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FORM ADV PART 2A
BROCHURE

This brochure provides information about the qualifications and business practices of Canal Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at 804-325-1450. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Canal Capital Management, LLC is available on the SEC's website at www.adviserinfo.sec.gov.

Canal Capital Management, LLC is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Item 2 Summary of Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Generally, Canal Capital Management, LLC will notify clients of material changes on an annual basis. However, where we determine that an interim notification is either meaningful or required, we will notify our clients promptly. In either case, we will notify our clients in a separate document.

Since the filing of our last annual updating amendment, dated March 25, 2022, we have the following material changes to report:

- We have enhanced our disclosures related to investment strategies, individual security risks and overall investment risk. See the *Methods of Analysis, Investment Strategies and Risk of Loss* section for additional information.

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Item 4 Advisory Business

Overview

Canal Capital Management, LLC is a registered investment adviser based in Richmond, Virginia. We are organized as a limited liability company under the laws of Virginia. We have been providing investment advisory services since 2012. Everett Neil Gilliss is our principal owner. Currently, we offer the following investment advisory services, which are personalized to each individual client:

- Portfolio Management Services
- Financial Planning Services
- Selection of Other Advisers
- Management Services to Pooled Investment Vehicles
- Tax Preparation Services

The following paragraphs describe our services and fees. Please refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words "we," "our," and "us" refer to Canal Capital Management, LLC and the words "you," "your," and "client" refer to you as either a client or prospective client of our firm.

Portfolio Management Services

We offer discretionary portfolio management services. Our investment advice is tailored to meet our clients' needs and investment objectives. If you retain our firm for portfolio management services, we will meet with you to determine your investment objectives, risk tolerance, and other relevant information at the beginning of our advisory relationship. We will use the information we gather to develop a strategy that enables our firm to give you continuous and focused investment advice and/or to make investments on your behalf. As part of our portfolio management services, we will customize an investment portfolio for you according to your risk tolerance and investing objectives. We may also invest your assets using a predefined strategy, or we may invest your assets according to one or more model portfolios developed by our firm. Once we construct an investment portfolio for you, or select a model portfolio, we will monitor your portfolio's performance on an ongoing basis and will rebalance the portfolio as required by changes in market conditions and/or in your financial circumstances.

In order for our firm to provide you portfolio management services, we require you to grant our firm discretionary authority to manage your account. Discretionary authorization will allow us to determine the specific securities, and the amount of securities, to be purchased or sold for your account without your approval prior to each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm and the appropriate trading authorization forms. You may limit our discretionary authority (for example, limiting the types of securities that can be purchased or sold for your account) by providing our firm with your restrictions and guidelines in writing.

We may also offer non-discretionary portfolio management services. If you enter into non-discretionary arrangements with our firm, we must obtain your approval prior to executing any transactions on behalf of your account. You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

Financial Planning Services

We offer financial planning services which typically involve providing a variety of advisory services to clients regarding the management of their financial resources based upon an analysis of their individual needs. These services can range from broad, comprehensive, financial planning to consultative or single subject planning. If you retain our firm for financial planning services, we will meet with you to gather information about your financial circumstances and objectives. We may also use financial planning software to determine your current financial

position and to define and quantify your long-term goals and objectives. Once we review and analyze the information you provide to our firm and the data derived from our financial planning software, we may deliver a written plan to you, designed to help you achieve your stated financial goals and objectives.

Financial plans are based on your financial situation at the time we present the plan and/or financial planning advice to you, and on the financial information you provide to us. You must promptly notify our firm if your financial situation, goals, objectives, or needs change.

You are under no obligation to act on our financial planning recommendations. Should you choose to act on any of our recommendations, you are not obligated to implement the financial plan through any of our other investment advisory services. Moreover, you may act on our recommendations by placing securities transactions with any brokerage firm.

Selection of Other Advisers

As part of our investment advisory services, we may recommend that you use the services of a third-party money manager ("MM") to manage all, or a portion of, your investment portfolio. After gathering information about your financial situation and objectives, we may recommend that you engage a specific MM or investment program. Factors that we take into consideration when making our recommendation(s) include, but are not limited to, the following: The MM's performance, methods of analysis, fees, your financial needs, investment goals, risk tolerance, and investment objectives. We will periodically monitor the MM(s)' performance to ensure its management and investment style remains aligned with your investment goals and objectives. The MM(s) will actively manage your portfolio and will assume discretionary investment authority over your account. We will assume discretionary authority to hire and fire MM(s) and/or reallocate your assets to other MM(s) where we deem such action appropriate.

