able to “batch” the client’s transactions for execution through other broker-dealers with orders for other accounts managed by us. As a result, a client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. If the client directs CWM to execute securities transactions for the client’s accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that we recommend. Higher transaction costs adversely impact account performance. Transactions for directed accounts will generally be executed following the execution of portfolio transactions for non-directed accounts.

Transactions for each client account generally will be effected independently, unless CWM decides to purchase or sell the same securities for several clients at approximately the same time. CWM may (but is not obligated to) combine or “bunch” such orders to seek best execution, to negotiate more favorable commission rates or to allocate equitably among our clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. CWM shall not receive any additional compensation or remuneration as a result of such aggregation.

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

Each of CWM’s advisory clients’ accounts are monitored by CWM’s partners and the investment team on an ongoing basis. In addition, portfolios are reviewed whenever significant economic events, changes in market conditions or important new developments concerning a security and/or investment manager affecting any individual account occur. The partners and the investment team will take appropriate action or no action consistent with the goals and objectives of each account.

Advisory clients receive confirmations of all transactions and statements from custodians, broker-dealers and/or banks, where assets are held, on a monthly basis and capital account statements from investment managers of managed accounts, hedge funds, fund of funds and private equity partnerships to which client assets are allocated on a quarterly basis or as provided by that manager.

In addition to reports sent directly to advisory clients by custodians and/or investment managers, CWM provides a comprehensive aggregated performance report to its clients, on a quarterly basis at a minimum. Our quarterly report includes all advisory clients' assets under CWM supervision, across all the custodians in which advisory client maintains an account, as well as investments such as managed accounts, hedge funds, fund of funds and private equity partnerships. In some cases, reports include assets not managed by CWM, in order to provide a complete financial picture to the client. All CWM reports are issued as an accommodation and are not official customer statements. CWM prepares these reports based on data believed to be accurate and provided on custodian statements, investment manager statements and capital account statements. CWM does not guarantee the accuracy or completeness of the information used in its reports. To the extent that there are differences between official custodian and investment manager statements and CWM's report, the official custodian statement should prevail. Based on advisory client's preference, CWM reports can be posted on a secure site, and/or sent via password-protected email.

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

As indicated at Item 12 above, CWM can receive from Schwab (and others) without cost (and/or at a discount), support services and/or products. CWM's clients do not pay more for investment transactions effected and/or assets maintained at Schwab (or any other institution) as result of this arrangement. There is no corresponding commitment made by CWM to Schwab, or to any other entity, to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as the result of the above arrangement. CWM's Chief Compliance Officer, Kristen Breault, remains available to address any questions that a client or prospective client may have regarding the above arrangements and the corresponding conflicts of interest presented by such arrangement.

We do not maintain solicitor arrangements/pay referral fee compensation to non-employees for new client introductions.

#### **Item 15: Custody**

CWM shall have the ability to deduct its advisory fee from the client's custodial account. Clients are provided with written transaction confirmation notices, and a written summary account statement directly from the custodian (i.e., Schwab, etc.) at least quarterly. To the extent that CWM provides clients with periodic account statements or reports, the client is urged to compare any statement or report provided by CWM with the account statements received from the account custodian. The account custodian does not verify the accuracy of CWM's advisory fee calculation.

In addition, certain clients have established asset transfer authorizations that permit the qualified custodian to rely upon instructions from CWM to transfer client funds or securities to third parties. These arrangements are disclosed at Item 9 of Part 1 of Form ADV. However, in accordance with the guidance provided in the SEC's February 21, 2017 *Investment Adviser Association* No-Action Letter, the affected accounts are not subject to an annual surprise CPA examination. CWM's Chief Compliance Officer, Kristen Breault, remains available to address any questions that a client or prospective client may have regarding custody-related issues.

