

# **Downtown Wealth Studios, LLC**

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# Form ADV Part 2A – Disclosure Brochure

March 23, 2023

This Form ADV Part 2A (“Disclosure Brochure”) provides information about the qualifications and business practices of Downtown Wealth Studios, LLC (“DWS” or the “Adviser”). If you have any questions about the content of this Disclosure Brochure, please contact the Adviser at (888) 240-2737.

DWS is a registered investment Adviser 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 Adviser does not imply any specific level of skill or training. This Disclosure Brochure provides information about DWS to assist you in determining whether to retain the Adviser.

Additional information about DWS and its Advisory personnel is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with the Adviser’s firm name or CRD# 325213.

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## Item 2 – Material Changes

DWS has nothing to report in response to this item.

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## **Item 4 – Advisory Services**

### **A. Firm Information**

DWS is registered as an investment Adviser with the U.S. Securities and Exchange Commission (“SEC”). The Adviser is organized as a Limited Liability Company (“LLC”) under the laws of the State of Florida. DWS was founded in January 2023 and is a wholly-owned subsidiary of Creative Wealth Collaboration LLC, a Delaware LLC, which, in turn, is wholly-owned by Joseph Cefalu.

This Disclosure Brochure provides information regarding the qualifications, business practices, and Advisory services provided by DWS.

### **B. Advisory Services Offered**

DWS offers Advisory services to individuals, high-net-worth individuals, families, trusts, estates, businesses, and endowments (each referred to as a “Client”).

The Adviser serves as a fiduciary in accordance with applicable laws and regulations. As a fiduciary, the Adviser upholds a duty of loyalty, fairness, and good faith towards each Client and seeks to mitigate

conflicts of interest. DWS's fiduciary commitment is further described in the Adviser's Code of Ethics. For more information regarding the Code of Ethics, please see Item 11.

#### Wealth Management Services

DWS provides customized wealth management solutions for its Clients. This is achieved through regular personal Client contact and interaction while providing discretionary or non-discretionary wealth management and financial planning services. DWS works closely with each Client to identify their investment goals and objectives as well as risk tolerance and financial situation in order to design a portfolio strategy. DWS then constructs an investment portfolio consisting of individual equities, exchange-traded funds ("ETFs"), open-end mutual funds, and/or individual bonds to achieve the Client's investment goals. The Adviser may also utilize other types of investments, as appropriate, to meet the needs of the Client. The Adviser may retain certain legacy investments based on portfolio fit and/or tax considerations.

DWS will select, recommend, and/or retain mutual funds on a fund-by-fund basis. Due to specific custodial and/or mutual fund company constraints, material tax considerations, and/or systematic investment plans, DWS will select, recommend, and/or retain mutual fund share classes that do not have trading costs when possible. These will in most cases be institutional share classes but in some cases may be share classes with higher internal expense ratios than institutional share classes. DWS will seek to select the lowest-cost share class available that is in the best interest of each Client, weighing the expected investment pattern, expense ratios, and potential ticket charges, and will ensure the selection aligns with the Client's financial objectives and stated investment guidelines.

DWS's investment approach is primarily long-term focused, but the Adviser may buy, sell, or re-allocate positions that have been held for less than one year to meet the objectives of the Client or due to market conditions. DWS will construct, implement, and monitor the portfolio to ensure it meets the goals, objectives, circumstances, and risk tolerance agreed to by the Client. Each Client will have the opportunity to place reasonable restrictions on the types of investments to be held in their respective portfolios, subject to acceptance by the Adviser.

DWS evaluates and selects investments for inclusion in Client portfolios only after applying its internal due diligence process. DWS may recommend, on occasion, redistributing investment allocations to diversify the portfolio. DWS may recommend specific positions to increase sector or asset class weightings. The Adviser may recommend employing cash positions as a possible hedge against market movement. DWS may recommend selling positions for reasons that include, but are not limited to, harvesting capital gains or losses, business or sector risk exposure to a specific security or class of securities, overvaluation or overweighting of the position(s) in the portfolio, a change in risk tolerance of the Client, generating cash to meet Client needs, or any risk deemed unacceptable for the Client's risk tolerance.

#### Financial Planning Services

DWS typically includes financial planning services as part of its overall wealth management services and fee arrangement.

Financial planning and consulting topics address several areas of a Client's financial situation, depending on the client's goals and objectives. This planning or consulting may encompass one or more areas of need, including but not limited to, investment planning, family planning, retirement planning, large purchase advice, and/or other areas of a Client's financial situation.