Management Services to Private Pooled Investment Vehicles

We provide specialized discretionary advisory services to private pooled investment vehicles, most are structured as fund of funds, herein referred to as ("the Funds" or if individually, "the Fund"). The Funds are unregistered investment companies organized as limited partnerships. Investments in the Funds are not registered under the Securities Act of 1933, as amended, and are only offered after delivery of a private placement memorandum and execution of the subscription agreement and other offering documents.

Investments in the Funds are offered only to accredited investors within the meaning of SEC Rule 501 of Regulation D of the Securities Act of 1933. Some Funds are offered only to qualified clients as defined within the meaning of Rule 205-3 under the Advisers Act. Investments in the Funds are offered by private offering memorandum which provides investors with full disclosure regarding the objectives of the Funds, the risks involved with the offering and the minimum initial capital contribution or commitment required.

Different strategies may be carried out for each Fund and therefore, there should be no expectation that the performance of any individual Fund would or should be similar to that of any other Fund. You should refer to the subscription agreement and other offering documents for a complete description of the fees, investment objectives, risks, and other relevant information associated with investing in the Funds. The Funds undergo an independent audit annually by a Public Company Accounting Oversight Board ("PCAOB") registered firm.

Tax Preparation Services

We also offer tax preparation services. All clients interested in these services are required to consent to a separate tax engagement letter outlining the terms and scope of these services.

General Business Consulting

In addition to our advisory service, we also offer general business consulting services, which is typically non-investment related in nature. Through our general business consulting services, we offer a variety of business-related

services to clients who own or desire to own a business. Our services include, but are not limited to: performing business valuations, mergers and acquisitions, succession/exit planning, business accounting and financial advice, and assist clients in obtaining business financing. Additionally, we can assist business owners and/or potential owners with services, support, and advice during each step of a business sale/purchase; which includes, but is not limited to: preparing a business for sale, determining market value, examining the financial implications of the sale, marketing and positioning the company, matching buyers and sellers, negotiating terms, completing due diligence, and closing the transaction.

We also offer real estate services to clients who own or desire to own various type of real estate. Our services include, but are not limited to: real estate valuations, cost segregation studies, tax analysis of a sale, 1031 exchanges, negotiating terms and due diligence of new real estate opportunities.

Wrap Fee Programs

We do not participate in any wrap fee program.

Types of Investments

We do not primarily recommend one type of investment over another. We may advise you on various types of investments based on your stated goals and objectives. We may also provide advice on any type of investment held in your portfolio at the inception of our advisory relationship. Refer to the *Methods of Analysis, Investment Strategies and Risk of Loss* below for additional disclosures on this topic.

Since our investment strategies and advice are based on each client's specific financial situation, the investment advice we provide to you may be different or conflicting with the advice we give to other clients regarding the same security or investment.

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.

We benefit financially from the rollover of your assets from a retirement account to an account that we manage or provide investment advice, because the assets increase our assets under management and, in turn, our advisory fees. As a fiduciary, we only recommend a rollover when we believe it is in your best interest.

Assets Under Management

As of January 31, 2023, we provide continuous management services for \$772,937,386 in client assets on a discretionary basis, and \$143,926,385 in client assets on a non-discretionary basis.

Item 5 Fees and Compensation

Portfolio Management Services

Our fee for portfolio management services is based on a percentage of your assets we manage and is set forth in the following maximum fee schedule:

Assets Under Management	Maximum Annual Fee
First \$250,000	1.50%
\$250,001 - \$1,000,000	1.25%
\$1,000,001 - \$2,000,000	0.90%
\$2,000,001 - \$4,000,000	0.80%
Over \$4,000,000	0.70%

Our annual portfolio management fee is billed and payable quarterly in advance based on the value of your account on the last day of the previous quarter. Adjustments will be made for deposits and withdrawals made in the account intra quarter. Since the portfolio management fee is billed in advance, we will provide a pro-rata adjustment to your advisory fee based on deposits and withdrawals that occurred in the prior quarter.

If the portfolio management agreement is executed at any time other than the first day of a calendar quarter, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the quarter for which you are a client. Our advisory fee is negotiable, depending on individual client circumstances.

