

# **AXXCESS WEALTH MANAGEMENT, LLC**

## **Form ADV Part 2A – Disclosure Brochure**

September 23, 2022

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Website for Clients

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

TAMP Website for Advisors and Other Financial Professionals

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

401k Retirement Site

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



This Form ADV Part 2A (“Disclosure Brochure”) provides information about the qualifications and business practices of Axxcess Wealth Management, LLC (“AWM” or the “Advisor”). If you have any questions about the contents of this brochure, please contact the Advisor at (858) 217-5347 or by email at [admin@axxcesswealth.com](mailto:admin@axxcesswealth.com).

AWM is a registered investment advisor with the U.S. Securities and Exchange Commission (“SEC”). The information in this Disclosure Brochure has not been approved or verified by the SEC or by any state securities authority. Registration of an investment advisor does not imply any specific level of skill or training. This Disclosure Brochure provides information about Axxcess to assist you in determining whether to retain the Advisor.

Additional information about Axxcess is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with the Advisor’s firm name or CRD# 164081.

## Item 2: Material Changes

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Form ADV 2 is divided into two parts: *Part 2A (the "Disclosure Brochure")* and *Part 2B (the "Brochure Supplement")*. The Disclosure Brochure provides information about a variety of topics relating to an Advisor's business practices and conflicts of interest. The Brochure Supplement provides information about the Advisory Persons of AWM.

AWM believes that communication and transparency are the foundation of its relationship with clients and will continually strive to provide you with complete and accurate information at all times. AWM encourages all current and prospective clients to read this Disclosure Brochure and discuss any questions you may have with the Advisor.

### Material Changes

There have been no material changes made to this Disclosure Brochure since the last filing and distribution to clients.

### Future Changes

From time to time, the Advisor may amend this Disclosure Brochure to reflect changes in business practices, changes in regulations, or routine annual updates as required by the securities regulators. This complete Disclosure Brochure or a Summary of Material Changes shall be provided to you annually and if a material change occurs.

At any time, you may view the current Disclosure Brochure online at the SEC's Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with the Advisor's firm name or CRD# 164081. You may also request a copy of this Disclosure Brochure at any time by contacting the Advisor at (858) 217-5347 or by email at [admin@axxcesswealth.com](mailto:admin@axxcesswealth.com).

### **Item 3: Table of Contents**

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<b>Item 2: Material Changes.....</b>	<b>ii</b>
<b>Item 3: Table of Contents.....</b>	<b>iii</b>
<b>Item 4: Advisory Business .....</b>	<b>1</b>
<b>Item 5: Fees and Compensation .....</b>	<b>10</b>
<b>Item 6: Performance-Based Fees and Side-by-Side Management .....</b>	<b>13</b>
<b>Item 7: Types of Clients .....</b>	<b>13</b>
<b>Item 8: Methods of Analysis, Investment Strategies, and Risk of Loss .....</b>	<b>13</b>
<b>Item 9: Disciplinary Information .....</b>	<b>18</b>
<b>Item 10: Other Financial Industry Activities and Affiliations .....</b>	<b>18</b>
<b>Item 11: Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading .....</b>	<b>20</b>
<b>Item 12: Brokerage Practices .....</b>	<b>22</b>
<b>Item 14: Client Referrals and Other Compensation .....</b>	<b>25</b>
<b>Item 15: Custody .....</b>	<b>28</b>
<b>Item 17: Voting Client Securities .....</b>	<b>29</b>
<b>Item 18: Financial Information.....</b>	<b>30</b>

## **Item 4: Advisory Business**

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### **Firm Description**

Axxcess Wealth Management, LLC (“AWM,” the “Firm” or the “Advisor”) is a registered investment advisor with the U.S. Securities and Exchange Commission. The firm is organized as a Limited Liability Company (“LLC”) under the laws of Delaware. AWM was founded in 2012 and is owned and operated by Michael Seid (Principal and Chief Compliance Officer). This Disclosure Brochure provides information regarding the qualifications, business practices, and advisory services provided by AWM.

AWM is an independent investment and advisory firm that is client-centered in its mission. AWM’s client base includes many different types of individuals and institutions. Investment advisors, broker-dealers, and other financial professionals (each a “client”) can use AWM’s services, described below, for their clients through AWM’s Third-Party Asset Management Platform (“TAMP”). AWM has developed a wide array of services dedicated to meeting the distinct needs of each. AWM works with clients on a per-project, hourly, or on an asset-based relationship. AWM provides these advisory services through numerous investment teams, each of which has its own advisory focus and strategies, driven primarily by the types of clients they serve.

Advice is provided through consultation with the client and may include determination of financial objectives, risk assessment, risk management, capital allocation and budgeting, identification of financial problems, cash flow management, strategic planning, insurance review, investment management, retirement plan design, installation, and management.

Each of AWM’s services are unified by the Advisor’s overall mission to meet the distinct needs of each type of client and their consultants or advisors:

- Retain AWM’s client relationships by putting their interests first.
- Invite collaboration and partnership with the client’s existing advisors.
- Ensure clear, transparent communication
- Mandate the highest standard of professional conduct, Firm ethics, and client privacy

AWM’s services require the Advisor’s advice to be objective. AWM’s open architecture allows the Advisor to pick and choose products and services that are aligned with AWM’s client’s best interests. AWM has built strategic alliances with some of the largest banks, brokerage, and trust platforms.

### **Tailored Relationships**

AWM makes a point to know its clients’ circumstances in order to implement individually tailored financial solutions. Meeting the needs of each client in order to sustain a relationship that creates value for the client requires a depth of knowledge, routine contact, and a requirement to collaborate with a client’s existing advisors. Client interviews, analysis of current and projected financial requirements, risk tolerance, and portfolio goals are established at the beginning and throughout the client relationship.

The goals, objectives, and financial profile for each client, are documented in AWM’s client relationship management system. Investment policy statements are created for certain clients, which reflect the stated goals and objectives of those clients. Clients may impose restrictions on investing in certain securities or types of securities.

## **Types of Advisory Services**

As a firm focused on AWM's existing client base comprised of family offices, high net worth investors, business owners, and retirement plans, and growing AWM's relationship with Investment Advisors, Broker-Dealers, and other financial professionals, AWM provides services in the following areas:

### **Axxcess Core Services**

AWM's core services are focused on wealth management. Core services are highly tailored to each client, as the Firm does not manage a "one size fits all" model portfolio. AWM's client accounts are monitored on at least a monthly basis and focused on meeting current and evolving financial needs. AWM's investment advisor representatives ("IARs") assist client investment decisions by endeavoring to understand the client's financial goals and objectives in the areas of investment allocation, retirement planning, estate planning, and corporate planning. AWM will review the client's current financial position taking into account the stated financial goals and objectives of the client. AWM will frequently establish and formalize a customized investment policy statement for each client or account being managed. Portfolios are designed and managed using a mix of investments, including stocks, bonds, mutual funds (multiple asset classes), third party managers, exchange-traded funds ("ETFs"), notes, real estate investment trusts, business development companies, and alternative investments such as hedge funds and private equity. Clients have the option of granting either fully discretionary authority or limited discretionary authority to AWM regarding their investment accounts. Certain third-party money managers are only available on a fully discretionary basis. AWM also provides other advisory consulting services, which include financial planning, capital allocation, wealth management, and advisement on financial matters to businesses, high-net-worth individuals, family offices, and retirement plans.

### **Investment Advisory Services**

Most clients choose to have AWM advise them on matters related to their wealth management and the implementation of their investment strategy. Prior to providing advisory services, AWM's clients enter into an advisory services agreement, known as the AWM Engagement Agreement.

AWM provides investment advisory services to its clients on a discretionary or non-discretionary basis on both taxable and tax-deferred accounts. The advisory services include, among other things, providing advice regarding both tactical and strategic asset allocation and the selection of investments. AWM's advisory services are guided by the stated objectives provided for in a client profile or investment policy statement. AWM considers the client's risk tolerance and financial status prior to making any recommendations.

### **Advisory Services**

AWM provides advisory services to client projects which may or may not be related to wealth management and investment strategy. Advisory services are focused on areas that you typically don't see on a statement, such as real estate, business interests, or diligence activities. Many of AWM's clients rely on the Firm for advice in a variety of financial decisions with respect to their family office establishment and governance, purchasing or selling businesses, raising capital, negotiating, and structuring financial transactions. Axxcess will endeavor to provide reporting of positions and performance using AWM's Private Asset Platform ("PAP"). PAP is an Axxcess reporting service that integrates directed investments such as real estate, private equity, or private credit in a consolidated manner. AWM makes no representations or guarantees about the accuracy of the information contained in its PAP reports. AWM specifically discloses in its PAP Enrollment forms that there can be no guarantee that PAP reports are accurate as of the date received or that they will continue to be accurate in the future. The data contained in AWM's Private Asset Platform comes from the administrator, sponsor, sponsors administrator, and or auditor/accountant. AWM does not provide valuation or pricing services.

Advisory services may be offered in conjunction with other services offered by AWM as described below. AWM does not provide legal or tax advice.

*Retirement Accounts* – When the Advisor provides investment advice to clients regarding ERISA retirement accounts or individual retirement accounts (“IRAs”), the Advisor is a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act (“ERISA”) and/or the Internal Revenue Code (“IRC”), as applicable, which are laws governing retirement accounts. When deemed to be in the clients’ best interest, the Advisor will provide investment advice to a client regarding a distribution from an ERISA retirement account or to roll over the assets to an IRA or recommend a similar transaction including rollovers from one ERISA sponsored Plan to another, one IRA to another IRA, or from one type of account to another account (e.g., commission-based account to fee-based account). Such a recommendation creates a conflict of interest if the Advisor earns a new (or increases its current) advisory fee as a result of the transaction. No client is under any obligation to roll over a retirement account to an account managed by the Advisor.

### **Corporate Services**

AWM provides services for companies and organizations. Services include company-sponsored qualified and non-qualified retirement plan advisory services, plan installation consultation (including a statement of investment policy and initial plan investment selection), and plan consultation (including participant enrollment meetings, ongoing 404(c) compliance consultation, investment due diligence, and third-party investment reporting). AWM has adopted the Fi360 ([www.fi360.com](http://www.fi360.com)) model for fiduciary best practices and seeks to apply the Fi360 standard for investment stewards, advisors, and managers. AWM will also conduct formal fiduciary best practices reviews (Level I, II, & III) for corporate clients seeking to verify fiduciary excellence and compliance.

In advising corporate retirement plans, AWM has a white-label record-keeping system that it licenses from Aspire Financial Services and EPIC Retirement Systems. The record-keeping system is a conflict-free platform that integrates with leading payroll companies and investment custodians. AWM does not provide recordkeeping services directly and Aspire is solely responsible for the maintenance and accuracy of its system. More information can be found at [www.aspireonline.com](http://www.aspireonline.com).