### **C. Client Account Management**

Prior to engaging DWS to provide Advisory services, each Client is required to enter into a written Advisory agreement with the Adviser that defines the terms, conditions, authority, and responsibilities of the Adviser and the Client. These services may include:

- Establishing an Investment Strategy – DWS, in connection with the Client, will develop a strategy that seeks to achieve the Client's goals and objectives.
- Asset Allocation – DWS will develop a strategic asset allocation that is targeted to meet the investment objectives, time horizon, financial situation, and tolerance for risk for each Client or unique client goal.
- Portfolio Construction – DWS will develop a portfolio for the Client that is intended to meet the stated goals and objectives of the Client.
- Wealth Management and Supervision – DWS will provide wealth management and ongoing oversight of the Client's investment portfolio.

### **D. Wrap Fee Programs**

DWS does not manage or place Client assets into any wrap fee programs. Investment management services are provided directly by DWS.

### **E. Assets Under Management**

DWS is a newly formed registered investment Adviser that currently does not have any assets under management.

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## **Item 5 – Fees and Compensation**

The following paragraphs detail the fee structure and compensation methodology for services provided by the Adviser.

### **A. Fees for Advisory Services**

#### Wealth Management Services

Wealth management fees are paid monthly, in advance, pursuant to the terms of the wealth management agreement. Wealth management fees are based on the market value of assets under management at the end of the previous month. Wealth management fees are negotiated with each client and generally do not exceed 2.0% per annum unless significant additional work requires a higher fee. The wealth management fee in the first month of service is prorated from the commencement date of the wealth management agreement to the end of the first month. Fees on additions and withdrawals are prorated for the month in which such additions/withdrawals occur with adjustments being made in the next month's billing. Fees may be negotiable at the sole discretion of the Adviser. In certain circumstances, the Adviser may charge a fixed fee for its services. The Client's fees will take into consideration the aggregate assets under management with the Adviser across all accounts, unless otherwise specified in the wealth management agreement. All securities held in accounts managed by DWS will be independently valued by the Custodian. DWS will not have the authority or responsibility to value portfolio securities.

Clients may make additions to and withdrawals from their account(s) at any time, subject to DWS's right to terminate an account. Additions may be in cash or securities provided that DWS reserves the right to liquidate any transferred securities or decline to accept particular securities into a Client's account(s).

Clients may withdraw account assets on notice to DWS, subject to the usual and customary securities settlement procedures. However, DWS designs its portfolios as long-term investments, and the withdrawal of assets may impair the achievement of a Client's investment objectives. DWS may consult with its Clients about the options and ramifications of transferring securities. However, Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, fees assessed at the mutual fund level (i.e., contingent deferred sales charges), and/or tax ramifications.

## **B. Fee Billing**

### Wealth Management Services

Investment Advisory fees are calculated by the Adviser or its delegate and deducted from the Client's account(s) at the Custodian. The Adviser shall send an invoice to the Custodian indicating the amount of the fees to be deducted from the Client's account(s) as of the beginning of each month. The amount due is calculated by applying the monthly rate (annual rate divided by 12) to the market value of assets under management as of the end of the previous month. Clients will be provided with a monthly statement from the Custodian that includes the DWS wealth management fee. Clients provide written authorization permitting Advisory fees to be deducted by DWS to be paid directly from their account(s) held by the Custodian as part of the wealth management agreement and separate account forms provided by the Custodian.

## **C. Other Fees and Expenses**

Clients will incur certain fees or charges imposed by third parties, other than DWS, in connection with investments made on behalf of the Client's account(s), some of which are listed below. The Client is responsible for all custody, account administration, and securities execution fees charged by the Custodian, as applicable. The Adviser's recommended Custodian does not charge securities transaction fees for ETF and equity trades in a Client's account, provided that the account meets the terms and conditions of the Custodian's brokerage requirements. However, the Custodian typically charges for mutual funds and other types of investments. The fees charged by DWS are separate and distinct from these custody and execution fees.

In addition, all fees paid to DWS for wealth management services are separate and distinct from the expenses charged by mutual funds and ETFs to their shareholders, if applicable. These fees and expenses are described in each fund's prospectus and will generally be used to pay management fees for the funds, other fund expenses, account administration (e.g., custody, brokerage and account reporting), and a possible distribution fee. A Client may be able to invest in these products directly, without the services of DWS, but would not receive the services provided by DWS, which are designed, among other things, to assist the Client in determining which products or services are most appropriate for each Client's financial situation and objectives. Accordingly, the Client should review both the fees charged by the fund(s) and the fees charged by DWS to fully understand the total fees to be paid. Please refer to Item 12 for additional information. Additionally, as noted above, the Adviser will select share classes that do not have trading costs when possible. These will in most cases be institutional share classes but in some cases may be share classes with higher internal expense ratios than institutional share classes. Please refer to Item 12 for additional information.