### **Item 16: Investment Discretion**

CWM's services are provided both on a discretionary and non-discretionary basis. In a non-discretionary wealth advisory and consulting engagement, CWM makes recommendations and each client makes its own decisions. This type of agreement is typically used when a client has a large concentrated legacy position where communication prior to transacting in such securities/investment is appropriate. In a wealth advisory discretionary engagement, CWM has written authority to determine the securities to be bought or sold, the amount of securities to be brought or sold, the broker or dealer to be used and the commission rates to be paid, as well as the investment managers to allocate assets to including but not limited to: mutual funds, exchange traded funds, preferred stock, options, managed accounts, hedge funds, fund of funds and private equity partnerships. Clients may place limitations on CWM's discretionary authority. Any such limitations shall be presented to CWM in writing, and clients may change/amend those limitations, in writing, when appropriate.

Prior to engaging CWM to provide investment management services, the client will enter into a formal *Investment Advisory Agreement* with Registrant setting forth the terms and conditions under which CWM shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian. CWM's advisory agreement and the agreement between the client and the custodian/broker-dealer for the account, may grant discretionary authority to CWM. The client's written agreement with the custodian also grants a limited power of attorney to CWM relative to transactions in the client's custodial account.

- **Discretionary Wealth Advisory Services:** offer a collaborative and comprehensive approach to providing financial planning, investment management, and financial education to clients. These services are provided to clients who engage CWM to manage and oversee all/most of their investable assets. In a discretionary relationship, CWM makes and effectuates investment decisions on behalf of the client based on an agreed upon Investment Policy Statement.
- **Non-Discretionary Wealth Advisory Services:** offer a collaborative and comprehensive approach to providing financial planning, investment management, and financial education to clients. These services are provided to clients who engage CWM to manage and oversee all/most of their investable assets. In non-discretionary relationship, CWM makes recommendations and the client makes her/his own decisions.
- **Investment Management Services:** offer access to CWM managed portfolios. These services are offered on a discretionary basis.
- CWM provides investment advice with respect to various asset classes and investment vehicles which can be used in the implementation of the client's IPS.
- Asset Classes include: cash and cash equivalents, public equity, private equity, fixed income, credit, and real assets.

- Vehicles include: equity securities (such as exchange-listed, securities traded over-the-counter, preferred, and foreign issuers), debt securities (municipals, United States Governments and Agencies, corporate and sovereign), options, exchange traded funds, mutual fund shares, separate account managers, hedge funds, fund of funds, private equity partnerships, and structured notes.
- Although CWM's investment advice is typically limited to the investment categories noted above, CWM may provide advice with respect to other investment opportunities or client requests where CWM determines that its involvement would be helpful to the client.

In connection with the provision of CWM's wealth advisory services:

- (1) CWM manages client's assets after client, in discussions with CWM, determines the appropriateness of CWM's services in the context of their overall financial situation and objectives.
- (2) CWM tailors its advisory services to the client's individual needs and goals. The CWM team will analyze the clients' existing investments in order to determine which should be held or sold and will create an asset allocation and implementation plan for each client. The client's investment objectives and goals-based asset allocation will be summarized in the client's Investment Policy Statement (IPS). The IPS will be reviewed and approved by the client in writing. When CWM's services are provided on a non-discretionary wealth advisory or consulting basis, the client retains the decision-making power over asset allocation, investment selection, and portfolio implementation and is free to accept or reject any recommendation from CWM. In non-discretionary relationships, CWM does not require an IPS.
- (3) Clients may impose reasonable restrictions on CWM, which may include restrictions on investing in certain securities, types of securities and investment options. These restrictions are noted in the client's IPS. Clients may change/amend those limitations, in writing, when appropriate.
- (4) CWM does not provide portfolio management services on a wrap fee basis.
- (5) CWM is authorized to rely on any and all information that is provided to CWM by the client or any of the client's other service providers and advisors (such as the client's attorney, accountant, family office staff) and by investment managers, and shall not be required to independently verify any such information.
- (6) Each client is responsible for promptly notifying CWM if there is ever any change in their financial situation or investment objectives so that CWM may review, evaluate and possibly revise its previous recommendations and/or services in light of the new information.
- (7) No information accessed or acquired, directly or indirectly, by a client as a result of participating in any meeting sponsored by CWM or accessed through CWM is, or is intended

to be, investment advice or recommendations tailored for the benefit of the participant or investment advice or recommendations regarding particular securities.