These services are provided by AWM serving in the capacity as a fiduciary under the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). In accordance with ERISA Section 408(b)(2), the Plan Sponsor is provided with a written description of AWM’s fiduciary status, the specific services to be rendered, and all direct and indirect compensation the Advisor reasonably expects under the engagement.

As part of AWM’s corporate services consulting, AWM also furnishes advice to clients on matters such as capital formation, investment structure, financial risk management, business planning matters, and succession planning and may include estate and insurance planning services. Capital placement activities are not handled by AWM but through AWM’s non-affiliated Broker/Dealer, Arete Wealth Management, LLC.

### **Axxcess Customized Portfolio Platform- Internally and Externally available through AWM’s TAMP**

AWM provides investment advisory services under a program called the Axxcess Customized Portfolio Platform (“ACPP”). ACPP is a discretionary investment management process designed to assist clients with their financial goals and objectives. ACPP uses a multi-step process implemented by the advisor and is based on the individual needs of the client. An initial interview and data gathering questionnaire are undertaken to determine the client’s financial situation and investment objectives. The ACPP process includes a thorough review and analysis of the client’s current asset allocation and portfolio objectives. The advisor will review the recommended custom allocation with clients. Clients will work with the advisor to create a written plan in the form of an Investment

Policy Statement (“IPS”) or client Investment Guidelines (“CSA”), which will identify asset allocation classes, investment styles, tax policy income preferences, and other trading guidelines. It is the client’s responsibility to notify the advisor at any time if there are any changes. Client funds and securities are held by a qualified custodian in a separate account under the client’s name. The client retains rights of ownership of all securities and funds in the account to the same extent as if the client held the securities and funds outside the program.

**Sleeve Manager Platform-Sleeve Portfolio Management Services- Internally and Externally available through AWM’s TAMP**

AWM has developed a comprehensive system of model, sleeve, and portfolio management services relating to the maintenance and administration of investment advisory accounts which it makes available to its clients and the clients of third-party investment advisers. The sleeve portfolio management services may be provided to AWM investment professionals and to third-party investment advisory firms, with AWM acting as a sub-advisor or Turnkey Asset Management Program (“TAMP”). Details of these services are described on AWM’s website for Advisors and other investment professionals at [www.axxcessplatform.com](http://www.axxcessplatform.com).

AWM has developed this platform to create a unique client experience by lowering the cost and complexity of building portfolios using third-party managers with advisor-directed solutions. Portfolios are optimized using equity, fixed income, ETFs, and mutual funds in a single brokerage account. AWM’s technology enables Third-Party Managers (“TPMs”) to manage their strategies in a “sleeve” that compartmentalizes the securities in the TPMs model strategy. The TPMs trading, performance, reporting, and billing are separated from the other assets in the client’s portfolio without the need to open separate accounts at the custodian. AWMs sleeve manager reporting system provides the client with comprehensive reporting at the client’s household, registration, account, and sleeve manager level. The custodial account can be “sleeved” to enable TPMs to manage strategies alongside alternative investments such as private equity and hedging strategies resulting in both the core strategic and tactical investment strategies. AWM may provide administrative “middle” and/or “back office” services to third parties, RIAs, and Broker/Dealers and may make available billing, reporting, and investment and operational services. The client of a third-party investment advisor or broker-dealer will sign a program agreement that describes the relationship between the client, their primary advisor, and Axxcess Wealth Management. The program agreement is called a “Client Services Agreement” and is a tri-party agreement wherein the client delegates authority to their primary advisor to choose various sleeve managers on the Axxcess Platform or to direct investment allocation decisions to Axxcess to execute on behalf of the client. Axxcess will provide trading services to the client and their third-party advisor through a Limited Power of Attorney form, typically supplied by the client’s custodian. Axxcess acts as a fiduciary to the client on the account sleeves managed by sleeve managers working on the Axxcess Platform. Axxcess will either be a Sub-Advisor or Co-Advisor depending on the preference of the Client and the third party RIA. Axxcess may also allow the third party RIA or investment advisor to act as a solicitor and introduce clients to the Axxcess Platform, where Axxcess will act as fiduciary to the entire client account associated with the Axxcess Platform.

When the AWM Investment Oversight Committee (“IOC”) is interested in allocating part of a portfolio to a third party money manager who is in the business of providing sub-advisory services in regards to the formation and management of model portfolios to investment advisors and is registered as an investment adviser pursuant to the Investment Advisers Act of 1940, as amended, (“Advisers Act”) or under the corresponding regulations of the states or other jurisdictions in which it conducts such business, AWM may engage the third-party manager to design, monitor on a daily basis, and, as necessary, update the strategy(ies) directly with AWM. This component of AWM’s platform is called Sleeve Portfolio Management Services. The third-party manager is called a “sleeve strategy manager.” The intent of this service is to reduce the number of separate accounts the client would otherwise need in order to implement an investment strategy with multiple third-party managers. AWM

will enter into a sub-advisory or signals-based relationship with the third-party manager. AWM is responsible for trade order management and execution with the client's custodian, collecting the Sleeve Manager Fee, and remitting a portion of that fee to the third-party manager. The sleeve strategy managers update their investment models directly in the AWM portfolio management system. In addition to reducing the number of accounts for the client, this arrangement typically results in a lower fee and/or lower minimum investment to the client than if they otherwise engaged the third party manager directly. AWM will provide sleeve strategy management services directly to clients who have signed an AWM engagement agreement and sign an additional addendum that identifies the sleeve strategy manager and the fee to be billed for the sleeve strategy. Sleeve strategy services will not be rendered without the client receiving the most recent copy of the sleeve strategy manager's Form ADV brochure.

The client's investment instructions are generally communicated to AWM in the form of asset allocation strategies ("Strategies"). The strategy creator may be your advisor or the AWM IOC. In many cases, your financial advisor will create the Strategy for your account. Alternatively, your financial advisor may elect to employ a Strategy from a third-party strategist, also a registered investment advisor, for your account. Strategies are comprised of a model portfolio ("Model"), or a weighted combination of multiple Models called a model aggregate. A Model or model aggregate represents the investment recommendations of your advisor, or the AWM IOC, in the form of a list of securities to hold and the relative weight of each. Your financial advisor may be one of the managers providing one or more of the Models for your account's Strategy. Additionally, the Models of third-party asset managers, themselves registered investment advisors, may be included in your account's Strategy. Your account's advisor or the AWM IOC is responsible for researching and evaluating managers and selecting the specific Models or model aggregates employed in your account's Strategy.

The responsibilities of the third-party Strategists and TPMs who have signed sub-advisory agreements with AWM with respect to your account are limited to providing generalized, non-discretionary investment advice. These limitations are further discussed in the schedules attached to our sleeve strategy addendum. It is your financial advisor who remains solely responsible for understanding your individual financial situation, investment goals and objectives, qualification, time horizon, portfolio liquidity and concentration, and tolerance for risk, as well as any investment limitations and reasonable restrictions for your account. Based upon this knowledge, your financial advisor selects a suitable Strategy for your account. Your financial advisor is solely responsible for maintaining communication with you to monitor your investment objectives and any changes in your individual circumstances and for communicating any changes in your situation to AWM in the form of a suitable Strategy selected for your account. Any questions you may have regarding the Strategy employed for your account, the manager Models comprising the Strategy, or their suitability for your individual financial situation should be directed solely to your financial advisor.

AWM sleeve strategy services require discretionary authority to implement the investment instructions specified by the client's financial advisor via the purchasing and selling of securities. This authority is in addition to the client's financial advisor, who maintains at all times full discretionary authority over the client's accounts. The client grants AWM this discretionary authority through the custodian Broker/Dealer who holds the client's account. Through the custodial paperwork, the client designates AWM to be the "manager" or "sub-advisor" for accounts. With this authority, AWM monitors client accounts to assess ongoing conformity to the Strategy selected by the client's financial advisor. If the account varies from the Strategy beyond a tolerance specified by the strategist, AWM will make appropriate and necessary adjustments to bring the account back into tolerance.



The portfolio is monitored on a continuous basis. The AWM IOC, led by Jon Brackmann, MBA, CIMA, will periodically rebalance the portfolio back within the asset allocation range as needed without contacting the client. Clients have the choice to receive either electronic or paper confirmations and statements from the custodian containing a description of all transactions and all account activity. In addition to custodial statements, AWM produces quarterly performance reports available to clients upon request.

### **TPMs and Wrap Fee Programs**

AWM does not provide portfolio management services to a wrap fee program. Under a wrap fee program, advisory services (which may include portfolio management or advice concerning the selection of other investment advisers) and transaction services (e.g., execution of trades) are provided for one fee. This is different from AWM's traditional investment management programs, whereby services are provided for a fee, but transaction services are billed separately on a per-transaction basis and typically paid to the client's custodian, as discussed in Item 10.

AWM may, however, recommend third-party managers ("TPMs") and or wrap-fee programs who have full investment discretion and trading authority, which are not engaged as a sub-advisor on AWM's Sleeve Manager Platform. These TPMs have sole responsibility for the implementation of the investment program with respect to the client's account, for which investment discretion has been delegated by the client and accepted by the institutional money managers. AWM does not place orders for transactions in the client's account or otherwise exercise trading authority over an account managed by a TPM or wrap-fee program sponsor. TPMs and wrap-fee program sponsors recommended by AWM to its clients are subject to a rigorous due diligence process. Factors considered by AWM in its determination of whether to recommend a TPM or wrap-fee program include but are not limited to regulatory compliance, reputation, performance record, philosophy, continuity of management, service to clients, awareness of after-tax performance objectives, minimum dollar investment requirements and fees. Information about TPMs and wrap-fee program sponsors (e.g., performance figures, investment style, etc.) is obtained from tracking organizations, business publications, money managers, personal interviews, and other sources which we believe are reliable. AWM may also consider other criteria, including, but not limited to, the administration, recordkeeping, and reporting services provided by a manager or sponsor. AWM may also retain outside consultants to assist in preparing TPM search lists. In the event that AWM retains an outside consultant, AWM will make the final determination regarding which TPMs or wrap-fee program sponsors are made available to clients.