## **D. Termination of Relationship**

### Wealth Management Services

Either party may terminate the wealth management agreement, at any time, by providing at least five (5) days prior written notice to the other party. Adviser will refund any unearned wealth management fees to Client if the wealth management agreement is terminated on a day other than the last day of a month. The Client's wealth management agreement with the Adviser is non-transferable without the Client's prior consent.

## **E. Compensation for Sales of Securities**

DWS does not buy or sell securities on a commission basis and does not receive any compensation for effecting securities transactions in any Client account, other than the wealth management fees noted above.

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

DWS does not charge performance-based fees for its wealth management services. The fees charged by DWS are as described in Item 5 above and are not based upon the capital appreciation of the funds or securities held by any Client.

DWS 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.

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## **Item 7 – Types of Clients**

DWS offers Advisory services to individuals, high-net-worth individuals, families, trusts, estates, businesses, and endowments. DWS generally does not impose a minimum relationship size. However, its services are primarily designed for high-net-worth individuals and families.

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

### **A. Methods of Analysis**

DWS primarily employs fundamental and technical analysis methods in developing investment strategies for its Clients. Research and analysis from DWS are derived from numerous sources, including financial media companies; third-party research materials; professional data subscriptions; Internet sources; and review of company activities, including annual reports, prospectuses, press releases, and research prepared by others.

*Fundamental analysis* utilizes economic and business indicators as investment selection criteria. These criteria generally consist 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 Adviser 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 Adviser monitors these economic indicators to determine if adjustments to strategic allocations are appropriate. More details on the Adviser's review process are included below in Item 13.

*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 DWS will be able to predict such a reoccurrence accurately.

As noted above, DWS generally employs a long-term investment strategy for its Clients, as consistent with their financial goals. DWS will typically hold all or a portion of a security for more than a year but may hold for shorter periods for the purpose of rebalancing portfolios or meeting the cash needs of Clients. At times, DWS may also buy and sell positions that are more short-term in nature, depending on the goals of the Client and/or the fundamentals of the security, sector, or asset class.

## **B. Risk of Loss**

Investing in securities involves certain investment risks. Securities may fluctuate in value or lose value. Clients should be prepared to bear the potential risk of loss. DWS will assist Clients in determining an appropriate strategy based on their tolerance for risk and other factors noted above. However, there is no guarantee that a Client will meet its investment goals. Please see Item 8.B. for risks associated with the Adviser's investment strategies as well as general risks of investing.

While the methods of analysis help the Adviser in evaluating a potential investment, it does not guarantee that the investment will increase in value. Assets meeting the investment criteria utilized in these methods of analysis may lose value and may experience negative investment performance. The Adviser monitors these economic indicators to determine if adjustments to strategic allocations are appropriate. More details on the Adviser's review process are included below in Item 13.

Each Client engagement will entail a review of the Client's investment goals, financial situation, time horizon, tolerance for risk, and other factors to develop an appropriate strategy for managing a Client's account. Client participation in this process, including full and accurate disclosure of requested information, is essential for the analysis of a Client's account(s). The Adviser shall rely on the financial and other information provided by the Client or their designees without the duty or obligation to validate the accuracy and completeness of that information. It is the responsibility of the Client to inform the Adviser of any changes in financial condition, goals, or other factors that may affect this analysis.

The risks associated with a particular strategy are provided to each Client in advance of investing Client accounts. The Adviser will work with each Client to determine their tolerance for risk as part of the portfolio construction process. Following are some of the risks associated with the Adviser's investment approach:

### Market Risks

The value of a Client's holdings may fluctuate in response to events specific to companies or markets, as well as economic, political, or social events in the U.S. and abroad. This risk is linked to the performance of the overall financial markets.

### ETF Risks

The performance of ETFs is subject to market risk, including the possible loss of principal. The price of 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 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.

### Fixed Income ETF Risks

Fixed Income 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, which depend 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 investor 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 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.

