

## Item 1 – Cover Page



8000 Maryland Avenue  
Suite 1165  
St. Louis, MO 63105  
314-726-6789  
[www.fwmria.com](http://www.fwmria.com)

March 2023

Foundation Wealth Management, LLC's Form ADV Part 2 or Brochure, as required by the Investment Advisers Act of 1940, is a very important document between you and Foundation Wealth Management, LLC.

***This brochure provides information about the qualifications and business practices of Foundation Wealth Management, LLC. If you have any questions about the contents of this brochure, please contact us at 314-726-6789 or [phardin@fwmria.com](mailto:phardin@fwmria.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.***

***Additional information about Foundation Wealth Management, LLC is available at the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) (click on the link, select "investment adviser firm" and type in our firm name). Results will provide you both Part 1 and 2 of our Form ADV.***

Foundation Wealth Management, LLC is a registered investment adviser with the SEC. Our registration as an investment adviser does not imply any level of skill or training. The oral and written communications we provide to you, including this Brochure, is information you use to evaluate us (and other advisers) which are factors in your decision to hire us or to continue to maintain a mutually beneficial relationship.

## **Item 2 – Material Changes**

Foundation Wealth Management LLC has updated Form ADV Part 2A (brochure) as part of the annual amendment process. The following material changes have occurred since the late brochure update in March 2022.

FWM has changed the Firm's minimum account size along with the minimum annual management fee. See item 5 Fees and Compensation and Item 7 Types of Clients for additional details.

If you would like another copy of this Brochure, please download it from the SEC's Website as indicated above or contact us at 314-726-6789 or via email at [phardin@fwmria.com](mailto:phardin@fwmria.com).

## Item 3 -Table of Contents

Item 1 – Cover Page .....	
Item 2 – Material Changes .....	i
Item 3 -Table of Contents .....	ii
Item 4 – Advisory Business .....	1
Item 5 - Fees and Compensation.....	6
Item 6 – Performance-Based Fees and Side-By-Side Management.....	8
Item 7 – Types of Clients .....	8
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.....	9
Item 9 – Disciplinary Information .....	10
Item 10 – Other Financial Industry Activities and Affiliations .....	10
Item 11 – Code of Ethics .....	10
Item 12 – Brokerage Practices .....	100
Item 13 – Review of Accounts.....	122
Item 14 – Client Referrals and Other Compensation.....	13
Item 15 – Custody .....	13
Item 16 – Investment Discretion .....	14
Item 17 – Voting Client Securities (i.e., Proxy Voting) .....	14
Item 18 – Financial Information.....	144
Item 19 – Requirements for State-Registered Advisers.....	144

## Item 4 – Advisory Business

Foundation Wealth Management, LLC (“FWM” or the “Firm”) was formed in 2003 and is majority owned by Pamela A. Hardin, President. FWM is an investment adviser providing investment management services as well as financial planning and consulting services. FWM’s mission is to provide objective, intelligent, comprehensive financial advice to each of our clients in the most personalized, timely and cost-effective manner.

Assets Under Management as of December 31, 2022:

Discretionary	\$ 417,806,060
Non-Discretionary	<u>\$ 60,201,352</u>
Total	\$ 478,007,412

FWM provides ongoing monitoring and continuous investment advice to 401k participants whose assets are custodied at a third-party service provider. These assets are included in the above non-discretionary assets under management figure.

### Investment Management Services:

All clients are required to enter into an agreement with FWM before we provide investment management services to them. The agreement sets forth the terms and conditions under which FWM shall render its services.

FWM gathers information about the Firm’s clients through in-depth personal interviews. Information gathered includes a client’s current financial status, future goals and attitudes towards risk. This information is documented in a Confidential Financial Data worksheet maintained by FWM. Related documents are supplied by each client and all information is carefully reviewed by FWM in order to create the investment recommendations for that client. Implementation of the Firm’s recommendations occurs only after the client has completed the investment management agreement and all authorizations with the appropriate financial institutions.

