

# **TOTAL WEALTH ADVISORS, LLC**

## **FIRM BROCHURE (ADV PART 2A)**

**MARCH 16, 2023**

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This brochure provides information about the qualifications and business practices of Total Wealth Advisors, LLC. If you have any questions about the contents of this brochure, please contact Paul McCoy at (651) 260-0525. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Total Wealth Advisors, LLC is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Total Wealth Advisors, LLC is available on the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for Total Wealth Advisors, LLC is 164633.

## **2. MATERIAL CHANGES**

Our last annual update to this brochure was on March 30, 2022. As of June 1, 2022, our firm has moved from 80 South Eighth Street, Minneapolis, MN 55402 to its new location at 809 Mainstreet, Hopkins, MN 55343. Additionally, we have a new mailing address which is P.O. Box 5360, Hopkins, MN 55343. The acquisition of TD Ameritrade by Charles Schwab and the ongoing incorporation will result in client's statements and other information reflecting this in the coming year. As of November 2022, we now use MirrorWeb as our email archiving platform. We have no additional material changes to report.

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#### **4. ADVISORY BUSINESS**

##### **A. OWNERSHIP/ADVISORY HISTORY**

Paul J. McCoy (“Mr. McCoy”) and Suzanne McCoy are the owners of Total Wealth Advisors, LLC (“TWA”). TWA was originally established as a Minnesota limited liability company in July 2012. It became registered as a Minnesota investment adviser in August of 2012. In May of 2021 it was subsequently registered the U.S. Securities and Exchange Commission.

##### **B. ADVISORY SERVICES OFFERED**

Prior to the Adviser-Client relationship, TWA may offer a complimentary general consultation to discuss services available, to give a prospective client time to review services desired, and to determine the possibility of a potential relationship. Investment advisory services begin only after the client and firm formalize the relationship with a properly executed client Agreement.

After engaging TWA, the client will be asked to share in a data gathering and discovery process in an effort to determine the client’s stated needs, goals, intentions, time horizons, risk tolerance and investment objectives, based upon information provided by the client and the nature of services requested.

TWA offers the following services:

##### **i. FINANCIAL PLANNING SERVICES**

TWA offers clients traditional financial planning services to evaluate their financial situation, goals and risk tolerance. Through a series of personal interviews and/or the use of questionnaires TWA collects pertinent data, identify goals, objectives, financial problems and their potential solutions, prepare specific recommendations and implement recommendations. As a result of these actions, TWA’s advice may be provided on financial and cash management, risk management, estate planning, tax issues, retirement planning, educational funding, goal setting, or other needs as identified by the client and the firm. TWA may offer comprehensive planning services, or the client may desire advice on certain planning components; the firm can tailor services as desired by the client. At the conclusion of the Financial Planning Service TWA will present the client with a written financial plan.

In addition to traditional financial planning services, TWA offers a monthly subscription based financial planning service that allows clients to take control of their whole financial life to ensure that they are online to achieve their financial goals. With this service, clients will be able to tap the expertise of an experienced CFP® while still maintaining the flexibility that a monthly subscription offers.

TWA approaches new engagements with a consultative process. This allows TWA to have an open dialogue in which TWA learns about all client’s values and goals while working with them to tailor a plan to help achieve them. TWA’s CFP® meets with clients for an initial Discovery Conversation at no cost. This can either be in person or virtually. TWA will review the client’s

goals, objectives, employer benefits, existing investments, and debt obligation. TWA's CFP will then create a customized financial plan for the client. In addition to the financial plan, TWA will consolidate all of the Client's accounts into the Blueleaf online aggregation system. The system allows the client to have continuous access to all of his/her investment information in on location via the Internet. TWA will meet regularly with the client to help ensure that he/she is on track to fulfill his/her values, achieve their goals, and answer any questions along the way. The client experience will include utilizing technology and maintaining flexibility. The goal is to utilize the power of technology to provide clarity, simplicity, and direction so clients can achieve all that is most important to them.

ii. PORTFOLIO MANAGEMENT SERVICES

TWA works with each client to determine his/her objectives, time frame, risk parameters and other investment considerations. Once these are determined TWA recommends one of its equity, bond or municipal portfolios.

Equity Portfolios

Aggressive Growth – This portfolio seeks long term growth of capital with investments primarily in growth mutual funds.