The terms and conditions under which the client shall engage a TPM or wrap-fee program sponsor shall be set forth in separate written agreements between (1) the client and AWM and (2) the client and the designated TPM and/or wrap fee program sponsor. AWM shall continue to render advisory services to the client relative to the ongoing monitoring and review of account performance, for which AWM shall receive an annual advisory fee which is based upon a percentage of the market value of the assets being managed by the designated TPM and/or wrap fee program sponsor. Factors that AWM shall consider in recommending TPMs and/or wrap fee program sponsors include the client's stated investment objective(s), management style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fees charged by the designated TPM and/or wrap fee program sponsor and corresponding designated Broker/Dealer/custodian of the client's assets may be exclusive of, and in addition to, AWM's investment advisory fee set forth in Item 5 below. In addition to this Brochure, the client shall also receive the written disclosure statement of the designated TPM(s) and wrap-fee program sponsor(s). Certain TPMs and wrap-fee program sponsors may impose more restrictive account requirements and varying billing practices than AWM. In such instances, AWM may alter its corresponding account requirements and/or billing practices to accommodate those of the TMP(s) or wrap-fee program sponsor(s).

AWM may also refer clients to certain TPMs or wrap-fee programs where AWM's compensation is included in the advisory fee charged by the TPM. In such cases, AWM will be compensated for its services by receipt of a fee to be paid directly by the TPM to AWM in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, as amended, and any corresponding state securities laws, rules, regulations, or requirements. Any such fee shall be paid solely from the TPM's investment management fee or the program fee of the wrap-fee program (as appropriate) and shall not result in any additional charge to the client.

AWM also may render non-discretionary investment management services to clients relative to (1) variable life/annuity products that they may own and/or (2) their individual employer-sponsored retirement plans. In so doing, AWM either directs or recommends the allocation of client assets among the various mutual fund subdivisions that comprise the variable life/annuity product or the retirement plan. The client assets shall be maintained at either the specific insurance company that issued the variable life/annuity product, which is owned by the client or at the custodian designated by the sponsor of the client's retirement plan.

Should a client decide to implement any recommendations contained in a financial plan prepared by AWM, the client may but is under no obligation to utilize AWM to implement those recommendations, and there is no assurance that AWM's financial planning services or any products recommended by a financial plan are at the lowest available cost. Clients should be aware that if the client implements the financial plan through AWM, the Firm may receive an additional payment from the client in the form of advisory fees, or in certain cases, AWM advisors who are also Registered Representatives of Arete Wealth Management, LLC may receive commissions on certain products or if insurance recommendations are implemented by licensed insurance agents associated with AWM. This would act as an incentive to AWM to make certain recommendations in the financial plan or to advise the client to instruct AWM to implement the plan.

#### **Important Information Regarding Conflicts of Interest**

Examples of actual or potential conflicts of interest arising from AWM's advisory services include, but are not limited to:

- Conflicts related to allocating time and resources between client accounts, allocation of
- brokerage commissions and investment opportunities generally;
- Recommendations for investment in investment vehicles in which some of AWM's related persons have an interest. The Advisor has an incentive to recommend these products. Please refer to Item 10 below for further information;
- Actual or potential conflicts of interest generally can be addressed in a number of ways, including
- the following:
  - Prohibition – AWM or Arete prohibits the conduct that gives rise to the conflict of interest (e.g., insider trading is prohibited under AWM's Code of Ethics);
  - Disgorgement – AWM gives a received benefit to a Client (e.g., covering a Client's transfer fee on the transition to an AWM custodian);
  - Disclosure/Consent – AWM discloses the conflict of interest to the clients (e.g., Arete discloses whenever an Advisor recommends an investment in which any of AWM's related persons have an economic interest); or
  - Setting a De Minimis Threshold – AWM sets a threshold for a benefit that is considered too small to influence conduct and is therefore permitted. These thresholds mirror brokerage industry standards.

Financial planning and consulting recommendations pose a conflict between the interests of the Advisor and the interests of the client. For example, the Advisor has an incentive to recommend that clients engage the Advisor

for investment management services or to increase the level of investment assets with the Advisor, as it would increase the amount of advisory fees paid to the Advisor. Clients are not obligated to implement any recommendations made by the Advisor or maintain an ongoing relationship with the Advisor.

Conflicts, actual or potential, are discussed in further detail in Item 8.

### Advisory Teams

Investment Advisor Representatives may have their own legal business entities whose business names and logos may appear on marketing materials as approved by RIA Firm or client statements as approved by the Custodian. The client should understand that the businesses are legal entities of the Investment Advisor Representative and not of RIA Firm, nor the Custodian. Additionally, the business entity may provide services other than as an Investment Advisor Representative as disclosed herein; however, Investment Advisory Services of the Investment Advisor Representatives are provided through RIA Firm. RIA Firm has the aforementioned arrangement with the following Investment Advisor Representatives below:

<b>Advisory Team Name</b>	<b>Representative Names</b>	<b>Advisory Team Focus</b>	<b>Core Services</b>	<b>Financial Planning</b>	<b>Corporate Services</b>
<b>Alta Private Wealth</b>	Alan Grismore	Wealth Management, Family Office, Investment Advisory	Yes	Yes	Yes
<b>Ascendant Capital Management</b>	Richard Moon	Wealth Management, Corporate Services	Yes	Yes	Yes
<b>Asset Preservation Strategies, Inc.</b>	John Jenkins Greg Banner Monica Szakos Joshua Khokhar	Comprehensive Financial Planning, Wealth Management, Investment Advisory	Yes	Yes	Yes
<b>Collier Sustainable Wealth Management</b>	Meris Collier, CFP®	Financial Planning, Investment management, Investment Advisory	Yes	Yes	Yes
<b>E and E Financial</b>	Eric Sams	Retirement Planning, Wealth Planning, Investment Advisory	Yes	Yes	Yes
<b>Jennifer P. Easley, CFP®</b>	Jennifer P. Easley, CFP®	Financial Planning, Investment management, Investment Advisory	Yes	Yes	Yes
<b>Maddix Wealth Management</b>	M. Tom Peterson Todd Quinn Benjamin Rogers	Wealth Management, Family Office, Investment Advisory	Yes	Yes	Yes
<b>Magnolia Capital</b>	Andrew Thomas	Wealth Management, Family Office, Investment Advisory	Yes	Yes	Yes
<b>Optimized Wealth Strategies</b>	Scott Heinila	Wealth Management, Family Office, Investment Advisory	Yes	Yes	Yes
<b>Outwing Private Wealth Management</b>	Adam Coons	Wealth Management, Family Office, Investment Advisory	Yes	Yes	Yes

Advisory Team Name	Representative Names	Advisory Team Focus	Core Services	Financial Planning	Corporate Services
<b>Pathfinder Wealth Advisors</b>	Richard Blosser	Family Office, Wealth Management, Investment Advisory	Yes	Yes	Yes
<b>Sewalson &amp; Milazzo</b>	Mark Sewalson James Milazzo	Financial Planning, Investment Management, Investment Advisory	Yes	Yes	Yes
<b>Vandalia Wealth Management</b>	Ian McIlvaine John M. Jones Lois A. Crichton Samuel W. Crichton David Sowards	Financial Planning, Investment Management, Investment Advisory	Yes	Yes	Yes
<b>Zandbergen Group</b>	Bart Zandbergen, CFP® Letitia Berbaum	Financial Planning, Investment Management, Investment Advisory, Reporting	Yes	Yes	yes

### Termination of Advisory Services

AWM and its clients may terminate advisory and other related services by written notice for any reason, and such termination is effective upon the date specified in the notice. Prior to the effective date of such termination, the client will provide AWM with written instructions as to the liquidation or settlement of the Account, which instructions may limit the discretion of AWM to enter into further transactions after the date such instructions are received. AWM agrees to be bound by such instructions after receipt thereof. It is understood that AWM shall be entitled to a pro-rata portion of its fee, based upon the number of months of representation until the date of termination. Such termination shall not, however, affect liabilities or obligations incurred or arising from transactions initiated under this agreement prior to such termination of this Agreement. If the client terminates this Agreement within five (5) business days of its signing, the client will receive a full refund of all fees and expenses.

### Assets Under Management

As of December 31, 2021, AWM manages \$3,588,523,179 in client assets, \$2,911,738,956 of which are managed on a discretionary basis and \$676,784,223 on a non-discretionary basis. Axxcess calculates its Regulatory Assets Under Management as accounts over which the Advisor has investment discretion and is providing management or investment services.

In addition, as of December 31, 2021, the Advisor also has \$4,085,313,683 of Assets Under Administration (AUA).

As a TAMP, the Advisor provides a variety of investment services where it does not directly have discretion but provides other investment operations, reporting, and investment management services. The Advisor calculates AWM's Assets Under Administration as household investment accounts that are on AWM's platform that require reporting or other middle or back-office services. AWM's total Platform Assets are the sum of AWM's Regulatory AUM and AWM's AUA, which is approximately \$7.6 billion.

Clients may request more current information at any time by contacting the Firm.

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

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For the Core investment, advisory AWM advisors can charge an annual fee ranging from 0.15% to 2.00%, dependent upon the client's AUM and upon the level of services provided. Clients may be provided with a flat or hourly fee for financial planning or advisory services rendered and agreed upon by the client as set forth in the client's AWM's Engagement Agreement.

ACPP fees are in addition to AWM advisor fees and are 0.25% per annum for strategies implemented with mutual funds and ETFs and 0.30% per annum for strategies implemented with stocks, mutual funds, and ETFs.

Sleeve Strategy Services are charged in addition to your advisor's fee and only billed on the assets invested in the Strategy Sleeve.

AWM's Sleeve Strategy Fee rate will typically range from 0.15% to 1.25% per annum, of which a portion is paid to the Sleeve Strategy Manager. The Sleeve Strategy Fee will depend upon the value of your account and the composition of the choice of third-party Strategy Managers utilized by your financial advisor. The Advisor does not impose a minimum account size for AWM's Sleeve Strategy Services. However, certain fixed income and equity strategies may not be efficiently implemented with amounts under \$100,000.

Sleeve Managers will invoice AWM directly for Sleeve Manager Fees. AWM will bill the Strategy Sleeve the fee indicated in the Sleeve Strategy Addendum, based on the method agreed to in the AWM EA, and remit the Sleeve Manager Fee, typically 30 days after the end of the client's billing cycle, which typically is quarterly. Fee rates are specified by each Manager in agreements made directly with AMW. AWM will retain a portion of the Sleeve Strategy Services Fee collected.

The total Account Fee is the sum of AWM's Sleeve Strategy Fee plus any applicable Advisor or Platform Fees and is in addition to the customary costs of the client's custodian, such as trading costs, wire fees, etc.