FWM’s clients are advised to promptly notify FWM if there are ever any changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon FWM’s investment management services. Additions to client accounts are in cash or securities, provided that FWM reserves the right to liquidate any transferred securities, or decline to accept particular securities into a client’s account. FWM consults with its clients about the options and ramifications of transferring securities. Clients can withdraw account assets on notice to FWM, subject to the usual and customary securities settlement procedures. FWM designs its portfolios as long-term investments and asset withdrawals may impair the achievement of a client’s investment objectives. FWM recommends that client assets be held in brokerage accounts held at Fidelity Investments.

### Retirement Plan Services

FWM provides investment advisory services to businesses and non-profit organizations with their 401(k) and employee benefit plans.

### Trustees and Investment Committees

FWM provides investment advisory services to investment committees and trustees of Defined Benefit Plans, Non-Participant directed 401(k) plans and Non-Profit Organizations. FWM acts as a 3(21) Investment Fiduciary providing investment advice for a fee to the trustees or the committee to implement.

### Participant Directed Retirement Plans

FWM provides investment advisory services to investment committees and trustees of Participant Directed Retirement Plans. FWM acts as a 3(21) Investment Fiduciary providing investment advice for a fee to the trustees or the committee to implement.

FWM also renders non-discretionary investment management services to clients relative to variable life/annuity products that they own and/or their individual employer-sponsored retirement plans. In doing so, FWM will either direct or recommend the allocation of client assets among the various mutual fund sub-divisions that comprise the variable life/annuity product or the retirement plan. Client assets shall be maintained at either the insurance company that issued the variable life/annuity product or at the custodian designated by the sponsor of the client's retirement plan.

### **Investment Managers**

In some situations, FWM recommends that its clients use independent Investment Managers to manage their assets based upon their stated investment objectives. The terms and conditions under which the client shall engage the Independent Manager are set forth in separate written agreements between:

- (1) the client and FWM; and
- (2) the client and the designated Investment Managers.

FWM shall continue to render investment management services to the client by ongoing monitoring and review of account performance of the assets being managed by the Firm and the designated Independent Manager.

Factors that FWM considers when recommending an Independent Manager include the client's stated investment objectives, the manager's investment style, performance, reputation, financial strength, reporting, pricing, and research. When recommending or selecting an Investment Manager for a client, FWM reviews information about the Independent Manager such as its written disclosure statement and/or materials supplied by the Investment Manager. Independent third parties may also be consulted for a description of the Independent Manager's investment strategies, past performance and risk results to the extent available.

In addition to this Brochure as provided by FWM, clients will also receive the written disclosure statement of the designated Independent Manager. Certain Independent Managers may impose more restrictive account requirements and varying billing practices than FWM. In such instances, FWM may alter its corresponding account requirements and/or billing practices to accommodate those of the Independent Manager.

### **IRA Rollover Considerations**

FWM provides, as part of its investment advisory services, recommendations for client to withdraw the assets from an employer's retirement plan and roll the assets over to an individual retirement account ("IRA") that FWM manages on the client's behalf. If a client elects to roll the assets to an IRA that is subject to FWM'S management, FWM charges an asset-based fee as set forth in the agreement between the client and FWM. This practice presents a conflict of interest because persons providing investment advice on FWM's behalf have an incentive to recommend a rollover to a client for the purpose of generating fee-based compensation rather than solely based on the client's needs. Clients are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if the client decides to complete the rollover, that client is under no obligation to have the assets in an IRA managed by FWM.

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

An employee will typically have four options:

1. Leaving the funds in the employer's (former employer's) plan.
2. Moving the funds to a new employer's retirement plan.
3. Cashing out and taking a taxable distribution from the plan.
4. Rolling the funds into an IRA rollover account.

Each of these options has advantages and disadvantages and before making a change FWM encourages clients to speak with their CPA and/or tax attorney.

Clients who are considering rolling over retirement funds to an IRA for FWM to manage, here are a few points to consider beforehand:

1. Determine whether the investment options in the employer's retirement plan address your needs or whether you might want to consider other types of investments.
  - a. Employer retirement plans generally have a more limited investment menu than IRAs.
  - b. Employer retirement plans may have unique investment options not available to the public such as employer securities, or previously closed funds.