Moderately Aggressive – This portfolio seeks long term capital appreciation with investments in growth and value based mutual funds.

Moderate – This portfolio's primary investment objective is to seek long-term capital appreciation. As a secondary objective and to the extent consistent with its primary investment objective, it seeks current income.

Moderately Conservative – This portfolio seeks long-term return through a balance between income and the potential for long-term capital growth.

Conservative – This portfolio seeks to preserve principal, achieve price stability and some long-term capital growth.

Bond Portfolios

Short Term Bond Portfolio – This portfolio is design for investor with a time horizon under two years and who would like taxable interest income. The portfolio is comprised of various bonds and/or bond funds.

Intermediate Term Bond Portfolio – This portfolio is design for investor with a time horizon between two and five years and who would like taxable interest income. The portfolio is comprised of various bonds and/or bond funds.

Long Term Bond Portfolio – This portfolio is design for investor with a time horizon over five years and who would like taxable interest income. The portfolio is comprised of various bonds and/or bond funds.

Municipal Portfolios

Short Term Municipal Bond Portfolio – This portfolio is design for investor with a time horizon under two years and who would like non-taxable interest income. The portfolio is comprised of

various municipal bonds and/or municipal bond funds.

Intermediate Term Municipal Bond Portfolio – This portfolio is design for investor with a time horizon between two and five years and who would like non-taxable interest income. The portfolio is comprised of various municipal bonds and/or municipal bond funds.

Long Term Municipal Bond Portfolio – This portfolio is design for investors with a time horizon over five years and who would like non-taxable interest income. The portfolio is comprised of various municipal bonds and/or municipal bond funds.

iii. RECOMMENDATION AND MONITORING OF THIRD-PARTY ADVISORY SERVICES

We recommend and monitor Third-Party Investment Advisers. We may recommend one or more Third-Party Investment Advisers to the client. The recommendation will depend on the client's circumstances, goals and objectives, strategy desired, account size, risk tolerance, or other factors. We work with each client to determine which Third-Party Investment Adviser may be appropriate. The client is never obligated to use a recommended Third-Party Investment Adviser.

If the client wishes to proceed with the recommendations, we enter a relationship with the recommended Third-Party Investment Adviser. Under these arrangements, the Third-Party Investment Adviser is responsible for portfolio management, best execution, portfolio reporting, trading, trade error resolution, custodian reconciliations, and other technological communications. We maintain our relationship with the client by monitoring the status of the client's accounts with the Third-Party Investment Adviser, making recommendations about the Third-Party Investment Adviser, usually meeting with the client either in person or by telephone on an annual basis and acting as the client's primary financial advisor. All questions regarding the Third-Party Investment Adviser's services and performance should be directed to us.

Clients who are referred to a Third-Party Investment Adviser will receive full disclosure, including services rendered and fee schedules, at the time of the referral, by delivery of a copy of the relevant Third-Party Investment Adviser's Form ADV Part 2A or equivalent disclosure document before receiving investment advisory services from the Third-Party Investment Adviser. We will ensure that the Third-Party Advisers are properly registered or exempt from registration in the client's state of residence prior to making any recommendation.

C. TAILORED SERVICES

TWA offers individualized investment advice to clients using its Financial Planning Services. With TWA's Portfolio Management Services, it usually does not allow clients to impose restrictions on investing in certain securities or types of securities due to the level of difficulty this would entail in managing their account. In the rare instance that TWA would allow restrictions, they must be presented in writing at the time the client's account is opened.

D. WRAP PROGRAM

TWA participates in a Wrap Fee Program. Please see TWA's Appendix 1 (Wrap Fee Brochure) for additional information.

E. CLIENT ASSETS MANAGED

As of March 6, 2023, TWA manages \$191,105,665 in discretionary assets.

## 5. FEES AND COMPENSATION

### A. FINANCIAL PLANNING

TWA's traditional financial planning services are offered to all clients paying an asset management fee. However, TWA offers traditional financial planning services for a fixed fee. The fixed fee ranges from \$500 to \$5,000. The total fee will vary and is dependent on the complexity of the financial situation, the net worth of the individual, the estimate of hours involved, including preparation and research, areas to be specified and estimated in the written agreement for services. The fee is negotiable.