#### Individual Equity Securities

The value of equity securities varies in response to many factors. These factors include, without limitation, factors specific to an issuer and factors specific to the industry in which the issuer participates. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments, and the stock prices of such companies may suffer a decline in response. In addition, equity securities are subject to stock risk, which is the risk that stock prices historically rise and fall in periodic cycles. U.S. and non-U.S. stock markets have experienced periods of substantial price volatility in the past and may do so again in the future. In addition, investments in small-capitalization, mid-capitalization, and financially distressed companies may be subject to more abrupt or erratic price movements and may lack sufficient market liquidity, and these issuers often face greater business risks.

#### Fixed-Income Securities

Fixed income securities are subject to the risk of the issuer's or a guarantor's inability to meet principal and interest payments on its obligations as well as interest rate, inflation, and volatility risk.

#### Cybersecurity Risk

As with any entity that conducts business through electronic means in the modern marketplace, DWS and its service providers may be susceptible to operational and information security risks resulting from cyberattacks. Cyberattacks include, among other behaviors, stealing or corrupting data maintained online or digitally; denial-of service attacks on websites; unauthorized monitoring, release, misuse, loss, destruction, or corruption of confidential information; unauthorized access to relevant systems; compromises to networks or devices that DWS and its service providers use to service their operations; operational disruption or failures in the physical infrastructure or operating systems that support DWS and its service providers; and various other forms of cybersecurity breaches. Cyberattacks affecting DWS or any of its intermediaries or service providers may adversely impact DWS's clients, potentially resulting in, among other things, financial losses or the inability to transact business.

For instance, cyberattacks may impact the release of private client information or confidential business information, impede trading, subject DWS to regulatory fines or financial losses, and/or cause reputational damage. DWS may also incur additional costs for cybersecurity risk management purposes designed to mitigate or prevent the risk of cyberattacks. Such costs may be ongoing because threats of cyberattacks are constantly evolving, as cyber attackers become more sophisticated and their techniques become more complex. Similar types of cybersecurity risks are also present for issuers of securities in which clients are invested, which could result in material, adverse consequences for such issuers and may cause investments in such companies to lose value. There can be no assurance that DWS, its service providers, or the issuers of the securities in which clients invest will not suffer losses relating to cyberattacks or other information security breaches in the future.

The foregoing is not a complete list of all risks involved with the Adviser's services. Past performance is not a guarantee of future returns. Investing in securities and other investments involves a risk of loss that each Client should understand and be willing to bear. Clients are reminded to discuss these risks with the Adviser.

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## **Item 9 – Disciplinary Information**

**There are no legal, regulatory, or disciplinary events involving DWS or its management persons that must be reported in response to this item.** DWS values the trust Clients place in the Adviser. The Adviser encourages Clients to perform the requisite due diligence on any Adviser or service provider that the Client engages. Background information pertaining to the Adviser and certain of its Advisory personnel is available on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with the Adviser's firm name or CRD# 325213.

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

DWS has nothing to report in response to this item.

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

### **A. Code of Ethics**

DWS has implemented a Code of Ethics (the "Code") that defines the Adviser's fiduciary commitment to each Client. This Code applies to all persons associated with DWS ("Supervised Persons"). The Code was developed to provide general ethical guidelines and specific instructions regarding the Adviser's duties to the Client. DWS and its Supervised Persons owe a duty of loyalty, fairness, and good faith towards each Client. It is the obligation of DWS's Supervised Persons to adhere not only to the specific provisions of the Code, but also to the general principles that guide the Code. The Code covers a range of topics that address employee ethics and conflicts of interest. To request a copy of the Code, please contact the Adviser at (888) 240-2737.

### **B. Personal Trading with Material Interest in Transactions**

DWS does not act as a principal in any transactions. In addition, the Adviser does not act as the general partner of a fund or advise an investment company. DWS does not have a material interest in any securities traded in Client accounts.

### **C. Personal Trading in Same Securities as Clients**

DWS 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 for purchase or sale 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 Adviser has adopted the Code to address insider trading, 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 as for Clients. The fiduciary duty to act in the best interest of 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 DWS requiring reporting of personal securities trades by its Supervised Persons for review by the Chief Compliance Officer ("CCO"). The Adviser has also adopted written policies and procedures to detect the misuse of material, non-public information.

#### **D. Personal Trading at Same Time as Client**

While DWS allows Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients, such trades are typically aggregated with Client orders or traded afterwards. At no time will DWS, or any Supervised Person of DWS, transact in any security to the detriment of any Client.