2. Your current plan may have lower fees than FWM's fees.
  - a. If you are interested in investing only in mutual funds, you should understand the cost structure of the share classes available in your employer's retirement plan and how the costs of those share classes compare with those available in an IRA.
  - b. You should understand the various products and services you might take advantage of at an IRA provider and the potential costs of those products and services.
3. FWM's strategy may have higher risk than the option(s) provided to you in your plan.
4. Consider whether your current plan also offers financial advice.
5. If you keep your assets titled in a 401k or retirement account, you could potentially delay your required minimum distribution beyond age 72.
6. Your 401k may offer more liability protection than a rollover IRA; each state may vary. Generally, federal law protects assets in qualified plans from creditors. Since 2005, IRA assets have been generally protected from creditors in bankruptcies. However, there can be some exceptions to the general rules so you should consult with an attorney if you are concerned about protecting your retirement plan assets from creditors.
7. You may be able to take out a loan on your 401k, but not from an IRA.
8. IRA assets can be accessed any time; however, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless they qualify for an exception such as disability, higher education expenses or the purchase of a home.
9. If you own company stock in your plan, you may be able to liquidate those shares at a lower capital gains tax rate.
10. Your plan may allow you to hire us as the manager and keep the assets titled in the plan name.

It is important that you understand the differences between these types of accounts and to decide whether a rollover is best for you. Prior to proceeding, if you have questions contact your investment adviser representative, or call our main number as listed on the cover page of this brochure.

### **IRA Rollover Recommendations**

Effective December 20, 2021 (or such later date as the US Department of Labor ("DOL") Field Assistance Bulletin 2018-02 ceases to be in effect), for purposes of complying with the DOL's Prohibited Transaction Exemption 2020-02 ("PTE 2020-02") where applicable, we are providing the following acknowledgment to you.

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under

this special rule's provisions, we must:

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

### **Financial Planning/Consulting:**

In certain circumstances, FWM can provide additional financial planning and consulting services. For these types of arrangements, clients are required to enter into a separate written agreement with FWM which sets forth the terms and conditions of the engagement.

At the start of the financial planning process, FWM gathers information from the client regarding his or her personal financial goals, objectives and risk tolerance. Investment Advisor Representatives of FWM then create a Financial Plan to present to the client. Client can engage FWM to implement the recommendations contained in the Financial Plan, however, the decision to engage FWM for such services is at the sole discretion of the client.

### **Business Continuity Plan Activate in response to COVID-19.**

As of the date of this Brochure, FWM continues to operate its business continuity plan in response to COVID-19. We are taking these steps to protect our employees while ensuring business continuity:

- Restricting non-essential business travel
- Recommending employees avoid large, in-person gatherings
- Closing our office and requiring our employees to work from home, as requested by state and local authorities, when applicable
- Conducting all client and firm meetings via teleconference or videoconference

### **Our Business Continuity Plan**

FWM's business continuity plan is designed to meet the needs of our clients and minimize potential disruption in services during an emergency or disaster. The protocols and capabilities within the plan include:

- Sufficient technical infrastructure and network capacity to support employees working from home in specific areas, or companywide
- Secure, remote access for all employees
- Videoconference capability in place for employees
- Redundancy capabilities within each of our business units



## **Item 5 – Fees and Compensation**

### **Investment Management Services:**

FWM charges an annual fee based upon a percentage of the market value of the assets being managed as shown below. Fees are negotiable.

<b>PORTFOLIO VALUE</b>	<b>ANNUAL FEE</b>
First \$1,000,000	1.25%
Next \$1,000,000	1.00%
Next \$1,000,000	0.75%
Above \$3,000,000	0.50%

All Accounts are subject to a minimum annual Advisory Fee of \$10,000. Accordingly, clients with accounts of less than \$ 1,000,000 will pay Advisory Fees at an effective rate in excess of 1.25%.

The annual fee shall be pro-rated and charged quarterly, in advance, based upon the market value of the assets, including any margin balance, on the last day of the previous quarter. Fees are automatically deducted from clients' accounts unless otherwise agreed upon by the client and FWM. The client can make additions to and withdrawals from their account at any time, subject to FWM'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 pro-rated based on the number of days remaining in the quarter. The agreement between FWM and the client will continue in effect until terminated by either party pursuant to the terms of the Agreement. FWM's annual fee shall be pro-rated through the date of termination and any remaining balance shall be charged or refunded to the client, as appropriate, in a timely manner.