All financial planning fees are agreed upon in advance and in writing. One half of the fee is due upon signing the financial planning agreement and the balance is due upon presentation of the written plan. All financial planning services provided will be completed within six (6) months of the acceptance date of the financial planning agreement.

Subscription based financial planning is \$150 per month. The fee is charged at the beginning of each month.

#### Termination of Financial Planning Services

A client may terminate this service for any reason within the first five (5) business days after signing the contract without any cost or penalty. Thereafter, the contract may be terminated at any time by giving ten (10) days written notice to the firm at Total Wealth Advisors, LLC, P.O. Box 5360, Hopkins, MN 55343. Upon written notice of termination Fixed Fee Financial Planning services will be prorated based upon the percentage of work completed; any excess fees will be refunded to the client and any earned unpaid fees will be billed to the client.

TWA's annual portfolio is assets under calculated and in advance and fee schedule:

<b>Custodian Reported Asset</b>	<b>Annual Fee</b>
\$0 to \$249,999	1.75%
\$250,000 to \$499,999	1.50%
\$500,000 to \$999,999	1.25%
\$1,000,000 to \$1,999,999	0.95%
\$2,000,000 and above	Negotiable

Tiered

☐

Not Tiered

☐

### B. PORTFOLIO MANAGEMENT SERVICES

management fee for each based on a percentage of management. The fee is billed on a quarterly basis based upon the following

Negotiated Fee

☐

The Account's initial fee will be calculated based upon the initial deposit as reported by its custodian and it will be prorated the number of days in the initial quarter. The initial quarter's fees are deduction at the end of the quarter. After the initial billing period, the fee will be calculated based upon the Account's previous quarter end value as reported by the custodian. It will be deducted at the beginning of each quarter (in advance). The fee may be tiered (as selected above). A tiered fee means the applicable rate will be applied to the custodian reported value in each applicable range of account value. For example, an account with a quarter end value of \$300,000 will be charged at a rate of 1.75% for the first \$249,999 and 1.50% for the remaining \$50,001. The Adviser allows the Client to negotiate a lower fee by combining the value of multiple accounts. The additional accounts may include immediate family members' accounts whom live in the same household as the Client.

The fee is separate and distinct from other related costs and expenses that are incurred by the client. Clients may incur certain charges imposed by custodians, brokers, and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, as disclosed in a fund's prospectus, which are separate and distinct from the fee. Such charges, fees and commissions are exclusive of and in addition to our fee. TWA does not receive any portion of these commissions, fees, and costs. For additional information on our brokerage practices please see Item 12, below.

#### Termination of Portfolio Management Services

A client may terminate the portfolio management agreement for any reason within the first five (5) business days after signing the contract without any cost or penalty. Thereafter, the contract may be terminated at any time by giving ten (10) days written notice to the firm at Total Wealth Advisors, LLC, P.O. Box 5360, Hopkins, MN 55343. Upon written notice of termination, TWA's management fees will be calculated based upon the termination date and any unearned excess fees will be refunded to the client. Our custodian, TD Ameritrade, may charge a termination fee.

#### RECOMMENDATION OF THIRD-PARTY ADVISORY SERVICES

We charge an annual advisory fee based on a percentage of assets under management in the client's account. Our maximum annual advisory fee is 1.00%. The fee is negotiable at our discretion. We will ask the client to authorize the Third-Party Adviser with the ability to directly deduct our advisory fee at the same time the Third-Party Adviser deducts its fee from the clients' account. The frequency of the fee deduction will be determined by the Third-Party Adviser. This will be disclosed to the client upon engagement.

Our fee is separate from the Third-Party Adviser's fee and does not include brokerage commissions, transaction fees, and other related costs and expenses that are incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third-party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees



and commissions are exclusive of and in addition to our fee and we will not receive any portion of these commissions, fees, and costs.

The combination of fees for our and the Third-Party Advisers will not exceed the industry standard of excessive fees, which is 3%.

#### Termination of Third- Party Advisory Services

A client may terminate the third-party advisory services agreement for any reason within the first five (5) business days after signing the contract without any cost or penalty. Thereafter, the contract may be terminated at any time by giving ten (10) days written notice to the firm at Total Wealth Advisors, LLC, P.O. Box 5360, Hopkins, MN 55343. Upon written notice of termination, TWA's management fees will be calculated based upon the termination date and any unearned excess fees will be refunded to the client. Our custodian, TD Ameritrade, may charge a termination fee.