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### **Item 12 – Brokerage Practices**

#### **A. Recommendation of Custodian(s)**

DWS does not have discretionary authority to select the broker-dealer/custodian for custody and execution services. The Client will engage the broker-dealer/custodian (herein the "Custodian") to safeguard Client assets and authorize DWS to direct trades to the Custodian as agreed upon in the wealth management agreement. Further, DWS does not have the discretionary authority to negotiate commissions on behalf of Clients on a trade-by-trade basis.

Although DWS does not exercise discretion over the selection of the Custodian, it recommends the Custodian(s) to Clients for custody and execution services. Clients are not obligated to use the Custodian recommended by the Adviser and will not incur any extra fee or cost associated with using a custodian not recommended by DWS. However, the Adviser may be limited in the services it can provide if the recommended Custodian is not engaged. DWS may recommend the Custodian based on criteria such as, but not limited to, the reasonableness of commissions charged to the Client, services made available to the Client, and its reputation and/or the location of the Custodian's offices. DWS will generally recommend that Clients establish their account(s) at Pershing Adviser Solutions, a division of Pershing, LLC ("Pershing"), a FINRA-registered broker-dealer and member of the Securities Investor Protection Corporation ("SIPC"). Pershing will serve as the Client's "qualified custodian." DWS maintains an institutional relationship with Pershing, whereby the Adviser receives economic benefits from Pershing. Please see Item 14 for further information.

Additional details regarding the brokerage practices of the Adviser follow:

- Soft Dollars – Soft dollars are revenue programs offered by broker-dealers/custodians whereby an Adviser enters into an agreement to place security trades with a broker-dealer/custodian in exchange for research and other services. DWS does not participate in soft dollar programs sponsored or offered by any broker-dealer/custodian. However, the Adviser receives certain economic benefits from the Custodian. Please see Item 14 below.
- Brokerage Referrals – As clients direct which brokers are used by the Adviser to execute trades, DWS does not factor in the receipt of client referrals with respect to the choice of brokers to use to execute trades.
- Directed Brokerage – All Clients are serviced on a "directed brokerage basis," where DWS places trades within the established account(s) at the Custodian designated by the Client. Further, all Client accounts are traded within their respective account(s). The Adviser will not engage in any principal transactions (i.e., trade of any security from or to the Adviser's own

account) or cross transactions with other Client accounts (i.e., purchase or sale of a security from one Client account to another). DWS will not be obligated to select competitive bids on securities transactions and does not have an obligation to seek the lowest available transaction costs. These costs are determined by the Custodian.

Because of such directed brokerage arrangements, a Client may pay a commission that is higher than another qualified custodian might charge to effect the same transaction or receive less favorable prices for such transactions. The Adviser has determined in good faith that the commissions charged by the Custodian are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not necessarily the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of the Custodian's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although the Adviser will seek competitive rates, to the benefit of all Clients, it may not necessarily obtain the lowest possible commission rates for specific Client account transactions. Although the investment research products and services that may be obtained by the Adviser will generally be used to service all the Adviser's Clients, they may not equally benefit all Clients. Please also see Item 14.

#### **B. Aggregating and Allocating Trades**

The primary objective in placing orders for the purchase and sale of securities for Client accounts is to obtain the most favorable net results, taking into account such factors as: 1) price; 2) size of the order; 3) difficulty of execution; 4) confidentiality; and 5) skill required of the Custodian. DWS will execute its transactions through the Custodian as authorized by the Client. DWS may aggregate orders in a block trade or trades when securities are purchased or sold through the Custodian for multiple (discretionary) accounts on the same trading day. If a block trade cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated in a manner that is consistent with the initial pre-allocation or other written statement. This must be done in a way that does not consistently advantage or disadvantage any particular Client accounts.

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### **Item 13 – Review of Accounts**

#### **A. Frequency of Reviews**

Securities in Client accounts are monitored on a regular basis by Advisory personnel of DWS and periodically by its CCO. Formal reviews are generally conducted at least annually or more frequently depending on the needs of the Client.

#### **B. Causes for Reviews**

In addition to the investment monitoring noted in Item 13.A., each Client account shall be reviewed at least annually. Reviews may be conducted more frequently at the Client's request. Accounts may be reviewed as a result of major changes in economic conditions, known changes in the Client's financial situation, and/or large deposits or withdrawals in the Client's account(s). The Client is encouraged to notify DWS if changes occur in the Client's personal financial situation that might adversely affect the Client's investment plan. Additional reviews may be triggered by material market, economic, or political events.