In certain cases, family or friends of AWM's employees, independent consultants and associated persons, or others may have all fees waived at the discretion of AWM based on certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.). AWM's advisory fees are exclusive of, and do not include certain charges imposed by third parties such as execution costs; mutual fund ticket charges or short term redemption fees; custodial fees; mutual fund internal fees and expenses; management fees charged by third party managers or advisors; markups; spreads and other transactional charges on securities transactions effected through or with brokers and dealers other than your primary custodian; interest on debit account balances, where applicable; the entire public offering price (including underwriting commissions or discounts) on securities purchased from an underwriter or dealer (including AWM and AWM's affiliates) involved in a distribution of securities; bid-ask spreads; odd lot differentials; exchange fees; transfer taxes and other fees required by law; Individual Retirement Account (IRA) fees; qualified retirement plan account fees and other account maintenance fees, where applicable; usual and customary transaction charges on the liquidation of assets not; any contingent deferred sales charge assessed on the sale or liquidation of mutual fund shares, where applicable; check reordering costs and fees, where applicable; redemption fees imposed by certain mutual funds (see the fund prospectus for details); short-term trading charges for purchases and corresponding redemptions of certain mutual fund shares (see fund prospectus for details) made within short periods of time; management and other fees on certain securities, which may include open-end and closed-end mutual funds, UITs, and ETNs; margin interest; alternative investment processing and maintenance fees; safekeeping fees for physical securities. These other fees and expenses will be paid out of the

assets in the client's account and are in addition to the advisory fees charged by AWM. Refer to each investment product's disclosure document for a more detailed description of the fees and expenses you may pay as an investor.

### **Fee Billing**

As set forth in the AWM Engagement Agreement, at the client's option, advisory fees are payable either quarterly in arrears at the end of each calendar quarter based on the average of the three (3) preceding end of month values of the client's account or, fees are billed upfront, based on the account value on the first day of the calendar quarter. The fee is invoiced to the custodian of record and debited from the client's account as soon as practicable following the last business day of the proceeding calendar quarter. No additional fees are assessed for special reports, services, or meetings, except in extraordinary circumstances, and the client will be notified in the event of such a circumstance. Client engagements entered into during a calendar quarter are charged a pro-rated portion of this fee for the initial quarter of advisory and management services. Thereafter, the full fee is charged. Accounts closed during a calendar quarter will have the advisory fee pro-rated for the period during which the account was open. AWM is authorized through the AWM Engagement Agreement to invoice the custodian directly and debit the client's account for such fees. Fees collected are reflected on the client's brokerage statements, and invoices are available on request.

Clients may make additions to and withdrawals from their accounts at any time, subject to AWM's right to terminate an account. If assets are deposited into or withdrawn from an account after the inception of a quarter, the fee payable with respect to such assets will not be adjusted or prorated based on the number of days remaining in the quarter or month. Clients may withdraw account assets on notice to AWM, subject to the usual and customary securities settlement procedures. AWM designs its portfolios as long-term investments, and asset withdrawals may impair the achievement of a client's investment objectives.

AWM believes its fees are fair, reasonable, and consistent with those fees charged in the industry for similar services and products. However, similar services may be available from other Advisers at greater or lower fees.

### **Broker-Dealer Affiliations**

Additional Compensation will be paid to AWM advisors that act as Registered Representatives under Arete Wealth Management, LLC, ("Arete" CRD# 44856), and Tessera Capital Partners, LLC ("Tessera" CRD# 132847) non-affiliated Broker/Dealers and members FINRA, SIPC, and receive compensation for some of the services provided in correlation with the advisory services herein. Arete receives economic benefits in the form of commissions for transactions in certain variable products, registered securities, and private placements. Clients are not obligated to use any recommended insurance company, agency, or broker. Advisors that are part of Arete and Tessera will receive additional individual compensation and benefits upon joining AWM. These benefits include material cash, substantial loans, and or firm ownership that may have the potential of significant appreciation. The amount of benefits is determined in negotiations between AWM, Arete, and Tessera, and the advisor prior to employment and generally is in relation to the amount of business expected to transfer to AWM, Arete, and Tessera. Please see Item 10 – Other Financial Industry Activities and Affiliations.

### **Insurance Agency Affiliations**

Certain Advisory Persons are also licensed insurance professionals. As an independent insurance professional, the Advisory Person will earn commission-based compensation for selling insurance products, including insurance products they sell to clients. Insurance commissions earned by Advisory persons are separate and in addition to AWM's advisory fees. This practice presents a conflict of interest because the person providing investment advice on behalf of the Advisor, who is also an insurance agent, has an incentive to recommend

insurance products to clients for the purpose of generating commissions rather than solely based on clients' needs. However, clients are under no obligation, contractually or otherwise, to purchase insurance products through any Advisory Person affiliated with AWM. Please see Item 10 – Other Financial Industry Activities and Affiliations.

#### Other Investment Advisor Affiliations

Additional Compensation will be paid to AWM advisors that act as investment advisor representatives ("IARs") under Arete Wealth Advisors, LLC, ("Arete Wealth Advisors" CRD# 145488) and Pathfinder Wealth Advisors, LLC ("Pathfinder" CRD# 305910) (each an "RIA") and collectively "RIAs") non-affiliated registered investment advisors. These IARs receive compensation for some of the services provided in correlation with the advisory services herein. Clients are not obligated to use any services recommended by the IARs in their capacity as an IAR of the non-affiliated RIAs. Please see Item 10 – Other Financial Industry Activities and Affiliations.

In addition, the advisory team received certain support services (which may have included technology, marketing reimbursement, transition support, and research) when selecting a primary custodian.

The client also understands and acknowledges that, in addition to the other fees set forth in this agreement, certain clients, if elected, will pay a servicing and reporting fee (the "Servicing and Reporting Fee") to Adviser. The Servicing and Reporting Fee shall be calculated based upon certain identified assets held by clients, including certain assets held outside of clients' advisory accounts (the "Subject Investments"). The Servicing and Reporting Fee shall be paid in consideration of the performance by the Advisor of services including: (i) responding to client inquiries regarding the risk profile and objectives of the Subject Investments, (ii) arranging for bank wire transfer of funds to or from the client's account with respect to the Subject Investments; (iii) preparing of a portfolio design consistent with the client's objectives and Adviser economic forecast regarding the Subject Investments, (iv) directing client funds between specific Subject Investments as identified in the client's individual portfolio design, (v) responding to customer inquiries and requests regarding prospectuses, private placement memoranda, quarterly, annual, and periodic reports, notices, proxies and proxy statements, as applicable, and other documents regarding the Subject Investments; (vi) forwarding prospectuses and private placement memoranda (including any amendments or supplements thereto), tax notices and annual and other reports to beneficial owners regarding the Subject Investments; (vii) establishing and maintaining client accounts and records; (viii) assisting clients in changing account options, account designations and account addresses; (ix) assistance with share repurchases, redemptions, distribution payments, and reinvestment decisions regarding the Subject Investments; (x) providing overall guidance on a client's investment in the Subject Investments; and (xi) providing such other similar services as the client may reasonably request.

The client acknowledges the Subject Investments may have previously been subject to certain selling commissions, sales charges, placement agent fees, or similar upfront sales loads at the point of sale (such fees, a "Sales Charge"), and that the Servicing and Reporting Fee is in addition to such Sales Charges. The client further acknowledges that no refund or credit will be made in the amount of such Sales Charges previously levied. The client further acknowledges that the Servicing and Reporting Fee is intended as compensation for the above-described services, including responding to client inquiries and providing the client with information regarding the Subject Investments, and does not reflect a Sales Charge, is not otherwise intended as compensation for the past sale of Subject Investments, nor is it intended to relate to or result in the sale of any additional Subject Investments.

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

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AWM may recommend a third-party asset management platform or sub-advisor/sponsor if a client requests a performance-based fee structure for their portfolio. AWM can implement performance-based fee structures using independent third-party platforms that calculate compensation under a performance-based fee arrangement, and AWM can offer this service to its own clients and clients of other Advisors pursuant to Rule 205-3, where AWM is calculating the performance-based fee. For these portfolios, there are no ongoing AWM management fees, and there is no fee charged if your portfolio with this sub-advisor loses money. A fee is only charged if your portfolio with the sub-advisor goes up in value. This fee structure may create an incentive to make investments that are riskier or more speculative than would be the case if AWM was paid a fixed fee percentage on the assets in the portfolio. In addition, because the applicable performance allocation (or performance fees), if any, is calculated on the basis that includes the unrealized appreciation of the fund's assets, it may be greater than if such allocation was based solely on realized gains. For details on how this program works and how the fees are determined, separate disclosure documents are available at client request.

Who is a “Qualified Client”?

The Investment Advisers Act of 1940 (the “Advisers Act”), Rule 205-3(d)(1) defines a “Qualified Client” who is financially sophisticated and meets one or more of the following conditions:

- Client is a natural person who, or a company that, immediately after entering into the contract has at least \$1,100,000 under the management of the Advisor;
- Client is a natural person who, or a company that, immediately prior to entering into the contract, has a net worth (together, in the case of a natural person, with assets held jointly with a spouse) of more than \$2,200,000 at the time the contract is entered into.

The receipt of a performance-based fee by certain clients results in a conflict of interest, where the Advisor has the potential for higher compensation from a client. Qualified clients that are charged a performance fee may be offered a lower investment advisory fee.

AWM does not manage any proprietary investment funds or limited partnerships (for example, a mutual fund or a hedge fund) and has no financial incentive to recommend any particular investment options to its clients.

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

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### **Description**

AWM generally provides investment advice to family offices, corporations and other business entities, individuals, banks or thrift institutions, investment advisors and broker-dealers, pension and profit-sharing plans, trusts, estates, or charitable organizations.

### **Account Minimums**

AWM currently does not have an account minimum or “relationship” minimum but does reserve the right to accept or decline a potential client for any reason at AWM’s sole discretion.

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

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Investment advice is an integral part of AWM’s process. The firm uses a multi-asset class, multi-disciplinary approach with the belief that no two clients are identical. Therefore, the firm does not manage client investment portfolios on the basis of a “one size fits all” model portfolio.



Investment advice is provided with the client making the final decision on investment selection in most cases. Some accounts that the firm oversees are handled on a fully discretionary basis. Clients have the choice to work on a limited or full discretion basis. In most cases, an evaluation of each client's initial situation is provided. Periodic reviews are also communicated to provide reminders of the specific courses of action that need to be taken. More frequent reviews occur but are not necessarily communicated to the client unless immediate changes are recommended.

AWM's process is rooted in these simple premises:

- Diversify client assets: Investors must look beyond the traditional pie chart. The client is at great risk if they believe in a passive long-only index investing approach. Correlations and manager talent are important.
- Avoid market timing: Investors tend to follow trends and get excited when the media over-emphasizes select aspects of a market or component of the economy.
- Keep fees to a minimum: In a single-digit return environment, the reduction of fees can represent a statistically significant increase in investment returns and overall wealth. AWM's multi-family office structure allows clients to benefit from a very competitive fee structure.
- For clients that are not a model, AWM constructs, manages, and monitors portfolios that are customized and optimized to each individual client. Investors' unique return, risk, liquidity, income profile, tax circumstance, and allocation objectives are blended with their experience and expectations. While efficiencies and execution are essential, AWM has yet to meet two clients that were exactly the same.
- Communication: AWM's reporting and aggregation systems are industry-leading and keep the client's complex financial picture clear daily.
- The AWM IOC meets weekly and intelligently synthesizes diverse economic views and top investment research, allowing the IOC to manage asset allocations designed to maximize after-tax, after-fee, risk-adjusted returns.
- Other professionals (e.g., lawyers, accountants, insurance agents, etc.) are engaged directly by the client on an as-needed basis.