#### Retirement Rollover Conflicts of Interest

When we recommend you rollover a retirement account for us to manage, this creates a financial incentive because we charge a fee for our services. We attempt to mitigate the conflict of interest by acting in your best interest and applying an impartial conduct standard to all rollovers. Please note that you are not under any obligation to roll over a retirement account to an account managed by us.

### **6. PERFORMANCE-BASED FEES AND SIDE BY SIDE MANAGEMENT**

TWA does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

### **7. TYPES OF CLIENTS**

TWA services are offered to individuals, high net worth individuals, pension and profit sharing plans, corporations and other business entities. TWA does not require a minimum account size to become a client.

### **8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

#### **A. METHODS OF ANALYSIS AND INVESTMENT STRATEGIES**

TWA uses a combination of Asset Allocation and Fundamental Analysis in its clients' portfolio.

Asset Allocation is an investment strategy that aims to balance risk and reward by apportioning a portfolio's assets according to an individual's goals, risk tolerance and investment horizon among various asset classes. The asset classes typically include equities, fixed-income, and cash and equivalents. Each class has different levels of risk and return, so each will behave differently over time.

Fundamental analysis is a technique that attempts to determine a security's value by focusing on underlying factors that affect a company's *actual* business and its future prospects. The analysis is performed on historical and present data. On a broader scope, one can perform fundamental analysis on industries or the economy as a whole. The term refers to the analysis of the economic well-being of a financial entity as opposed to only its price movements. The risk associated with

fundamental analysis is that despite that appearance that a security is undervalued, it may not rise in value as predicted.

TWA's analysis of securities and advice relating thereto may be based upon information obtained from financial newspapers and magazines, research materials prepared by others, corporate ratings services, and annual reports, prospectuses and filings made with the Securities and Exchange Commission. TWA also uses computer models for performance analysis, asset allocation and risk management.

#### B. RECOMMENDED SECURITIES AND INVESTMENT RISKS

TWA recommends a variety of securities. These may include stocks, bonds, MLPs, mutual funds, REITS, ETFs, options, and alternative investments. The types of mutual funds include but are not limited to Large Cap Growth, Large Cap Value, Mid Cap Growth, Mid Cap Value, Small Cap Growth, Small Cap Value, Bond Funds, International Funds, Real Estate Funds; and Money Market Funds and Cash.

All investments bear different types and degrees of risk and **investing in securities involves risk of loss that clients should be prepared to bear**. While TWA recommends portfolios that are designed to provide appropriate investment diversification, some investments have significantly greater risks than others. Obtaining higher rates of return on investments entails accepting higher levels of risk. Recommended investment strategies typically seek to balance risks and rewards to achieve investment objectives. Clients need to ask questions about risks they do not understand. TWA would be pleased to discuss them.

TWA strives to render its best judgment on behalf of its clients. Still, TWA cannot assure or guarantee clients that investments will be profitable or assure that no losses will occur in an investment portfolio. Past performance is an important consideration with respect to any investment or investment adviser but is not a reliable predictor of future performance. TWA continuously strives to provide long-term investment performance, but many economic and market variables beyond our control can affect the performance of an investment portfolio.

An investment could lose money over short or even long periods. A client should expect his/her account value and returns to fluctuate within a wide range, like the fluctuations of the overall stock and bond markets. The client's account performance could be hurt by:

- **Stock market risk:** The chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising stock prices and periods of falling stock prices.
- **Interest rate risk:** The chance that bond prices overall will decline because of rising interest rates. Interest rate risk will vary for the client, depending on the amount of client assets invested in bonds.
- **Manager risk:** The chance that the proportions allocated to the various securities will cause the client's account to underperform relevant to benchmarks or other accounts with a similar investment objective.
- **International Investing Risk:** Investing in the securities of non-U.S. companies involves special risks not typically associated with investing in U.S. companies. Foreign securities tend

to be more volatile and less liquid than investments in U.S. securities, and may lose value because of adverse political, social or economic developments overseas or due to changes in the exchange rates between foreign currencies and the U.S. dollar. In addition, foreign investments are subject to settlement practices, and regulatory and financial reporting standards, that differ from those of the U.S.