#### **C. Review Reports**

Generally, the Client will receive brokerage statements monthly from the Custodian. These brokerage statements are sent directly from the Custodian to the Client. The Client may also establish electronic access to the Custodian's website so that the Client may view these reports and their account activity.

Client brokerage statements will include all positions, transactions, and fees relating to the Client's account(s). The Adviser may also provide Clients with periodic reports regarding their holdings, allocations, and performance.

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

### **A. Compensation Received by DWS**

DWS is a fee-based Advisory firm that is compensated solely by its Clients and not from any investment product. DWS does not receive commissions or other compensation from product sponsors, broker-dealers, or any unrelated third party. DWS may refer Clients to various unaffiliated, non-Advisory professionals (e.g., attorneys, accountants, estate planners) to provide certain financial services necessary to meet the goals of its Clients. Likewise, DWS may receive non-compensated referrals of new Clients from various third parties.

#### Participation in Institutional Adviser Platform

DWS has established an institutional relationship with Pershing to assist the Adviser in managing Client accounts. Access to the Pershing platform is provided at no charge to the Adviser. The Adviser receives access to software and related support without cost because the Adviser renders investment management services to Clients that maintain assets at Pershing. The software and related systems support may benefit the Adviser, but not its Clients directly. In fulfilling its duties to its Clients, the Adviser 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 potential conflict of interest since these benefits may influence the Adviser's recommendation of this Custodian over one that does not furnish similar software, systems support, or services.

*Financial Support* – DWS is incented to remain affiliated with Pershing and to recommend that Clients establish accounts with Pershing due to financial support received from Pershing. Through its relationship with Pershing, DWS "received a commitment of an initial budget for financial support for marketing and technology related expenses. The receipt of any such compensation creates a financial incentive for DWS to recommend Pershing as the Custodian for the assets in a Client's account. This conflict is mitigated through disclosure, and Clients are not obligated to utilize DWS's recommended Custodian. Additionally, as mentioned above, DWS may directly or indirectly receive other benefits through its engagement with Pershing. DWS encourages Clients to discuss any such conflicts of interest with it before making a decision to custody their assets at Pershing.

### **B. Client Referrals from Solicitors**

DWS intends to engage paid solicitors for Client referrals. When DWS enters into such relationships, it will ensure that it complies with the rules under the Investment Advisers Act of 1940 that pertain to such client referral arrangements.

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## **Item 15 – Custody**

Clients must place their assets with a "qualified custodian." As detailed in Item 12, DWS primarily recommends Pershing. However, Clients may have some accounts held-away at other qualified custodians. Clients are required to engage the Custodian to retain their funds and securities and direct DWS to utilize that Custodian for the Client's securities transactions. Clients should review statements

provided by the Custodian and compare them to any reports provided by DWS to ensure accuracy, as the Custodian does not perform this review. For more information about custodians and brokerage practices, see Item 12.

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### **Item 16 – Investment Discretion**

DWS generally provides investment management services on a non-discretionary basis. However, in certain circumstances, DWS exercises discretion over the selection and amount of securities to be bought or sold in Client accounts without obtaining prior consent or approval from the Client

The granting of discretionary authority will be evidenced by the Client's execution of a wealth management agreement containing all applicable limitations on such authority. All discretionary trades made by DWS will be in accordance with each Client's investment objectives and goals. For discretionary accounts, all purchases or sales may be subject to specified investment objectives, guidelines, and limitations previously set forth by the Client and agreed to by DWS. DWS will have the authority to implement the Client's account(s) without specific, one-time approval of each trading decision. For non-discretionary accounts, the Adviser must contact the Client and receive, orally or in writing, approval to execute each purchase or sale in the account(s).

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### **Item 17 – Voting Client Securities**

DWS does not accept proxy-voting responsibility for any Client. Clients will receive proxy statements directly from the Custodian. Should the Client seek to direct proxies and related communications to the Adviser, such action does not authorize or obligate the Adviser to assume voting responsibility. The Adviser will assist in answering questions relating to proxies. However, the Client retains the sole responsibility for proxy decisions and voting.

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### **Item 18 – Financial Information**

Neither DWS nor its management have any adverse financial situations that would reasonably impair the ability of DWS to meet all obligations to its Clients. Neither DWS nor any of its Advisory personnel have been subject to a bankruptcy or financial compromise. DWS is not required to deliver a balance sheet along with this Disclosure Brochure as the Adviser does not collect advance fees of \$1,200 or more for services to be performed six months or more in the future.