Clients incur certain charges imposed by financial institutions and other third parties such as fees charged by Independent Managers, custodial fees, charges imposed by a mutual fund or an exchange traded fund (as disclosed in the fund's prospectus as fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer fees, electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, for assets outside of any wrap fee programs, clients incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of, and in addition to, FWM fees. FWM does not receive any portion of these commissions, fees or costs. Lastly, FWM may recommend or help facilitate collateral loans or margin loans if a client's situation warrants. In these cases, FWM will continue to manage assets used as collateral and will therefore continue to collect the asset management fee.

### **Financial Planning/Consulting:**

In certain circumstances, client can request additional financial planning and/or consulting services which FWM may provide for an agreed upon fixed fee. The costs of such services are negotiable, but the fee generally depends upon the level and scope of the services to be provided. FWM requires one-half of the financial planning/consulting fee to be payable

upon entering into the written agreement. The balance is generally due upon delivery of the Financial Plan or completion of the agreed-upon services. Either party may terminate the agreement by written notice to the other. In the event the client terminates the agreement, the balance of FWM's unearned fees (if any) will be refunded to the client. If termination occurs within five (5) business days of entering into the agreement, the client shall be entitled to a full refund.

### Retirement Plan Services

#### Trustees and Investment Committees

Fees assessed for services provided to Trustees and Investment Committees are negotiated on a plan-by-plan basis, based on the complexity of plan. For ongoing services, FWM will receive an annual fee, paid monthly, and normally based upon a percentage of the plan's total assets. These fees are in addition to any custodial, recordkeeping, or investment management fees (from Mutual Funds, ETF's, etc.) and paid to other service providers. Services may be terminated by either party, at any time, by giving written notice to the other. Any collected, unearned fees will be returned to the client.

All fees are either paid directly by the plan sponsor or are charged directly to the participants through the plan's record keeper. FWM receives no compensation from 12(b)-1 fees or revenue sharing programs. Any revenue sharing programs paid out by fund companies are collected by the custodian and/or record keeper and used to offset both the custodial and/or record-keeping expenses (if there are excess fees, it is the plan sponsor's discretion how these dollars are to be used). Upon termination, any fees paid in advanced and not earned will be refunded to the client.

#### Participant Directed Retirement Plans

Fees charged for investment advisory services are in addition to any custodial, recordkeeping, or investment management fees (from Mutual Funds, ETF's, etc.) paid to other service providers and are negotiated and agreed upon on a case-by-case basis. Details of the fees charged are more fully described in the written agreement entered into with each client. Services may be terminated by either party, at any time, by giving written notice to the other. Any collected, unearned fees will be returned to the client.

All fees are either paid directly by the plan sponsor or are charged directly to the participants through the plan's record keeper. FWM receives no compensation from 12(b)-1 fees or revenue sharing programs. Any revenue sharing programs paid out by fund companies are collected by the custodian and/or record keeper and used to offset both the custodial and/or record-keeping expenses (if there are excess fees, it is the plan sponsor's discretion how these dollars are to be used). Upon termination, any fees paid in advance and not earned will be refunded to the client.

**Share Class Selection:** When recommending investments in mutual funds, it is the Firm's policy to review and consider available share classes. Generally, the Firm recommends no-load mutual funds. The Firm's policy is to select the most appropriate share classes based on various factors including but not limited to minimum investment requirements, trading restrictions, internal expense structure, transaction charges, availability and other factors. When considering all the appropriate factors the Firm may select a share class other than the 'lowest cost' share class. In order to select the most appropriate share class, the Firm selects retail, institutional or other structured share classes when appropriate. Institutional share class mutual funds typically have lower costs than other share classes and generally do not have an associated 12b-1 fee, leading to a lower overall expense ratio than class A, B, or C shares of the same mutual fund. For some funds, clients can obtain lower cost share classes than those selected by the Firm. Clients should ask their Investment Adviser Representative about available share classes.