- (8) **Limitations of Financial Planning and Non-Investment Consulting/Implementation Services.** CWM offers to provide financial planning services. To the extent engaged by a client, in writing, to do so, CWM shall generally provide financial planning and related consulting services regarding non-investment related matters, such as estate planning, tax planning, insurance, etc. CWM will generally provide such consulting services inclusive of its advisory fee set forth at Item 5 below (exceptions could occur based upon assets under management, special projects, stand-alone planning engagements, etc. for which Firm may charge a separate or additional fee). CWM believes that it is important for the client to address financial planning issues on an ongoing basis. CWM's advisory fee, as set forth at Item 5 below, will remain the same regardless of whether or not the client determines to address financial planning issues with Registrant. CWM does not serve as an attorney, accountant, or insurance agency, and no portion of its services should be construed as legal, accounting, or insurance implementation services. Accordingly, we do not prepare estate planning documents, tax returns or sell insurance products. Unless specifically agreed in writing, neither CWM nor its representatives are responsible to implement or provide any ongoing monitoring of any financial plans or financial planning advice. The client retains absolute discretion over all financial planning and related implementation decisions and is free to accept or reject any recommendation from CWM and its representatives in that respect. CWM's financial planning and consulting services are completed upon communicating its recommendations to the client, upon delivery of the written financial plan, or upon termination of an applicable agreement. To the extent requested by a client, CWM may recommend the services of other professionals for certain non-investment implementation purposes (i.e. attorneys, accountants, insurance agents, etc.). Clients are under no obligation to engage the services of any recommended professional, who shall be solely responsible for the quality and competency of the services they provide. If the client engages any unaffiliated recommended professional, and a dispute arises related to the engagement, the client should seek recourse exclusively from and against the engaged professional. At all times, the engaged licensed professional[s] (i.e. attorney, accountant, insurance agent, etc.), and not Registrant, shall be responsible for the quality and competency of the services provided.
- (9) **Stand-Alone Investment Management Services.** For wealth management engagements, CWM will generally provide financial planning and related services as part of its advisory fee set forth at Item 5 below, but, depending upon client needs and/or investable assets, CWM may be engaged on an investment management basis only.
- (10) **Non-Discretionary Service Limitations.** Clients that determine to engage CWM on a non-discretionary investment advisory basis must be willing to accept that CWM cannot execute any account transactions without obtaining the client's prior consent to the transactions. Therefore, if CWM would like to make a transaction for a client's account (including removing a security that CWM no longer believes is appropriate, adding a security that CWM believes is appropriate, or in the event of a correction), and the client is unavailable, CWM will be unable to execute the account transactions (as it would for its discretionary clients)



without first obtaining the client's consent. This may place affected clients at an economic disadvantage.

- (11) **Retirement Rollovers-Potential for Conflict of Interest.** A client or prospective client leaving an employer has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If CWM recommends that a client roll over their retirement plan assets into an account to be managed by CWM, such a recommendation creates a conflict of interest if CWM will earn a new (or increase its current) advisory fee as a result of the rollover. If Registrant provides a recommendation as to whether a client should engage in a rollover or not (whether it is from an employer's plan or an existing IRA), Registrant is acting as a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. No client is under any obligation to rollover retirement plan assets to an account managed by CWM. CWM's Chief Compliance Officer, Kristen Breault remains available to address any questions that a client or prospective client may have regarding the potential for conflict of interest presented by such rollover recommendation.

- (12) **Unaffiliated Private Investment Funds.** CWM may recommend that certain qualified clients consider an investment in unaffiliated private investment funds. CWM's role relative to the private investment funds shall be limited to its initial and ongoing due diligence and investment monitoring services. If a client determines to become a private fund investor, the amount of assets invested in the fund(s) shall be included as part of "assets under management" for purposes of calculating our investment advisory fee. Our clients are under absolutely no obligation to consider or make an investment in a private investment fund(s).

Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike liquid investments that a client may own, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund and acknowledges and accepts the various risk factors that are associated with such an investment.