At our discretion, we may combine the account values of family members living in the same household to determine the applicable advisory fee. For example, we may combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts. Combining account values may increase the asset total, which may result in your paying a reduced advisory fee based on the available breakpoints in our fee schedule stated above. Additionally, for those portfolio management clients that also participate in either of the Funds, we waive our advisory fee on the portion of assets invested in either or both Funds.

We will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when you have given our firm written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy. We will also receive a duplicate copy of your account statements. In limited circumstances, certain clients are invoiced their fees.

We rely on the market values provided by the qualified custodian. In those instances where a market value is not provided by the qualified custodian, we use a 3rd party valuation, which may be provided by the underlying investment, 3rd party administrators or independent auditors. If and to the extent Canal Capital determines the value has changed, valuation will be adjusted moving forward. Such adjustments could result in a client paying more or less in fees, depending on the circumstances.

You may terminate the portfolio management agreement upon 10-days' written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the portfolio management agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

Financial Planning Services

We charge a fixed fee for financial planning services. Our fixed fees generally range from **\$1,500 - \$15,000**. The fees are negotiable depending upon the complexity and scope of the plan, your financial situation, and your objectives. An estimate of the total time/cost will be determined at the start of the advisory relationship. In limited circumstances, the cost/time could potentially exceed the initial estimate. In such cases, we will notify you and request that you approve the additional fee. Financial planning fees are due upon completion of the contracted services.

At our discretion, we may offset our financial planning fees to the extent you implement our financial planning recommendations through our Portfolio Management Service.

You may terminate the financial planning agreement by providing written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the agreement.

Selection of Other Advisers

Advisory fees charged by MM's are separate and apart from our advisory fees. Assets managed by MM's will be included in calculating our advisory fee, which is based on the fee schedule set forth in the *Portfolio Management Services* section in this brochure. Advisory fees that you pay to the MM are established and payable in accordance with the brochure provided by each MM to whom you are referred. These fees may or may not be negotiable. You should review the recommended MM's brochure and take into consideration the MM's fees along with our fees to determine the total amount of fees associated with this program.

Management Services to Pooled Investment Vehicles

To qualify for an investment in a private fund an investor to the private fund must be a qualified investor, either as an accredited investor or qualified purchaser as applicable to the corresponding private fund offering documents. For a full description of the applicable fees, including performance-based fees, and expenses charged to the respective private fund, investors should review the associated offering documents.

Canal Capital Management, LLC serves as the Investment Manager or Investment Advisor to the Funds. Typically, the Investment Manager or Investment Advisor is responsible for the management, operation and control of the investment activities of the Funds, to the extent provided in the Partnership Agreement and Management Agreement. The Investment Manager's primary functions will be to identify, analyze and select potential Portfolio Investments.

Canal Capital Management, LLC charges a management fee or administration fee in accordance with the terms of each Fund. You should refer to the offering documents for a complete description of the fees and other relevant information associated with investing in the Funds. Generally, the management fees and administration fees are between 0% and 2% of the investors' capital or capital commitment. The fees are deducted from each Fund's account on a quarterly basis. Additionally, some Funds charge Performance-Based Compensation. Please refer to the *Performance-Based Fee and Side-By-Side Management* section of this brochure for additional details.

Tax Preparation Services

Tax preparation fees are billed at an average hourly rate of \$250 per hour. Our fees are negotiable and are based on the complexity of the situation and the estimated amount of time spent working on the client's situation. Current year tax preparation fees will be quoted upon the execution of the client engagement and are due upon the completion of the tax return.

General Business Consulting

Our fees for these customized services will be negotiated on a case-by-case basis. Business Services clients are billed for fees incurred. Clients who engage Canal Capital to aid them in buying or selling a business or obtaining business financing are billed a monthly retainer fee and a success fee at the time of the closing of the purchase/sale of the business or business financing.

In regards to real estate services, Canal Capital will either charge an ongoing annual fee, not to exceed 1% of the equity investment, or a one-time fee, not to exceed 3% of the assets (debt & equity) of a completed real estate investment. Ongoing fees are generally paid quarterly in advance. One-time due diligence fees are paid at the completion of the services or closing of the purchase/sale of real estate.

You are under no obligation to use these services. You may terminate the business services agreement upon written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

Additional Fees and Expenses

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, please refer to the *Brokerage Practices* section of this brochure.

Compensation for the Sale of Securities or Other Investment Products

Certain persons providing investment advice on behalf of our firm are licensed as independent insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents have an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. You are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.