FWM periodically and systematically reviews the mutual funds held in client advisory accounts to select the most appropriate share classes in light of its duty to obtain best execution.

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

FWM does not charge performance-based fees.

## **Item 7 – Types of Clients**

FWM imposes a minimum annual fee of \$10,000 and a \$1 Million minimum account requirement beginning in March 2023. In its sole discretion, FWM may waive the minimum fee. In general, FWM's clients have a portfolio of \$1,000,000 or more. However, FWM accepts clients with a smaller portfolio size if, in the sole opinion of FWM, the small portfolio size will not cause a substantial increase of investment risk beyond the client's identified risk tolerance. In addition, FWM combines the portfolios of family members to minimize fees charged. FWM currently provides investment management services to the following types of clients:

- Individuals (including high net worth individuals)
- Pension and Profit-Sharing Plans; and
- State or Municipal Government Entities

Certain Independent Investment Managers may impose more restrictive account size requirements and varying billing practices than FWM. In such instances, FWM may alter its requirements to accommodate those of the Independent Manager.

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

### **Analysis:**

FWM's President, Pamela Hardin, obtains appropriate supporting documentation for all new client accounts. This information includes but is not limited to the following:

1. Financial Background;
2. Investment Philosophy;
3. Goals and Investment Objectives; and
4. Source of Funds.

FWM utilizes a Confidential Financial Data worksheet to document this information, along with various other information provided by the client, in order to establish a complete client profile. Based on the investment climate and key economic and business factors, FWM will judge the investment potential of various bonds and stocks. Based on this research and each client's stated investment objectives and risk tolerance, FWM will create an asset allocation strategy.

### **Investment Strategies:**

FWM intends to primarily allocate client assets, on a discretionary and/or non-discretionary basis, among mutual funds, exchange-traded funds, individual debt and equity securities, options and Independent Managers (as described in Item 4 above), as well as the securities components of variable annuities and variable life insurance contracts, in accordance with the investment objectives of the client.

FWM utilizes modern portfolio theory, the 1990 Nobel Prize winning investment strategy. In accordance with Modern Portfolio Theory, FWM invests client assets primarily in various mutual funds. As such, a "Preferred Funds List" is maintained and utilized by FWM when making investment recommendations to clients and/or re-balancing client accounts.

### **Risks:**

All investments in securities include a risk of loss of your principal (invested amount) and any profits that have not been realized. Stock markets and bond markets fluctuate substantially over time. In addition, as recent global and domestic economic events have indicated, the performance of any investment is not guaranteed. FWM will manage client assets to the best of the Firm's ability; however, FWM cannot guarantee any level of performance or that clients will not experience a loss of account assets.

### **Public Health Risk**

Certain countries have been susceptible to epidemics, such as severe acute respiratory syndrome, avian flu, H1N1/09 flu, and, most recently, the coronavirus. The outbreak of an infectious disease or any other serious public health concern, together with any resulting restrictions on travel or quarantines imposed, has a negative impact on the economy, and business activity in any of the countries in which the Adviser may invest and thereby adversely affect the performance of the client account.

## **Item 9 – Disciplinary Information**

FWM does not have any legal, financial or other “disciplinary” item to report. FWM is required to disclose any disciplinary event that would be material to clients when opening an account or promptly upon discovery of such an event/item. This statement applies to the Firm, and every employee.

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

Matthew S. Hardin is a securities attorney and is licensed to practice law in Pennsylvania, Missouri and Illinois. Mr. Hardin owns Hardin Law Group LLC, a law firm based in Pennsylvania. In addition, Mr. Hardin is an equity owner of Hardin Compliance Consulting LLC, a firm specializing in providing regulatory compliance consulting services to registered investment advisers, broker-dealers, investment companies and private funds. Mr. Hardin serves as Chief Compliance Officer of FWM.

## **Item 11 – Code of Ethics**

FWM may buy or sell securities that it also recommends to clients. FWM has adopted a Code of Ethics that sets forth the standards of conduct expected of its employees and requires compliance with applicable securities laws.