### **Methods of Analysis**

Security analysis methods may include charting, fundamental analysis, technical analysis, and cyclical analysis. The principal source of this information includes commercially available investment services, financial newspapers and magazines, mutual fund rating services, annual reports, prospectuses, and filings with the Securities and Exchange Commission.

AWM primarily uses fundamental and technical analysis when evaluating investments. Security selection is made using a number of tools, including commercially available software technology, security rating services, general market and financial information, and specific investment analysis requested by the client.

*Fundamental analysis* utilizes economic and business indicators as investment selection criteria. This criteria generally consists of ratios and trends that may indicate the overall strength and financial viability of the entity

being analyzed. Assets are deemed suitable if they meet certain criteria to indicate that they are a strong investment with a value discounted by the market. While this type of analysis helps the Advisor in evaluating a potential investment, it does not guarantee that the investment will increase in value. Assets meeting the investment criteria utilized in the fundamental analysis may lose value and may have negative investment performance. The Advisor monitors these economic indicators to determine if adjustments to strategic allocations are appropriate. More details on the Advisor's review process are included below in Item 13 – Review of Accounts.

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

*Cyclical analysis* is similar to technical analysis in that it involves the analysis of market conditions at a macro (entire market/economy) or micro (company-specific) level, rather than the overall fundamental analysis of the health of the particular company that AWM is recommending. The risks with cyclical analysis are similar to those of technical analysis.

AWM's advice is primarily based on long-term investment strategies that incorporate the principles of Modern Portfolio Theory. AWM's belief is that investors' returns are determined principally by asset allocation decisions, not market timing. Individual securities are screened based on the basis of company financial strength, growth characteristics, and overall ability to meet client objectives.

Assets are invested primarily in no-load mutual funds, stocks, separately managed accounts, collective investment trusts, ETFs, bonds, notes, municipal securities, structured products, closed-end funds, hedge funds, real estate investment trusts (REITs), private equity funds, warrants, corporate debt securities, commercial paper, certificates of deposit, investment company securities, U.S. government securities, options contracts, futures contracts, and interests in partnerships.

Private partnerships invested in public equity or debt generally provide capital account balance and performance data quarterly, monthly, or mid-month, which AWM reflects on its statement as it receives the data. Private partnerships invested in private debt, private equity, real estate, or real estate debt are highly illiquid with generally no public or private market. For these securities, AWM conducts an individualized review of each investment to establish its "fair value" on a quarterly basis. The process varies depending on the information available to AWM with regard to the investment. AWM gets input from the general partner and from the management of the underlying investment and reviews available financial information (including both past performance and management's projections for future performance, where available). In some cases, AWM has a third-party valuation that was obtained by management for other reasons, which AWM uses as a guideline rather than as a firm indication of value, as these usually presume an immediate sale, and AWM views these as hold-to-maturity investments.

AWM may also provide advice about any type of investment held in a client's portfolio at the beginning of the advisory relationship.

Initial public offerings (IPOs) are available through AWM and the client's custodial Broker/Dealer.

## Investment Strategies

AWM implements a variety of investment strategies for clients and does not manage a specific, single strategy for its clients. The investment strategy for a specific client is based upon the objectives stated by the client during consultations and varies by the advisory team. The client may change these objectives at any time.

AWM's advice is primarily based on long-term investment strategies using asset allocation decisions and not market timing; however, AWM may implement short-term trading strategies internally or through AWM's Sleeve Strategy Managers, Third Party Money Managers, or hedge fund managers. Individual securities are screened based on the basis of company financial strength, growth characteristics, and overall ability to meet client objectives.

Investment strategies are driven by an understanding of client constraints, risk tolerance, familiarity with investment behavior, accredited investor status, and tax status.

## Risk of Loss

All investment programs have certain risks that are borne by the investor. Investments in, for example, derivatives, international companies, emerging markets, or high yield debt can carry greater risks over other more conservative alternatives. Employing certain strategies in securities and derivatives may lead to losses that may exceed the initial principal invested. AWM's investment approach keeps the risk of loss and client risk profile in mind; however, clients should be aware that loss of principal may occur with no guarantee of investment objectives being met. Investors face the following investment risks or a combination thereof:

- *Interest-Rate Risk*: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- *Market Risk*: The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic, and social conditions may trigger market events.
- *Inflation Risk*: When any type of inflation is present, a dollar today will not buy as much as a dollar next year because purchasing power is eroding at the rate of inflation.
- *Currency Risk*: Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- *Reinvestment Risk*: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This primarily relates to fixed-income securities.
- *Business Risk*: These risks are associated with a particular industry or a particular company within an industry. For example, oil drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- *Default or Credit Risk*: Default risk stems from a company's potential failure to pay its contractual obligations, such as a bond. In such occurrences, equity and debt pricing, as well as credit ratings, may be impacted adversely, affecting the potential return of an investment and/or loss of principle. Credit risk is calculated based on a company's overall ability to repay.
- *Liquidity Risk*: Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, treasury bills are highly liquid, while real estate properties are not. Lack of liquidity can lead to the mispricing of a security

or derivative, where changes in a securities value may not be reflected in the actual price of the derivative or underlying security.

- *Financial Risk*: Excessive borrowing to finance a business' operations increases the risk of profitability because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- *Leverage Risk*: Leverage is the use of borrowing to increase the potential returns of an investment. One example is a mortgage on a home. The risk of using leverage in an investment strategy is the client's potential to lose more than the principal amount they originally invested.
- *Political Risk*: Often associated with investments in emerging markets or other international investments, political risk is the possibility that changes or instability in a government or country could have adverse effects on an investment leading to loss of principle.
- *Non-Diversification Risk*: the chance that the investment's performance may be hurt disproportionately by the poor performance of relatively few stocks or even a single stock. An investment is considered non-diversified when it may invest a greater percentage of its assets in the securities of a small number of issuers as compared with other mutual funds.
- *ETF Risks*: The performance of ETFs is subject to market risk, including the possible loss of principal. The price of the ETFs will fluctuate with the price of the underlying securities that make up the funds. In addition, ETFs have a trading risk based on the loss of cost efficiency if the ETFs are traded actively and a liquidity risk if the ETFs have a large bid-ask spread and low trading volume. The price of an ETF fluctuates based upon the market movements and may dissociate from the index being tracked by the ETF or the price of the underlying investments. An ETF purchased or sold at one point in the day may have a different price than the same ETF purchased or sold a short time later.
- *Bond ETFs*: Bond ETFs are subject to specific risks, including the following: (1) interest rate risks, i.e., the risk that bond prices will fall if interest rates rise, and vice versa, the risk depends on two things, the bond's time to maturity, and the coupon rate of the bond. (2) reinvestment risk, i.e., the risk that any profit gained must be reinvested at a lower rate than was previously being earned, (3) inflation risk, i.e., the risk that the cost of living and inflation increase at a rate that exceeds the income investment thereby decreasing the investor's rate of return, (4) credit default risk, i.e., the risk associated with purchasing a debt instrument which includes the possibility of the company defaulting on its repayment obligation, (5) rating downgrades, i.e., the risk associated with a rating agency's downgrade of the company's rating which impacts the investor's confidence in the company's ability to repay its debt and (6) Liquidity Risks, i.e., the risk that a bond may not be sold as quickly as there is no readily available market for the bond.
- *Mutual Fund Risks*: The performance of mutual funds is subject to market risk, including the possible loss of principal. The price of the mutual funds will fluctuate with the value of the underlying securities that make up the funds. The price of a mutual fund is typically set daily; therefore, a mutual fund purchased at one point in the day will typically have the same price as a mutual fund purchased later that same day.
- *Options Contracts*: Investments in options contracts have the risk of losing value in a relatively short period of time. Options contracts are leveraged instruments that allow the holder of a single contract to control many shares of an underlying stock. This leverage can compound gains or losses.
- *Margin Borrowings*: The use of short-term margin borrowings may result in certain additional risks to a client. For example, if securities pledged to brokers to secure a client's margin accounts decline in value, the client could be subject to a "margin call" pursuant to which it must either deposit additional funds with the broker or be the subject of mandatory liquidation of the pledged securities to compensate for the decline in value.

- *Alternative Investments (Limited Partnerships):* The performance of alternative investments (limited partnerships) can be volatile and may have limited liquidity. An investor could lose all or a portion of their investment. Such investments often have concentrated positions and investments that may carry higher risks. The client should only have a portion of their assets in these investments.

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**Item 9: Disciplinary Information**

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**Legal and Disciplinary**

Registered investment advisers such as AWM are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or prospective client's evaluation of AWM or the integrity of its management. AWM does not have any such legal or disciplinary events and thus has no information to disclose with respect to this Item. AWM encourages clients to perform the requisite due diligence on any advisor or service provider that the client engages. The backgrounds of the Advisor or Advisory Persons are available on the Investment Advisor Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with the Advisor's firm name or CRD#164081.

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

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**Financial Industry Activities**Broker-Dealer Affiliations

As mentioned in Item 5, Arete (CRD# 44856) and Tessera (CRD# 132847) are the associated broker-dealers for AWM. Representatives of AWM may offer securities through the Broker/Dealer, Arete or Tessera. Certain advisors may be dually registered with the corporate RIA of Arete Wealth Advisors, LLC (CRD# 145488) and member FINRA, SIPC. Additional compensation in the form of commissions may be paid on Broker/Dealer products to AWM Investment Advisor Representatives ("IARs") who are also Registered Representatives of Arete and Tessera. The client should be aware that the receipt of additional compensation by Arete and Tessera and its management persons or employees creates a conflict of interest that may impair the objectivity of AWM's firm and these individuals when making advisory recommendations. AWM endeavors, at all times, to put the interest of AWM's clients first.

Arete provides transaction and placement services for retail and institutional clients. Arete, as a Broker/Dealer, provides services to Axxcess. Arete provides regulatory and supervisory oversight of AWM. Arete approves and supervises all private securities transactions placed by AWM.