Item 6 Performance-Based Fees and Side-By-Side Management

In addition to an annual management fee, we may charge performance-based fees to qualified clients that participate in the Funds, if returns on the fund exceed an established benchmark ("known as a hurdle rate"). "Qualified clients" have a net worth greater than \$2,200,000 or for whom we manage at least \$1,100,000 immediately after entering into an agreement for our services. Performance-based fees may create an incentive for the investment adviser to favor those accounts over those that provide for asset-based fees. Canal Capital Management, LLC does not use discretionary investment management authority to invest client funds in the Funds nor does it require any client to invest in the Funds. We offer alternative investment opportunities with non-affiliated funds to clients who prefer not to invest in our Funds. You should refer to the offering documents of the Funds for a complete description of the fees, investment objectives, risks, and other relevant information associated with investing in the Funds.

We also charge performance-based fees to "qualified clients" that participate in our Portfolio Management Services. The terms of the performance-based compensation will be memorialized in your advisory agreement.

We manage accounts that are charged performance-based fees while at the same time managing accounts (perhaps with similar objectives) that are not charged performance-based fees ("side-by-side management"). Performance-based fees and side-by-side management create conflicts of interest, which we have identified and described in the following paragraphs.

Performance-based fees create an incentive for our firm to make investments that are riskier or more speculative than would be the case absent a performance fee arrangement. In order to address this potential conflict of interest, our investment committee periodically reviews client accounts to ensure that investments are suitable and that the account is being managed according to the client's investment objectives and risk tolerance.

Additionally, performance-based fees may also create an incentive for our firm to overvalue investments which lack a market quotation. In order to address such conflict, we have adopted policies and procedures that require our firm to "fairly value" any investments, which do not have a readily ascertainable value.

Side-by-side management might provide an incentive for our firm to favor accounts for which we receive a performance-based fee. For example, we may have an incentive to allocate limited investment opportunities to clients who are charged performance-based fees over clients who are charged asset-based fees only. To address this conflict of interest, we have instituted policies and procedures that require our firm to allocate investment opportunities (if they are suitable) in an effort to avoid favoritism among our clients, regardless of whether the client is charged performance fees.

Item 7 Types of Clients

We offer investment advisory services to individuals, high net worth individuals, private funds, pension and profit-sharing plans, and charitable organizations. In general, we do not require a minimum dollar amount to open and maintain an advisory account; however, we have the right to terminate your account if it falls below a minimum size which, in our sole opinion, is too small to effectively manage.

Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

Canal Capital Management uses the following methods of analysis in formulating investment advice.

- *Fundamental Analysis* is a method of evaluating a security by attempting to measure its intrinsic value, by examining related economic, financial, and other qualitative and quantitative factors. Fundamental analysts' study anything that can affect the security's value, including macroeconomic factors such as the overall economy and industry conditions, and microeconomic factors such as financial conditions and company management. The end goal of fundamental analysis is to produce a quantitative value that an investor can compare with a security's current price, thus indicating whether the security is undervalued or overvalued. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

The risk associated with fundamental analysis is that it is somewhat subjective. While a quantitative approach is possible, fundamental analysis usually entails a qualitative assessment of how market forces interact with one another in their impact on the investment in question. It is possible for those market forces to point in different directions, thus necessitating an interpretation of which forces will be dominant. This interpretation may be wrong and could therefore lead to an unfavorable investment decision.

- *Technical Analysis* involves studying past price patterns, trends and interrelationships in the financial markets to assess risk-adjusted performance and predict the direction of both the overall market and specific securities.

The risk of market timing based on technical analysis is that our analysis may not accurately detect anomalies or predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

Investment Strategies

Canal Capital Management invests in individual equities, individual bonds, exchange traded funds, mutual funds and private investments for client portfolios. The firm's investment strategy is built on a foundation of asset allocation, which attempts to balance risk versus reward by adjusting the percentage of each asset in an investment portfolio according to the investor's risk tolerance, goals and investment time frame. We recognize that evaluating investment strategies is an ongoing process and may change depending on various circumstances. Investment decisions are made by the Investment Committee, which operates under a dual-mandate of keeping the portfolio allocations in-line with long-term goals, while analyzing current economic and market conditions. The Committee generally meets formally on a weekly basis, but holds informal meetings daily.

For clients with significant investment assets and who are accredited investors, clients may also have the opportunity to invest in private investments. Private investments are investments which are not publicly traded and which are often illiquid. Private investments are often attractive investment opportunities because they capitalize on one or more market inefficiencies. Market inefficiencies can lead to above average investment returns. Market inefficiencies can be caused by the illiquid nature of the market, significant barriers to entry to the market and/or a lack of transparent pricing.