If CWM references private investment funds owned by the client on any supplemental account reports prepared by CWM, the value(s) for all private investment funds owned by the client shall reflect the most recent valuation provided by the fund sponsor. However, if subsequent to purchase, the fund has not provided an updated valuation, the valuation shall reflect the initial purchase price. If subsequent to purchase, the fund provides an updated valuation, then the statement will reflect that updated value. The updated value will continue to be reflected on the report until the fund provides a further updated value. As result of the valuation process, if the valuation reflects initial purchase price or an updated value subsequent to purchase price,

the current value(s) of an investor's fund holding(s) could be significantly more or less than the value reflected on the report. Unless otherwise indicated, the client's advisory fee shall be based upon the value provided by the fund sponsor.

- (13) **Availability of Mutual Funds and Exchange Traded Funds.** CWM utilizes mutual funds and exchange traded funds for its client portfolios. In addition to Registrant's investment advisory fee described below, and transaction and/or custodial fees discussed below, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g. management fees and other fund expenses). Other mutual funds, such as those issued by Dimensional Fund Advisors ("DFA"), are generally only available through selected registered investment advisers approved by DFA. CWM may allocate client investment assets to DFA mutual funds. If the client decides to terminate CWM's services, and transition to another adviser who has not been approved by DFA to utilize DFA funds, restrictions regarding additional purchases of, or reallocation among DFA funds will apply.
- (14) **Socially Responsible Investing Limitations.** Socially Responsible Investing involves the incorporation of Environmental, Social and Governance considerations into the investment due diligence process ("ESG"). There are potential limitations associated with allocating a portion of an investment portfolio in ESG securities (i.e., securities that have a mandate to avoid, when possible, investments in such products as alcohol, tobacco, firearms, oil drilling, gambling, etc.). The number of these securities may be limited when compared to those that do not maintain such a mandate. ESG securities could underperform broad market indices. Investors must accept these limitations, including potential for underperformance. Correspondingly, the number of ESG mutual funds and exchange traded funds are few when compared to those that do not maintain such a mandate. As with any type of investment (including any investment and/or investment strategies recommended and/or undertaken by Registrant), there can be no assurance that investment in ESG securities or funds will be profitable, or prove successful.
- (15) **Portfolio Trading Activity.** CWM has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, CWM will review client portfolios on an ongoing basis to determine if any trades are necessary based upon various factors, including but not limited to investment performance, fund manager tenure, style drift, account additions/withdrawals, the client's financial circumstances, and changes in the client's investment objectives. Based upon these and other factors, there may be extended periods of time when CWM determines that trades within a client's portfolio are neither necessary nor prudent. Clients nonetheless remain subject to the fees described in Item 5 during periods of portfolio trading inactivity. Notwithstanding, there can be no assurance that investment decisions made by CWM will be profitable or equal any specific performance level(s).
- (16) **Independent Managers.** Based on each client's goals and risk tolerance, CWM may recommend that a client allocate investment assets to and/or among a select group of unaffiliated independent investment managers ("Independent Managers"). CWM shall continue to render investment supervisory services to the client relative to the ongoing

monitoring and review of account performance, asset allocation and client investment objectives. CWM screens, selects, and monitors Independent Managers considering factors that include but are not limited to the following:

**Firm:** history, culture, structure, reputation, code of ethics, financial strength, privacy policies/procedures, risk management

**Management Team:** personal and professional backgrounds, team composition and structure, investment style and biases, compensation

**Investment Philosophy and Process:** investment selection criteria and process, selling discipline, pricing policy, asset types, liquidity requirements/constraints.

**Performance Track Record:** length of track record, absolute and after-tax performance, attribution of performance

**Custodial and Prime Broker Relationships:** number of relationships, custody of client assets, trading and trade allocation processes, risk management, operational procedures

**Fund Administration/Reporting:** frequency, transparency

CWM has the authority to determine the broker-dealer/custodian to be used by designated Independent Managers, who invest on behalf of CWM's clients, through separately managed discretionary accounts. CWM will typically make that selection based on how best to access the manager at the lowest fee but may also select a broker-dealer/custodian based on a client request/preference. The Independent Managers charge investment management fees that are exclusive of, and in addition to, CWM's ongoing investment advisory fee. The fees charged by the Independent Managers will be subject to the terms and conditions of a separate agreement between the client and the Independent Managers / Independent Manager platform host.