Other Investment Advisor Affiliations

As mentioned in Item 5, certain Advisory Persons serve as IARs of unaffiliated RIAs. Additional Compensation will be paid to AWM advisors that act as IARs of non-affiliated RIAs. These IARs receive compensation for some of the services provided in correlation with the advisory services herein. Clients are not obligated to use any services recommended by the IARs in their capacity as an IAR of the non-affiliated RIAs. The client should be aware that the receipt of additional compensation by these Advisory Persons creates a conflict of interest that may impair the objectivity of AWM's Advisory Persons when making advisory recommendations. AWM endeavors, at all times, to put the interest of its clients first.

Insurance Agency Affiliations

As noted in Item 5, certain Advisory Persons are also licensed insurance professionals. Implementations of insurance recommendations are separate and apart from one's role with AWM. As an insurance professional, the Advisory Person will receive customary commissions and other related revenues from the various insurance companies whose products are sold. The Advisory Person is not required to offer the products of any particular

insurance company. Commissions generated by insurance sales do not offset regular advisory fees. This practice presents a conflict of interest in recommending certain products of the insurance companies. Clients are under no obligation to implement any recommendations made by the Advisory Persons or the Advisor.

#### Pacific Point Advisors, LLC

AWM has entered into a Sleeve Manager Agreement with Pacific Point Advisors, LLC ("PPA") pursuant to which PPA will provide sub-advisory services in connection with AWM's Sleeve Manager Platform as described in greater detail in Item 4 hereof. PPA is a registered investment advisor with the SEC. PPA offers financial planning and consulting services, separately managed account advisory services, and private fund adviser services. PPA is wholly owned by its founders and managing partners, Michael Licosati and Henry "Jay" Winship. Michael Licosati and Jay Winship are holders of a minority ownership stake in AWM via their personal trusts. Neither Michael Licosati nor Jay Winship has a role in the management of AWM whatsoever and does not share in the revenues or fees earned by AWM other than through their respective passive ownership interests.

These relationships may or may not present a conflict of interest and are disclosed to clients at the time of entering into an advisory agreement with AWM. AWM clients are under no obligation to engage these businesses.

#### Advisory Teams

Alta Private Wealth, Ascendant Capital Management, LLC, Asset Preservation Strategies Inc., Collier Sustainable Wealth, E, and E Financial, Jennifer P. Easley, CFP®, Maddix Wealth Management, Magnolia Capital, Optimized Wealth Strategies, Outwing Private Wealth, Pathfinder Wealth Advisors, Sewalson & Milazzo, Vandalia Wealth Management, and Zandbergen Group are independent companies or brands and are owned by licensed IARs of AWM. These companies are under the supervision of AWM, as well as bound by their code of ethics.

AWM may enter into agreements with developers of limited partnership products whereby AWM may participate in the management of the partnership itself or the underlying products. AWM may, from time to time, recommend securities to clients in which key Executive Officers or associated persons may have a financial interest. If such recommendations are made, the complete disclosure of all interests will be made at the time of the recommendation. AWM may also, from time to time, recommend securities to clients in which AWM may hold an investment position. AWM will never sell a client's securities from its proprietary position, nor will it cross-trade with a customer for its own account prior to obtaining written approval from the client.

Mr. Seid is a director of a publicly-traded company listed on the Toronto Venture Stock Exchange. In 2017 the board voted to begin providing equity compensation for board members and directors.

Please review AWM's Form ADV Part 2B's for further disclosures.

#### **Recommendations of Third-Party Managers ("TPMs") and Related Conflicts**

AWM may have arrangements with certain third-party managers whereby AWM receives a percentage of the fees charged by such managers if AWM refers a client to a TPM where AWM investment professional receives compensation based on a percentage of the fees charged by such TPM, that investment professional may be compensated for its services by receipt of a referral fee paid directly by the TPM to AWM in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, as amended (the "Advisers Act"), and any corresponding state securities laws, rules, regulations, or requirements. Any such fee will be paid solely from the TPM's investment management fees and will not result in any additional charge to the client.

A conflict in interest exists as the sharing of fees creates a financial incentive to recommend that clients invest with a certain TPM that customarily allows AWM investment professionals to share in the investment management fees or to invest with TPMs with a higher percentage split of fees to AWM investment professionals. Any such arrangements are disclosed to clients prior to investment, and this conflict is managed by the supervision of all TPM recommendations on behalf of clients by the Firm's Investment Committee to ensure the recommendation is within the parameters set forth by the Investment Committee, the Firm's method of analysis and by AWM Code of Ethics and fiduciary responsibility to each client.

If a TPM is available on the AWM Sleeve Manager Platform, AWM has been able to successfully negotiate an institutional rate with that TPM and will retain a portion of the overall fee charged to clients for trade order management, compliance, and investment and operational services it provides to the program. AWM endeavors to provide Sleeve Manager TPMs at a rate at or below the client could gain access to the TPM directly or through the client's custodian. AWM will always put the interests of its clients first but has not adopted a formal policy to mitigate potential conflicts of interest, other than in general; an investment professional of AWM does not receive compensation from the Sleeve Manager Platform and therefore has no incentive to preference a TPM that is on the platform. Certain AWM executives charged with the responsibility of operating and administering the platform perform dual roles in both advising clients and providing recommendations to clients.

An additional conflict of interest may potentially arise if, in connection with the Sleeve Manager Platform described in Item 4 above, AWM recommends PPWM's services to a client. As stated above, PPWM's founders and owners also own a minority stake in AWM through their respective passive personal trusts.

AWM will always exercise its best judgment in recommending TPMs and will always put the interests of its clients first. However, a conflict of interest may still exist. Clients should understand that AWM has taken steps to mitigate this conflict of interest. AWM makes these disclosures of existing and potential conflicts of interests herein, and no assurance can be given that these or other conflicts of interest will, in all cases, be resolved to the satisfaction of the client.

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

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##### **Code of Ethics**

AWM has adopted a Code of Ethics ("Code") designed to comply with Rule 204A-1 under the Investment Advisers Act of 1940. As required by regulation and because it is good business, AWM has adopted a Code that governs a number of potential conflicts of interest AWM has when providing advisory services. This Code is designed to ensure AWM meets its fiduciary obligation to AWM's clients and prospective clients and to emphasize a culture of compliance within the firm.

The Code is designed to ensure that the high ethical standards long maintained by AWM continue to be applied. The purpose of the Code is to preclude activities, which may lead to or give the appearance of conflicts of interest, insider trading, and other forms of prohibited or unethical business conduct. The excellent name and reputation of AWM's firm continue to be a direct reflection of the conduct of each employee and IAR.

AWM expects every employee to demonstrate the highest standards of ethical conduct for continued employment with AWM. AWM's Code is comprehensive is distributed to each employee at the time of hire and annually thereafter (if there are changes). We also supplement the Code with annual training and ongoing monitoring of employee activity. AWM's Code includes the following:

- Requirements related to the confidentiality of your information
- Prohibitions on insider trading (if we are in possession of material, non-public information)
- Rumor mongering
- The acceptance of gifts and entertainment that exceed AWM's policy standards
- Reporting of gifts and business entertainment
- Pre-clearance of employee and firm transactions
- Reporting (on an ongoing and quarterly basis) all personal securities transactions (what the Advisor calls "reportable securities" as mandated by regulation)

On an annual basis, the Advisor requires all employees to re-certify to AWM's Code, identify members of their household and any account to which they have a beneficial ownership (they "own" the account or have "authority" over the account), securities held in certificate form and all securities they own at that time).

AWM's Code does not prohibit personal trading by employees (or AWM's firm). As a professional IAR, AWM follows AWM's own advice. As a result, AWM may purchase or sell the same or similar securities (or securities that are suitable for an employee or related account but not suitable for any client) at the same time that transactions are also placed for client accounts. Strict compliance with the provisions of the Code shall be considered a basic condition of employment with AWM. AWM's reputation for fair and honest dealing with its clients has taken considerable time to build. This standing could be seriously damaged as the result of even a single securities transaction being considered questionable. Employees are urged to seek the advice of the Chief Compliance Officer ("CCO") or a designated person for any questions about the Code or the application of the Code to their individual circumstances. A material breach of the provisions of the Code may constitute grounds for disciplinary action, including termination of employment with AWM. The provisions of the Code are not all-inclusive. Rather, they are intended as a guide for employees of AWM in their conduct. In those situations where an employee may be uncertain as to the intent or purpose of the Code, they are advised to consult with the compliance department. All questions arising in connection with personal securities trading should be resolved in favor of the client, even at the expense of the interests of the employee. With any trades with blatant or the appearance of conflicts of interest, insider trading, and other forms of prohibited clients may request a copy of the Code by contacting AWM at (858) 217-5347.

#### **Participation or Interest in Client Transactions**

AWM allows Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of clients. Owning the same securities that are recommended (purchase or sell) to clients presents a conflict of interest that, as fiduciaries, must be disclosed to clients and mitigated through policies and procedures. As noted above, the Advisor has adopted the Code to address insider trading (material non-public information controls), gifts and entertainment, outside business activities, and personal securities reporting. When trading for personal accounts, Supervised Persons have a conflict of interest if trading in the same securities. The fiduciary duty to act in the best interest of its clients can be violated if personal trades are made with more advantageous terms than client trades or by trading based on material non-public information. This risk is mitigated by AWM requiring reporting of personal securities trades by its Supervised Persons for review by the Chief Compliance Officer ("CCO") or delegate. The Advisor has also adopted written policies and procedures to detect the misuse of material, non-public information.



## **Item 12: Brokerage Practices**

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### **Research and Other Soft Dollars Benefits**

AWM may select a Broker/Dealer in recognition of the value of various services or products, beyond transaction execution, that such Broker/Dealer provides where, considering all relevant factors, it believes the Broker/Dealer can provide best execution. Selecting a Broker/Dealer in recognition of the provision of services or products other than transaction execution is known as paying for those services or products with “soft dollars.” The term “soft dollars” is generally used to describe arrangements in which an investment adviser or money manager pays for research or other products or services from a Broker/Dealer using client commissions. AWM’s written policies and procedures with respect to its soft dollar arrangements are overseen by its Chief Compliance Officer. All soft dollar arrangements must be approved in advance by the Chief Compliance Officer. The Chief Compliance Officer will also be responsible for approving all Form ADV disclosure. Statements will be obtained from Broker/Dealers listing all soft dollar arrangements with the periodic comparison of those lists with AWM’s internal records. AWM also ensures that all relevant employees receive training on soft dollar rules and AWM’s soft dollar policies and procedures.

The amount of compensation paid to such Broker/Dealer may be higher than what another, equally capable Broker/Dealer might charge. AWM has soft dollar arrangements with Charles Schwab & Co, Inc. (“Schwab”) and Arete. The following discussion is intended to provide clients with certain important information regarding such practices, including the potential conflicts of interest that may arise should AWM enter into any soft dollar arrangement.