Risk of Loss

Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear. Canal Capital Management does not guarantee the future performance of an account or any specific level of performance, the success of any investment decision or strategy that we may use, or the success of our overall management. Clients understand that investment decisions made for the client's account by our firm are subject to various market, currency, economic, political and business risks, and that those investment decisions will not always be profitable.

- *Market Risk:* The price of a security, bond or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's underlying circumstances.
- *Inflation Risk:* When an inflationary economic environment exists, a dollar in the future does not buy as much as a dollar today will buy. This negatively impacts people on fixed incomes.
- *Equity (stock) Risk:* There are numerous ways of measuring the risk of equity securities. In very broad terms, the value of a stock depends on the financial health of the company issuing it. However, stock prices can be affected by many other factors including, but not limited to the class of stock (for example, preferred or common); the health of the market sector of the issuing company; and, the overall health of the economy. In general, larger, better established companies ("large cap") tend to be safer than smaller start-up companies ("small cap") are but the mere size of an issuer is not, by itself, an indicator of the safety of the investment.
- *Fixed Income Risk:* Corporate debt securities (or "bonds") are typically safer investments than equity securities, but their risk can also vary widely based on: the financial health of the issuer; the risk that the issuer might default; when the bond is set to mature; and, whether or not the bond can be "called" prior to maturity. When a bond is called, it may not be possible to replace it with a bond of equal character paying the same rate of return.

- **ETF Risk:** Exchange Traded Funds are marketable securities that are designed to track, before fees and expenses, the performance of a relevant index, commodity, bonds or basket of assets, like an index fund. Unlike mutual funds, ETFs trade like common stock on a stock exchange. ETFs experience price changes throughout the day as they are bought and sold. In addition to the general risks of investing, there are specific risks to consider with respect to an investment in ETFs, including, but not limited to: (i) an ETF's shares may trade at a market price that is above or below its net asset value; (ii) the ETF may employ an investment strategy that utilizes high leverage ratios; or (iii) trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are de-listed from the exchange, or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) halts stock trading generally.
- **Mutual Fund Risk:** Mutual funds are operated by investment companies that pool money from shareholders and invest in stocks, bonds, and/or other types of securities. Each fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. Mutual funds charge a separate management fee for their services, so the returns on mutual funds are reduced by the costs to manage the funds. While mutual funds generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market. Mutual funds come in many varieties. Some invest aggressively for capital appreciation, while others are conservative and are designed to generate income for shareholders. In addition, the client's overall portfolio may be affected by losses of an underlying fund and the level of risk arising from the investment practices of an underlying fund.
- **Alternative Investment Risk** – Alternative investments may be recommended in specific circumstances. These investments are susceptible to many of the same risks as other securities, but also include characteristics and risks related to liquidity, transparency, taxes, and fund valuation, which are disclosed in the offering documents.
- **Margin Risk** – *Investing on margin* is a securities transaction in which an investor borrows money to purchase a security, in which case the security serves as collateral on the loan. If the value of the shares drops sufficiently, the investor will be required to either deposit more cash into the account or sell a portion of the stock in order to maintain the margin requirements of the account. This is known as a "margin call." An investor's overall risk includes the amount of money invested plus the amount that was loaned to them.
- **Options Risk:** We may engage in options transactions for the purpose of hedging risk and/or generating portfolio income. The use of options transactions as an investment strategy can involve a high level of inherent risk. Option transactions establish a contract between two parties concerning the buying or selling of an asset at a predetermined price during a specific period of time. During the term of the option contract, the buyer of the option gains the right to demand fulfillment by the seller. Fulfillment may take the form of either selling or purchasing a security, depending upon the nature of the option contract. Generally, the purchase or sale of an option contract shall be with the intent of "hedging" a potential market risk in a client's portfolio and/or generating income for a client's portfolio. There can be no guarantee that an options strategy will achieve its objective or prove successful. No client is under any obligation to enter into any option transactions. However, if the client does so, he/she must be prepared to accept the potential for unintended or undesired consequences, such as losing ownership of the security, incurring taxes on capital gains, etc.

Item 9 Disciplinary Information

We are required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of our advisory business or the integrity of our management. We do not have any required disclosures under this item.