FWM’s Code of Ethics is designed to reasonably prevent the unlawful use of material nonpublic and client confidential information by all Firm employees. All employees are required to report their personal securities transactions on a monthly and/or quarterly basis and obtain pre-approval from the Chief Compliance Officer for any investments in an initial public offering or limited offerings. Unless specifically approved by the Chief Compliance Officer, employees do not place securities transactions for themselves or their immediate family (i.e., spouse, minor children, and adults living in the same household) on the same day in a security which is being actively purchased or sold or is being considered for purchase or sale on behalf of any of client of FWM. This restriction does not apply to mutual funds.

A complete copy of FWM’s Code of Ethics may be obtained by contacting the Firm at the telephone number, address and/or email address listed on the cover of this document.

## **Item 12 – Brokerage Practices**

FWM does not request or accept the discretionary authority to determine the broker-dealers to be used for client accounts; however, FWM generally does not accept accounts of clients who do not agree to direct the use of Fidelity Investments for securities transactions. FWM also utilizes Fidelity Investments for maintaining custody of client funds and/or securities.

FWM is independently owned and operated and is not affiliated with Fidelity Investments. FWM does not receive any formal soft dollar benefits from Fidelity; however, the Firm is provided access to certain products and services (as described below) as a result of the Firm's recommendation of its brokerage and/or custodial services. FWM reviews its policies and procedures regarding recommending broker-dealers and evaluates the services provided by Fidelity as part of its duty to obtain best execution.

Factors which FWM considers in recommending Fidelity to clients include its financial strength, reputation, execution, pricing, research, service and technology. Fidelity enables FWM to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by Fidelity may be higher or lower than those charged by other broker-dealers.

A client may pay a commission that is higher than that charged by another qualified broker-dealer to affect the same transaction where FWM determines, in good faith, that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of the broker-dealer's services, including among others, the value of research provided, execution capability, commission rates and responsiveness.

FWM receives from Fidelity, without cost, computer software and related systems support because FWM renders investment management services to clients that, in the aggregate, maintain a certain level of assets at Fidelity. This allows FWM to better monitor client accounts. Specifically, FWM receives the following benefits from Fidelity through the Fidelity Registered Investment Advisor Group: receipt of duplicate client confirmations and statements, access to a trading desk that exclusively services its Registered Investment Advisor Group participants, access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts, and access to an electronic communications network for client order entry and account information. Fidelity pays for business consulting and professional services received by FWM and its employees. This consists of educational services such as publications, conferences and seminars on practice management, as well as other informative events. Other services made available by Fidelity are intended to help FWM manage and increasingly develop its business enterprise. Further, Fidelity occasionally offers business entertainment to Firm personnel. Some of the products and services made available by Fidelity benefit the Firm, but not its client accounts. These products and services assist FWM in managing and administering client accounts, including accounts not maintained at Fidelity. The benefits received by FWM do not depend on the amount of brokerage transactions directed to Fidelity.

Transactions for each client will generally be affected independently unless FWM decides to purchase or sell the same securities for several clients at the same time. FWM can combine or "batch" such orders to obtain best execution, negotiate more favorable

commission rates, or to allocate equitably among clients the differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this process, transactions will generally be averaged as to price and allocated among clients on a pro rata basis. To the extent that we combine or batch client orders for the purchase or sale of securities, we will do so in accordance with all regulatory requirements and FWM's policies and procedures. FWM will not receive any additional compensation or remuneration as a result of combining or batching any transaction.

FWM does not accept any client directed brokerage arrangements and does not engage in Principal Trading or Agency Cross Transactions.

**Mutual Fund Share Class Selection:** Mutual funds generally offer multiple share classes available for investment based upon certain eligibility and/or purchase requirements. For instance, in addition to retail share classes (typically referred to as class A, class B and class C shares), funds may also offer institutional share classes or other share classes that are specifically designed for purchase by investors who meet certain specified eligibility criteria, including, for example, whether an account meets certain minimum dollar amount. Institutional share classes usually have a lower expense ratio than other share classes. When recommending investments in mutual funds, it is our policy to review and consider available share classes. Our policy is to select the most appropriate share classes based on various factors including but not limited to: minimum investment requirements, trading restrictions, internal expense structure, transaction charges, availability and other factors. When considering all the appropriate factors, we can select a share class other than the 'lowest cost' share class. In order to select the most appropriate share class, we consider retail, institutional or other share classes of the same mutual fund. Regardless of such considerations, clients should not assume that they will be invested in the share class with the lowest possible expense ratio. Clients should ask their adviser whether a lower cost share class is available instead of those selected by the Firm. FWM periodically reviews the mutual funds held in client accounts to select the most appropriate share classes in light of its duty to obtain best execution.