The custodial services include research, brokerage, custody, access to mutual funds, and other investments that are otherwise available only to institutional investors or would require a significantly higher minimum initial investment. Schwab, TD Ameritrade Institutional, a division of TD Ameritrade, Inc. (“TD Ameritrade”), Deutsche Bank, Morgan Stanley, Goldman Sachs, Millennium Trust, US Bank, Wells Fargo Clearing, and Vantage (each a “Custodian” and collectively the “Custodians”) also make available to AWM other products and services that benefit AWM but may not benefit all its clients’ accounts. Some of these other products and services assist AWM in managing and administering client’s accounts (e.g., software, other technology, and client account data such as trade confirmations and account statements), facilitate trade execution, provide research, pricing, information, and other market data, facilitate payment of AWM’s fees from its client accounts, and assist with back-office support, recordkeeping, and client reporting. Many of these services generally may be used to service all or a substantial number of AWM’s accounts. Consequently, AWM may have an incentive to select or recommend these Broker/Dealers based on its interests in receiving the research and other services rather than on its client’s interests in receiving the most favorable execution.

The receipt of such services may benefit AWM because AWM does not have to produce or pay for the research or other products or services when it obtains such products and services from an executing Broker/Dealer, where the Broker/Dealer may be using a part of its revenue from client commissions or fees it receives from AWM clients. Although customary, these arrangements present potential conflicts of interest in allocating securities transactional business to Broker/Dealers in exchange for soft dollar benefits, including an incentive to select or recommend a Broker/Dealer based on AWM’s interest in receiving the research or other products or services, rather than on client’s interest in receiving most favorable execution. Additionally, AWM may have an incentive to effect more transactions than might otherwise be the case in order to obtain those benefits. The agreements between AWM and its clients generally authorize AWM to use client soft dollars for a wide range of purposes. The extent of any such conflict depends in large part on the nature and uses of the services and products acquired with soft dollars.

AWM's policy is to generally rely on the provisions of Section 28(e) of the Securities Exchange Act of 1934 ("Section 28(e)") when entering into soft dollar arrangements. Section 28(e) recognizes the potential conflict of interest involved in this activity but generally allows Investment Advisers to use client commissions to pay for certain research and brokerage products and services under certain circumstances without breaching their fiduciary duties to clients. For these purposes, "research" means services or products used to provide lawful and appropriate assistance to AWM in making investment decisions for its clients. "Brokerage" services and products are those used to effect securities transactions for AWM's clients or to assist in effecting those transactions. For those soft dollar arrangements that do not comply with Section 28(e), AWM will make full and frank disclosure regarding soft dollar arrangements to its clients so that the client is fully apprised of the facts and is in a position to give informed consent. Soft dollar arrangements may be in the form of a specific percentage or dollar amount of "soft dollar credits" that Axxcess may use to purchase technology, research, marketing, and compliance consulting-related expenses.

Consistent with obtaining best execution, brokerage transactions may be directed to certain Broker/Dealers in return for investment research and brokerage products and services that assist AWM in its investment decision-making process. AWM may cause clients to pay commissions that are higher than those that another qualified Broker/Dealer might charge to effect the same transaction where AWM determines, in good faith, that the commission is reasonable in relation to the value of the brokerage and research services received.

Research and other products and services purchased with soft dollars will generally be used to service all of AWM's clients, but brokerage commissions paid by one client may be used to pay for research or purchase a service that benefits other clients, or that is not used in managing that client's portfolio, as permitted by Section 28(e). In other words, there may be certain client accounts that benefit from the research services, which did not make the payment of commissions to the Broker/Dealer providing the services.

Research and related services furnished by brokers may include, but are not limited to, written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; financial publications; recommendations as to specific securities; portfolio evaluation services; financial database software and services; computerized news, pricing and statistical services; and discussions with research personnel, along with hardware, software, databases, and other technical and telecommunication services and equipment utilized in the investment management process. The research received by AWM under such soft dollar arrangements may include both proprietary research (created or developed by the Broker/Dealer) and research created or developed by a third party.

AWM participates in the Custodians' institutional customer programs and may recommend the Custodians to clients for custody and brokerage services. There is no direct link between AWM participation in the program and the investment advice it gives to its clients, although AWM may receive economic benefits through its participation in the program. These benefits include, among other things, the following products and services which AWM receives without cost or at a discount: receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk service for advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transactions fees and to certain institutional money managers; and discounts on marketing, technology, and practice management products or services provided to AWM by third-party vendors. The Custodians also may pay for business consulting and professional services received by AWM or its employees. Some of the products and services made available by the Custodians through the program may

benefit AWM but may not benefit its client accounts. These products or services may assist AWM in managing and administering client accounts, including accounts not maintained at the Custodians. Other services made available by the Custodians are intended to help AWM manage and further develop its business enterprise. The benefits received by AWM or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to the Custodians. As part of its fiduciary duties to clients, AWM endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by AWM in and of itself creates a conflict of interest and may indirectly influence AWM's choice of the Custodians for custody and brokerage services. In the event AWM receives a software maintenance credit from any of the client custodians, AWM will use this credit to help offset a portion of the annual maintenance fee for AWM's portfolio management software. All clients benefit from this credit as it reduces the firm's overall expenses. AWM's selection of client custodians is not affected by this nominal credit.

**With specific regard to accounts at Wells Fargo, First Clearing:**

AWM utilizes Trade-PMR, Inc. ("Trade-PMR") for brokerage and trade execution services. Trade-PMR clears trades and custody assets with First Clearing, FINRA member broker-dealers. First Clearing is the trade name used by Wells Fargo Clearing Services, LLC ("Wells Fargo Clearing"), a non-bank affiliate of Wells Fargo & Company. Trade-PMR acts as an introducing broker-dealer on a fully disclosed basis. Trade-PMR and First Clearing are members of SIPC and are unaffiliated, registered broker-dealers and FINRA members. The brokerage commissions and/or transaction fees charged by Trade-PMR or any other designated broker-dealer are exclusive of and in addition to AWM's fee. AWM regularly reviews these programs to seek to ensure that its recommendation is consistent with its fiduciary duty. Factors that the Advisor considers in recommending Trade-PMR and First Clearing or any other broker-dealer or custodian to clients include their respective financial strength, reputation, execution, pricing, research, and service. The commissions and/or transaction fees charged by these brokers may be higher or lower than those charged by other broker-dealers.

In addition, Trade-PMR provides AWM with access to its institutional trading and custody services, which are typically not available to retail investors. These brokerage services include the execution of securities transactions, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

Additionally, AWM may receive the following benefits from Trade-PMR: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its participants; access to block trading, which provides the ability to aggregate securities transactions and then allocates the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

Order Aggregation

When possible, the Custodians or other brokers used by clients may bunch orders of various clients for execution, which generally results in lower commission rates being attained. AWM periodically reviews brokerage allocation practices, the receipt of soft dollar services, and the trade reports provided by such brokers to ensure that no client is favored over any other.

AWM seeks to allocate transactions and opportunities among the various accounts it manages in a manner it believes to be as equitable as possible. When doing so, AWM considers each account's objectives, limitations, and capital available for investment.

### Prime Brokerage, Custody, Clearing, and Settling – Partnerships

AWM has a prime brokerage arrangement with the following registered Broker/Dealers (the “Prime Broker”): Stifel Nicolaus, InspereX, Deutsche Bank, and Goldman Sachs. Under this arrangement, the Prime Broker, among other things: (i) arranges for the receipt and delivery of securities bought, sold, borrowed, and lent; (ii) makes and receives payments for securities; (iii) maintains custody of cash and securities; (iv) tenders securities in connection with tender offers, exchange offers, mergers, or other corporate reorganizations; and (v) provides detailed portfolio and related reports. AWM may cause clientele to pay for custodial and related services either in cash or by allocating a portion of its business to the Prime Broker.

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

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### **Periodic Reviews**

Investment advisory accounts are reviewed by the Principal on a quarterly basis or sooner, while the individual assets recommended and used in the portfolio allocations are reviewed on a monthly basis or sooner by the adviser or firm. Periodic investment committee meetings discuss the following: general conditions in the U.S. and foreign economics, stock and bond markets, and specific stock and bond analysis generated from both internal and external sources.

All accounts are reviewed by their designated advisor. There are no set minimum or maximum number of accounts reviewed by an advisor, and compliance with stated client objectives is reviewed by the Chief Investment Officer and/or the CCO no less than on a quarterly basis.

The review of accounts includes suitability of investments, asset allocation in relation to risk level, changes in client’s goals or circumstances, market direction, economic factors, the performance of securities, and/or political and world events.

### **Review Triggers**

A variation in an investor’s personal life situation or psychology may trigger a review of accounts. In addition, changes in monetary and fiscal policy, inflation, supply and demand, geopolitical, and social factors are monitored continuously. Factors triggering reviews and perhaps triggering investment changes include changes in regulatory or tax conditions, changes in the general condition of the economy, changes in currency, stock or bond markets, and changes in any type of investment vehicle or individual security owned by clients.

### **Regular Reports**

Account reviewers are members of the firm’s IOC. They are instructed to consider the client's current security positions and the likelihood that the performance of each security will contribute to the investment objectives of the client.

Monthly account statements are prepared by the custodian and are mailed directly to each client. Additionally, each client receives a transaction confirmation whenever an investment is bought or sold. Quarterly reports are provided by AWM upon request. The advisor will furnish to any client upon request or at scheduled meetings with the client a report detailing performance, asset allocation, and asset holdings. Reports detailing year-to-date gain/losses and transactions are also available upon request.

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

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### Participation in Institutional Advisor Platform (Schwab)

AWM has established an institutional relationship with Schwab through its “Schwab Advisor Services” unit, a division of Schwab dedicated to serving independent advisory firms like AWM. As a registered investment

advisor participating on the Schwab Advisor Services platform, AWM receives access to software and related support without cost because the Advisor renders investment management services to clients that maintain assets at Schwab. Services provided by Schwab Advisor Services benefit the Advisor, and many, but not all, services provided by Schwab will benefit clients. In fulfilling its duties to its clients, the Advisor endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits from a custodian creates a conflict of interest since these benefits may influence the Advisor's recommendation of this custodian over one that does not furnish similar software, systems support, or services.

*Services that Benefit the Client* – Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of clients' funds and securities. Through Schwab, the Advisor may be able to access certain investments and asset classes that the client would not be able to obtain directly or through other sources. Further, the Advisor may be able to invest in certain mutual funds and other investments without having to adhere to investment minimums that might be required if the client were to directly access the investments.