- **Terrorism Risk:** The chance that stock domestic and international stock prices will decline due to a terrorist event.
- **Political Risk:** The chance that a change in government may affect stock prices of domestic or international stocks.
- **Natural Risks:** The chance that a natural catastrophe (earthquakes, hurricanes, etc.) may affect stock prices of domestic or international stocks.
- **Options Risk:** Like other securities - including stocks, bonds, and mutual funds - options carry no guarantees, and a person must be aware that it is possible to lose all of the principal he/she invests, and sometimes more. As an option holder, a person risks the entire amount of the premium he/she paid pay. But as an options writer, a person takes on a much higher level of risk. For example, if a person writes an uncovered call, he/she faces unlimited potential loss, since there is no cap on how high a stock price can rise. However, since initial options investments usually requires less capital than equivalent stock positions, a potential cash loss as an options investor are usually smaller than if someone bought the underlying stock or sold the stock short. The exception to this general rule occurs when an option is used to provide leverage: Percentage returns are often high, but it is important to remember that percentage losses can be high as well.
- **Leveraged and inverse fund risks:** A number of factors may hinder a leveraged or inverse fund's ability to achieve correlation with its benchmark index, including fees, expenses, transaction costs, use of margin or other leveraged investment techniques, index rebalancing, and other factors described in the prospectus. The effects of leverage and compounding, however, are the two primary reasons why the return of an index over the specified rebalancing period does not translate into the return of a leveraged or inverse fund held for *longer* than the rebalancing period (and, remember, a leveraged or inverse fund does not typically *attempt* to track an index over any period longer than the rebalancing period, which is most commonly one day). Compounding and leverage are likely to have a significant effect on long-term performance, whether positive or negative. This is one reason why a leveraged or inverse fund that closely tracks the daily performance of an index will not necessarily track the long-term performance of that index. When held for longer than one day, a leveraged or inverse fund that seeks to achieve a multiple of the daily return of a benchmark index can even have negative performance over a period in which the benchmark index achieved positive returns. This divergence tends to be particularly pronounced in volatile markets but can also occur in relatively "flat" markets.
- **Tax status risk:** REITS must be organized and operated and intend to continue to be organized and to operate, in a manner that will enable them to qualify as a REIT for federal income tax purposes. No assurance can be given that a REIT qualifies or will continue to qualify as a REIT.

If a REIT fails to qualify, it will be subject to federal income tax at regular corporate rates. Therefore, if a REIT fails to qualify, the funds available for distribution to stockholders would be reduced substantially for each of the years involved.

- **Liquidity risk:** One common risk associated with private placements and REITs is a relative lack of liquidity due to the highly customized nature of the investment. Moreover, the full extent of returns is often not realized until maturity. Because of this, these products tend to be more of a buy-and-hold investment decision rather than a means of getting in and out of a position with speed and efficiency.
- **Credit risk:** This is the risk that an issuer of a bond could suffer an adverse change in financial condition that results in a payment default, security downgrade, or inability to meet a financial obligation.
- **Inflation Risk:** This is the risk that inflation will undermine the performance of your investment and/or the future purchasing power of your assets.
- **Portfolio Concentration:** Accounts not diversified among a wide range of types of securities, countries or industry sectors may have more volatility and are considered to have more risk than accounts that are invested in a greater number of securities because changes in the value of a single security may have more of a significant effect, either negative or positive. Accordingly, portfolios are subject to more rapid changes in value than would be the case if client maintained a more diversified portfolio.

Clients need to ask questions about risks they do not understand. TWA would be pleased to discuss them.

## **9. DISCIPLINARY INFORMATION**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events within the past 10-years that would be material to a client's evaluation of the Adviser or the integrity of its management.

TWA has no information applicable to this Item because it and its owner has never been the subject of any administrative, civil, criminal or self-regulatory proceedings.

## **10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

### **A. BROKER-DEALER AFFILIATIONS**

TWA is not affiliated with a broker-dealer.

### **B. FUTURES/COMMODITIES FIRM AFFILIATION**

TWA is not affiliated with a futures or commodities broker.

### **C. OTHER INDUSTRY AFFILIATIONS**

TWA's does not have any other industry affiliations.

### **D. SELECTION AND MONITORING OF THIRD PARTY INVESTMENT ADVISERS**

TWA does not offer the Selection and Monitoring of Third-Party Investment Advisers as a service.