(17) **Third Party Reporting Services.** CWM may provide access to reporting services that can reflect all of the client's investment assets, including those investment assets that are not part of the assets managed by CWM (the "Excluded Assets"). CWM's service relative to the Excluded Assets is limited to reporting service access only, which does not include investment implementation. Because CWM does not have trading authority for the Excluded Assets, the client (and/or another investment professional), and not CWM, shall be exclusively responsible for directly implementing any recommendations relative to the Excluded Assets. Further, the client and/or their other advisors that maintain trading authority, and not CWM, shall be exclusively responsible for the investment performance or related activity (such as timing or trade errors) pertaining to the Excluded Assets. The third-party reporting platform may also provide access to financial planning information and applications, which should not be construed as services, advice, or recommendations provided by CWM. Accordingly, CWM shall not be held responsible for any adverse results a client may experience if the client engages in financial planning or other functions available on the third-party reporting platform without CWM's participation or oversight.

(18) **Structured Notes.** CWM may purchase structured notes for client accounts. A structured note is a financial instrument that combines two elements, a debt security and exposure to an underlying asset or assets. It is essentially a note, carrying counter party risk of the issuer.

However, the return on the note is linked to the return of an underlying asset or assets (such as the S&P 500 Index or commodities). It is this latter feature that makes structured products unique, as the payout can be used to provide some degree of principal protection, leveraged returns (but usually with some cap on the maximum return), and be tailored to a specific market or economic view. In addition, investors may receive long-term capital gains tax treatment if certain underlying conditions are met, and the note is held for more than one year. Finally, structured notes may also have liquidity constraints, such that the sale thereof before maturity may be limited.

(19) **Custodian Charges – Additional Fees.** As previously discussed, when requested to recommend a broker-dealer/custodian for client accounts, Registrant generally recommends that *Schwab* serve as the broker-dealer/custodian for client investment management assets. Broker-dealers such as *Schwab* charge brokerage commissions, transaction, and/or other type fees for effecting certain types of securities transactions (i.e., including transaction fees for certain mutual funds, and mark-ups and mark-downs charged for fixed income transactions, etc.). The types of securities for which transaction fees, commissions, and/or other type fees (as well as the amount of those fees) shall differ depending upon the broker-dealer/custodian (while certain custodians, including *Schwab*, do not currently charge fees on individual equity transactions, others do). When beneficial to the client, individual fixed-income and/or equity transactions may be affected through broker-dealers with whom Registrant and/or the client have entered into arrangements for prime brokerage clearing services, including effecting certain client transactions through other SEC registered and FINRA member broker-dealers (in which event, the client generally will incur both the transaction fee charged by the executing broker-dealer and a “trade-away” fee charged by *Schwab*). These fees/charges are in addition to Registrant’s investment advisory fee at Item 5 below. Registrant does not receive any portion of these fees/charges.

(20) **Client Obligations.** In performing our services, CWM shall not be required to verify any information received from the client or from the client’s other professionals and is expressly authorized to rely thereon. Moreover, each client is advised that it remains their responsibility to promptly notify us if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising our previous recommendations and/or services.

**Investment Risk.** Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by CWM) will be profitable or equal any specific performance level(s).

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

CWM does not vote but can advise on client proxies for client accounts. Therefore, although CWM may provide investment advisory services relative to client investment assets, CWM’s clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. CWM and/or the client shall correspondingly instruct each

custodian of the assets to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets. Clients can contact CWM using the information on the cover page of this brochure with any questions about a particular solicitation.

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

CWM does not require clients pay fees more than six months in advance. There is no financial information that is reasonably likely to impair CWM's ability to meet contractual commitments to its clients. Additionally, CWM has not been the subject of a bankruptcy petition.

**ANY QUESTIONS: Our Chief Compliance Officer, Kristen Breault, remains available to address any questions about this ADV Part 2A Brochure.**