*Services that May Indirectly Benefit the Client* – Schwab provides participating advisors with access to technology, research, discounts, and other services. In addition, the Advisor receives duplicate statements for client accounts with the ability to deduct advisory fees, trading tools, and back-office support services as part of its relationship with Schwab. These services are intended to assist the Advisor in effectively managing accounts for its clients but may not directly benefit all clients.

*Services that May Only Benefit the Advisor* – Schwab also offers other services to AWM that may not benefit the client, including educational conferences and events, financial start-up support, consulting services, and discounts for various service providers. Access to these services creates a financial incentive for the Advisor to recommend Schwab, which results in a conflict of interest. AWM believes, however, that the selection of Schwab as Custodian is in the best interests of its clients.

#### Participation in Institutional Advisor Platform (TD Ameritrade)

As disclosed under Item 12 above, the Advisor participates in TD Ameritrade's institutional customer program, and the Advisor may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between the Advisor's participation in the program and the investment advice it gives to its clients, although the Advisor receives economic benefits through its participation in the program that is typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving the Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to the Advisor by third-party vendors. TD Ameritrade may also have paid for business consulting and professional services received by the Advisor's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit the Advisor but may not benefit its client accounts. These products or services may assist the Advisor in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help the Advisor manage and further develop its business enterprise. The benefits received by the Advisor or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its

fiduciary duties to clients, the Advisor endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by the Advisor or its related persons in and of itself creates a conflict of interest and may indirectly influence the Advisor's choice of TD Ameritrade for custody and brokerage services.

#### Participation in Institutional Advisor Platform (Trade-PMR)

As noted in Item 12, AWM will receive additional benefits from Trade-PMR, which includes electronic systems that assist in the management of AWM client accounts, access to research, the ability to directly debit client fees, software, and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), pricing information and other market data, assist with back-office functions, recordkeeping, and client reporting.

#### **Compensation for Client Referrals**

The Advisor engages and compensates unaffiliated third-parties (each a "Promoter") for Client referrals. Clients will not pay a higher fee to the Advisor as a result of such payments to a Promoter. The Advisor shall enter into an agreement with the Promoter, which requires clear and prominent disclosure of the following to the prospective client: (i) Promoter is not a client of the Advisor, (ii) terms of compensation, and (iii) statement regarding the material conflicts of interest.

#### **Affiliations**

AWM has arrangements that are material to its advisory business, which includes Arete Wealth Management, other investment advisers, accounting firms, law firms, managing Broker/Dealers, insurance companies or agencies, and other entities that create limited partnerships.

AWM does not receive additional fees for referring clients to these arrangements. Individuals associated with AWM may receive typical and ordinary compensation related to securities or related placement agency transactions. This will not increase any fees to AWM clients.

Please refer to Item 10 for additional information. IARs of AWM who are affiliated with Arete may participate in placement or distribution fees from investments or products. The fair market value of such interests may be subject to an AUM fee or other fee. Any such fee generated by an IAR will generally be shared with AWM. As a result, one or more of the Principals may receive compensation indirectly as a result of investments in the participation due to the Principals' ownership or management in an affiliated entity or a Registered Investment Adviser ("RIA") that is recommending investments in the offerings or transactions.

#### **Event Sponsorship**

Periodically, AWM holds Advisor meetings that may be firm-only or include external attendees. These meetings provide sponsorship opportunities for investment issuers and other third-party providers. Sponsorship fees allow these companies access to AWM's Advisors to discuss ideas, investments, or services, and the cost to host the event is lower to AWM. The sponsorship fees go to assist in the payment of the meeting or future meetings. This could be deemed a conflict, as AWM may refer business to a certain investment issuer due to their attendance and sponsorship. AWM attempts to mitigate any potential conflict as Sponsorship fees are not dependent on assets placed with any specific provider or on the revenue generated by asset placement.

**Other Compensation**

Please refer to the paragraph above (Affiliations) and Items 8, 10, and 12, which describe AWM's other compensation arrangements.

**Item 15: Custody**

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Pursuant to Rule 206(4)-2 of the Advisers Act, AWM is deemed to have custody of client funds because it has the authority and ability to debit fees from clients' accounts. All AWM's client's account assets are maintained with an independent, qualified custodian to mitigate the potential conflicts of interest.

AWM does not have physical custody of client assets. The client always maintains asset control and can choose to custody assets at a variety of third-party firms, such as the Custodians, or can custody certain assets directly. AWM places trades for clients under a limited power of attorney that includes both full and limited discretion engagements.

Clients are required to engage the Custodian to retain their funds and securities and direct AWM to utilize that Custodian for the client's security transactions. Clients should review statements provided by the Custodian and compare them to any reports provided by AWM to ensure accuracy, as the Custodian does not perform this review. For more information about custodians and brokerage practices, see Item 12 – Brokerage Practices.

If the client gives the Advisor authority to move money from one account to another account, the Advisor may have custody of those assets. In order to avoid additional regulatory requirements, the Custodian and the Advisor have adopted safeguards to ensure that the money movements are completed in accordance with the client's instructions.

**Custodial Account Statements**

All assets are held at a qualified custodian or held directly with the issuer, which means the custodians provide account statements directly to clients at their address of record at least quarterly.

**Performance Reports**

Clients are urged to compare the account statements received directly from their custodians to the performance report statements provided by AWM and call AWM with any questions.

**Net Worth Statements**

Clients may generate net worth statements and net worth graphs through AWM's client relationship management system, which includes AWM's Client Portal and Prospect Portal. Net worth statements may contain approximations of bank account balances provided by the client, as well as the value of land and hard-to-price real estate. Axxcess will endeavor to provide reporting of positions and performance using AWM's Private Asset Platform. PAP is an Axxcess reporting service that integrates directed investments in a consolidated manner. AWM makes no representations or guarantees about the accuracy of the information contained in its PAP reports. AWM specifically discloses in its PAP Enrollment forms that there can be no guarantee that PAP reports are accurate as of the date received or that they will continue to be accurate in the future.

The data contained in AWM's Private Asset Platform generally comes from the administrator and or financial reports produced by alternative investment administrators. Axxcess does not guarantee the accuracy of the data the system obtains from third-party sources or vendors.

Although AWM endeavors to provide accurate and timely information, it cannot guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. Certain information contained in these illustrative financial statements may be superseded as new statements, valuations, guidance, or interpretations are issued. Clients should note that only the audited financial statements issued by the sponsor or sponsors preparer should be used for valuation, and other users of these illustrative financial statements are therefore cautioned to stay informed of and carefully evaluate subsequent authoritative and interpretative guidance provided by the sponsor. The values and performance shown through the Client Portal may be delayed or out of date. The only official valuation statement is the investor's custodial or administrative statement generated by the fund or sponsor. The client is reminded that Net Worth Statements and the reporting of alternative investments or the Clients inputted investments in AWM's system are used for long-term financial planning where the exact values of assets are generally not material to the financial planning tasks. Axxcess does not act in a fiduciary capacity with the client on assets directed individually or by a third-party Investment Advisor.

Please refer to Item 12 for additional important disclosures relating to AWM's practices and relationships with custodians.

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**Item 16: Investment Discretion****Discretionary Authority for Trading**

AWM accepts discretionary authority to manage securities accounts on behalf of clients. AWM has the authority to determine, without obtaining specific client consent, the securities to be bought or sold and the amount of the securities to be bought or sold. However, AWM consults with the client prior to each trade to obtain concurrence if a blanket trading authorization has not been given.

AWM may also select the Broker/Dealers for trade execution at its discretion. In selecting a broker for any transaction or series of transactions, AWM may consider a number of factors, including, for example, net price, the financial stability, and reputation of the broker, the quality of the investment research, investment strategies, special execution capabilities, clearance, settlement, custody, recordkeeping and other services provided by such broker. AWM will negotiate the commission rate clients will pay. Clients may pay commissions or fees that are higher or lower than those that may be obtained from elsewhere for similar services. AWM does not receive any portion of the transaction fees or commissions paid by the client to the custodian on certain trades.

Discretionary trading authority facilitates placing trades in your accounts on your behalf so that we may promptly implement the investment policy that you have approved in writing.

**Limited Power of Attorney**

By signing AWM's discretionary advisory agreement, the client authorizes AWM to exercise discretionary authority with respect to all investment transactions involving the client's account. Pursuant to such agreement, AWM is designated as the client's attorney-in-fact with discretionary authority to effect investment transactions in the client's account which authorizes AWM to give instructions to third parties in furtherance of such authority.

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**Item 17: Voting Client Securities****Proxy Voting**

AWM will vote any and all proxies for any account on which it has proxy voting authority. Decisions about how to vote on a proxy will be made based on the best interests of an account. In general, AWM will vote in favor of



routine proposals, such as those for the election of auditors, and against proposals that in any way restrict a shareholder's ability to realize the full potential value of their investment (such as anti-takeover measures and cumulative voting rights). Other proposals, such as officer and director stock plans, will be reviewed on a case-by-case basis. In the event that voting on a proposal may cause a conflict of interest, AWM will vote as described above unless doing so does not address the potential conflict. In this case, AWM will communicate the proxy information and intended vote to the client. AWM will vote these proxies as decided by the client unless the client does not respond within a reasonable period of time, in which case AWM will vote as communicated to the client.

AWM does not direct advisory clients' participation in class actions. AWM shall forward any class action documentation inadvertently received to the appropriate advisory clients. These policies have been written and in place in accordance with Rule 206(4)-6, and Axxcess acts in accordance with those procedures.

#### Proxy Voting Policy and Procedures

AWM shall vote proxies in the best interest of its clients and shall not subrogate the client's interest to its own. AWM monitors corporate actions through the Custodian. AWM receives notice of upcoming proxy votes, meeting and record dates, and other information on upcoming corporate actions by companies in which AWM clients are shareholders. Clients may request a copy of AWM's proxy voting records, free of charge, by contacting AWM.

#### Conflicts of Interest in the Voting Process

On occasion, a conflict of interest may exist between the Advisor and the client regarding the outcome of certain proxy votes. In such cases, the Advisor is committed to resolving the conflict in the best interest of the clients before voting the proxy in question.

#### Client Direction of Voting

Although most of AWM's clients for whom the Advisor votes proxies authorize AWM to vote in accordance with its proxy voting policy, a client may request that the Advisor votes its proxies in accordance with a different policy. The Advisor will try to accommodate such requests.

In addition, a client may direct AWM to vote its securities in a particular way on a particular proposal, and the Advisor will seek to do so, assuming timely receipt of the instruction.

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

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#### **Financial Condition**

AWM does not have any financial impairment that will preclude the firm from meeting contractual and fiduciary obligations to clients and has not been the subject of a bankruptcy proceeding.

A balance sheet is not required to be provided because AWM does not serve as a custodian for client funds or securities and does not require prepayment of fees of more than \$1,200 per client and six months or more in advance.