## **11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **A. DESCRIPTION**

TWA's Code of Ethics establishes ideals for ethical conduct upon fundamental principles of openness, integrity, honesty, and trust. TWA will provide a copy of its Code of Ethics to any client or prospective client upon request; simply call TWA at (651) 260-0525.

TWA's Code of Ethics covers all supervised persons, and it describes TWA's high standard of business conduct, and fiduciary duty to TWA's clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons must acknowledge the terms of the Code of Ethics annually, or as amended.

### **B. PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS**

TWA does not have a material interest in any securities. Additionally, it is TWA's policy that it will not affect any principal or agency cross securities transactions for client accounts. TWA will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

### **C. PERSONAL TRADING**

TWA's associates may buy or sell for their own accounts securities that are the same as or similar to those that they clients purchase or sell. This is a conflict of interest because the associates have an incentive to trade their own accounts ahead of client accounts. TWA mitigates this conflict of interest by requiring client transactions to precede those orders placed for any associates. Also, TWA's associates' personal securities transaction are reviewed on a quarterly basis. TWA keeps records of all associates' proprietary trading activities and makes them available to regulators to review on the premises.

## **12. BROKERAGE PRACTICES**

### **A. RECOMMENDATION CRITERIA**

When TWA recommends custodians, it will seek broker-dealers who offer competitive commission costs together with reliable services. A client's choice of another broker-dealer is

acceptable if proven feasible. TWA recognizes its fiduciary responsibility in negotiating brokerage commissions, assuring best execution practices and assuring adequate investment availability/inventory on behalf of its clients. TWA does not receive compensation with respect to execution of these trades.

Clients may be able to obtain lower commissions and fees from other brokers, and the value of products, research and services given to the applicant is not a factor in determining the selection of broker/dealers or the reasonableness of their commissions.

When referring clients to dealers, TWA will only refer clients to dealers registered in states where the clients reside.

TWA participates in the institutional advisor program (the “Program”) offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC/NFA (“TD Ameritrade”), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Advisor receives some benefits from TD Ameritrade through its participation in the Program.

i. SOFT DOLLAR AND RESEARCH

As disclosed above, TWA participates in TD Ameritrade’s institutional customer program and TWA may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between TWA’s participation in the program and the investment advice it gives to its clients, although TWA receives economic benefits through its participation in the program that are 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 TWA’s 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 TWA by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by TWA’s related persons. Some of the products and services made available by TD Ameritrade through the program may benefit TWA but may not benefit its client accounts. These products or services may assist TWA in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Advisor manage and further develop its business enterprise. The benefits received by TWA 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, TWA endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by TWA or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Advisor’s choice of TD Ameritrade for custody and brokerage services.

ii. BROKERAGE FOR CLIENT REFERRALS

TWA does not receive client referrals or any other incentive from any brokerage firm.

iii. DIRECTED BROKERAGE

Some clients may direct TWA to a specific broker-dealer to execute securities transactions for their accounts. When so directed, TWA may not be able to effectively negotiate lower brokerage commissions or achieve best execution on clients' transactions. This can result in substantially higher fees, charges or dealer concessions in one or more transactions for the clients' account because the Adviser cannot negotiate favorable prices.

B. TRADE AGGREGATION

TWA will have the authority to aggregate or block client orders placed with the same custodian. To the extent any aggregated or block orders are placed, TWA will cause those orders to be effected through an average price account or similar account such that each account at the same custodian participating in the order shares in the securities purchased or sold, price, and transaction costs pro rata (unless pro rata would be unfair under the circumstances). As a result, the average price account will allocate proportionate shares to each client's account.

**13. REVIEW OF ACCOUNTS**

A. PERIODIC REVIEWS

TWA's owner, Mr. McCoy, reviews clients' accounts on a monthly basis. In addition to this review, Mr. McCoy also meets with clients annually and he also conducts three quarterly client reviews by telephone.

B. OTHER REVIEWS

Additional reviews are conducted periodically depending on market conditions, economic or political events, or by changes in a client's financial situation (such as retirement, termination of employment, physical move or inheritance).

C. REPORTS

The client will receive at least quarterly statements from their custodian. TWA urges clients to carefully review such statements. Additional performance reports may be supplied by the client's custodian.