### **Item 13 – Review of Accounts**

FWM monitors portfolios on an ongoing basis and conducts more detailed account reviews on at least a semi-annual basis. For clients to whom FWM provides financial planning and/or consulting services, reviews are conducted on an "as needed" basis. All investment management clients are encouraged to discuss their goals and objectives with FWM and to keep FWM informed of any changes thereto. FWM contacts clients at least annually to review prior services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation or investment objectives.

**Reports:**

Clients are provided with transaction confirmation notices and account statements directly from the custodian for their accounts. Clients to whom FWM provides investment management services also receive a written report from FWM on an annual basis that includes account and/or market related information such as account holdings and account performance. Clients to whom FWM provides financial planning and/or consulting services receive Financial Plans and/or reports from FWM as requested by the client or otherwise agreed to in writing by FWM.

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

FWM does not currently compensate any third party for endorsements or testimonials. If FWM would elect to utilize promoters in the future, the Firm will follow all policies and procedures related to the new marketing rule.

Employees of FWM receive compensation in addition to the employee's regular salary for obtaining clients for the Firm.

**Item 15 – Custody**

FWM is deemed to have custody over a client's assets when it is authorized to directly debit a client's account for payment of the Firm's management fee. Aside from being able to directly debit fees, the Firm has custody of certain client accounts as a result of executed standing letters of authorization ("SLOA") for distributions to third parties.

In addition to the reports provided by FWM to all clients (as described in Item 13 above), clients will receive account statements directly from their custodian at least quarterly. We urge you to compare the account statements received from the qualified custodian and the account statements provided by FWM.

**Surprise Independent Examination**

As FWM is deemed to have custody over clients' cash, bank accounts or securities (for reasons other than those discussed above), the Firm is required to engage an independent accounting Firm to perform a surprise annual examination of certain assets and accounts over which it maintains custody. Any related opinions issued by an independent accounting Firm are filed with the SEC and are publicly available on the SEC's Investment Adviser Public Disclosure website. FWM does not have direct access to client funds as they are maintained with an independent qualified custodian.



## **Item 16 – Investment Discretion**

For the majority of the Firm's investment management accounts, FWM has the authority to determine, without obtaining specific client consent, the securities to be bought and sold in client accounts and the amount of such securities to be bought and/or sold. Any activity in client accounts will be made only in accordance with each client's previously stated investment objectives and risk tolerance.

A smaller number of the Firm's accounts are deemed to be non-discretionary at the time of account opening. For these accounts, FWM does not have the authority to determine, without obtaining specific client consent, the securities to be bought and sold in client accounts and the amount of such securities to be bought and/or sold. FWM provides recommendations to the Firm's non-discretionary clients as part of the Firm's annual review process or as requested by the client and executes only the transactions that are approved by the client.

FWM recommends Fidelity Investments as the broker-dealer to be utilized for client transactions but does not have discretion over the selection of the broker. FWM does not determine the amount of brokerage commissions to be charged for transactions in client accounts, however, due to FWM's relationships with Fidelity (as described in Item 14 above), clients are be entitled to reduced or waived commissions in certain circumstances.

## **Item 17 – Voting Client Securities (i.e., Proxy Voting)**

FWM does not vote proxies on behalf of its clients. Clients are instructed at the time of account opening to authorize their custodian to forward copies of all proxies and shareholder communications directly to them. Clients are responsible for directing the manner in which proxies are voted and making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the securities in their accounts.

## **Item 18 – Financial Information**

FWM does not require prepayment of advisory fees six months or more in advance; therefore, the Firm is not required to provide an audited financial statement.

## **Item 19 – Requirements for State-Registered Advisers**

Not Applicable.