**14. CLIENT REFERRALS AND OTHER COMPENSATION**

A. OTHER COMPENSATION

TWA participates in TD Ameritrade's institutional customer program and we may recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between our participation in the program and the investment advice it gives to its clients, although we receive economic benefits through its participation in the program that are 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 our participants; access to block trading (which provides the ability to aggregate securities transactions for executions 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 manager; and discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by our related persons. Some of the products and services made available by TD Ameritrade through the program may benefit us but may not benefit its client accounts. These products or services may assist us in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop its business enterprise. The benefits received by us or its personnel through participation in the program do not depend on the amount of brokerage transactions direct to TD Ameritrade. As part of its fiduciary duties to clients, our endeavors at all times are to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by us or its related persons in and of itself creates a potential conflict of interest and may indirectly influence our choice of TD Ameritrade for custody and brokerage services.

#### CLIENT REFERRALS

TWA does not pay for client referrals or use solicitors.

### **15. CUSTODY**

All client funds, securities and accounts are held at third-party custodians. Client assets are maintained by an unaffiliated, qualified custodian, such as a bank, broker/dealer (e.g. TD Ameritrade), mutual fund company or transfer agent. TWA does not take possession of a client's securities. However, the client will be asked to authorize TWA with the ability to deduct fees directly from the client's account. This authorization will apply to TWA's management fees only. TWA will send a billing statement (invoice) to each client, showing the fee to be debited and how it was calculated. A client may object to the deduction of the TWA's fees from the Account by notifying TWA at the address or telephone number shown on each billing invoice, or by notifying the account custodian. The custodian will also send an account statement at least quarterly, indicating the amount of fees withdrawn from the client's Account. TWA urges clients to carefully review their statements and notify TWA of any discrepancies as soon as possible.

At times, TWA assists some clients with the ability to move money from one account to another. In these situations, you will sign standing letter of instruction ("SLOAs") with your custodian that grants us the ability to facilitate the transfer. When your money is transferred between accounts with different titles, this is considered a limited form of custody. In 2017, the SEC issued a no-action letter ("Letter") with respect to the Rule 206(4)-2 ("Custody Rule") under the Investment Advisers Act of 1940 ("Advisers Act"). TWA and your custodian follow the safeguards outlined in the letter. These safeguards include:



- The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
- The client authorizes the investment adviser, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
- The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization and provides a transfer of funds notice to the client promptly after each transfer.
- The client can terminate or change the instruction to the client's qualified custodian.
- The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.
- The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
- The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

## **16. INVESTMENT DISCRETION**

TWA offers both discretionary and non-discretionary investment management services. The discretionary investment management is granted when a client signs an investment management agreement. The investment management agreement contains a limited power of attorney that allows us to buy and/or sell selected securities, within the tolerance agreed to by the client, and in the amount, TWA deems suited to the agreed upon portfolio structure. It also allows TWA to place each such trade without the client's prior approval. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account, and any other investment policies, limitation or restrictions. Any limitations on this discretionary authority and any restrictions that the client wishes to place on the account must be in writing. Clients may change or amend these instructions or restrictions at any time, and all such changes or amendments must be in writing.

When a client selects non-discretionary investment management services, the client retains full discretion to supervise, manage, and direct the assets of the account. TWA will make recommendations on how the Account should be managed. However, TWA will have to receive the client's permission prior to placing any trades. Still, the client will be free to manage the account with or without TWA's recommendation and all with or without our prior consultation.

## **17. VOTING CLIENT SECURITIES**

TWA will not be responsible for responding to proxies that are solicited with respect securities held in clients' accounts. Proxy solicitation materials sent to TWA will be forwarded to clients for response and voting. In the event a client has a question about a proxy solicitation, the client may contact her or her investment adviser representative.

## **18. FINANCIAL INFORMATION**

### **A. BALANCE SHEET**

TWA does not require or solicit prepayment of more than \$1200 in fees per client, six months or more in advance. Therefore, TWA does not have to provide a balance sheet.

### **B. FINANCIAL CONDITION**

Registered investment advisers are required in this Item to provide to clients with certain financial information or disclosures about the firm's financial condition. TWA has no financial commitment that impairs its ability to service its clients.

### **C. BANKRUPTCY**

TWA must disclose if it has been subject to a bankruptcy petition at any time during the past ten years and it has not. Therefore, this section is not applicable.