Item 10 Other Financial Industry Activities and Affiliations

Affiliated Insurance Company

We are affiliated with CCM Insurance, LLC through common control and ownership. Therefore, persons providing investment advice on behalf of our firm may be licensed as insurance agents. Clients are never obligated or required

to purchase insurance products from one of our affiliated insurance company and may choose any independent insurance agent and insurance company to purchase insurance products. Regardless of the insurance agent selected, the insurance agent or agency will receive normal commissions from the sale. Please refer to Item 14 – *Client Referrals and Other Compensation* for more information regarding the insurance commissions received by our affiliated insurance companies and the conflicts such compensation presents.

Referral arrangements with an affiliated entity present a conflict of interest for us because we may have a direct or indirect financial incentive to recommend an affiliated firm's services. While we believe that compensation charged by an affiliated firm is competitive, such compensation may be higher than fees charged by other firms providing the same or similar services. You are under no obligation to use the services of any firm we recommend, whether affiliated or otherwise, and may obtain comparable services and/or lower fees through other firms.

Licensed Insurance Agents

As disclosed above, certain persons providing investment advice on behalf of our firm may be licensed as independent insurance agents. See the *Fees and Compensation* section in this brochure for more information.

Arrangements with Affiliated Entities

We are affiliated with several limited liability companies ("LLCs"), by virtue of common control and ownership. Specifically, Neil Gilliss, Noah Greenbaum, Craig Truitt Margaret Smith, and Jarrod Feinstein serve as Managing Members to one or more of the following LLCs: Haxall Point Partners, LLC ("Haxall Point"), Haxall Point II, GP LLC ("Haxall Point II"), HP MH I GP, LLC ("HP MH I"), Haxall Institutional Partners I, LLC ("HIC I"), Haxall Institutional Partners, II, LLC ("HIC II") and Haxall Point III GP, LLC ("Haxall Point III"). Haxall Point, Haxall Point II, HP MH I, HIC I, HIC II and Haxall Point III each serve as a General Partner to a Fund where Canal Capital Management, LLC is also the Investment Manager or Investment Advisor.

Private Pooled Investment Vehicles

Canal Capital Management, LLC serves as the Investment Manager or Investment Advisor to various private pooled investment funds (the "Funds" or each a "Fund"). The Funds objective is to allow investors to participate in strategic investment opportunities in the private real estate space. We may recommend, on a non-discretionary basis, that qualified clients allocate a portion of their investment assets to the Funds. To the extent that Canal Capital Management, LLC's individual advisory clients qualify and determine that an investment is appropriate given their investment objective(s) and financial situation, they may participate as limited partners of the Funds. The terms and conditions for participation in the Funds, including management and/or incentive fees, conflicts of interest, risk factors, and liquidity constraints, are set forth in the Funds offering documents, which each prospective investor client shall receive and shall be required to complete. The client shall be required to submit the corresponding Subscription Agreement to the General Partner in order to demonstrate qualification for investment in the Funds.

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

Conflict of Interest: Because Canal Capital Management, LLC, our affiliates, and/or our members shall earn compensation from the *Private Fund*, that may exceed the fee that Canal Capital Management, LLC would earn under its standard "assets under management" fee schedule investor presents a conflict of interest. No client is under any obligation to become a Private Fund investor.

Conflict of Interest: Associated Persons of our firm are invested in the Funds. As investors, they have an incentive to devote more time to the Funds than to you or to provide limited investment opportunities to the Funds instead of you. Furthermore, they may have an incentive to recommend one or more of the Funds rather than recommending other investments.

We address these conflicts by disclosing them in this brochure and in the offering documents of each Fund. While we believe these relationships are commonplace in the investment industry and bring added value to our clients, the Associated Persons serving in these separate capacities are fiduciaries and are required to act at all times in accordance with our Code of Ethics and to act only from principles of fair and equitable dealing and good faith with respect to all parties.

Recommendation of Other Advisers

We may recommend that you use a third-party money manager ("MM") based on your needs and suitability. We will not receive separate compensation, directly or indirectly, from the MM for recommending that you use their services. Moreover, we do not have any other business relationships with the recommended MM(s). Refer to the *Advisory Business* section above for additional disclosures on this topic.

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

Description of Our Code of Ethics

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for persons associated with our firm. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All persons associated with our firm are expected to adhere strictly to these guidelines. Persons associated with our firm are required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

Participation or Interest in Client Transactions - Private Pooled Investment Vehicle/Sponsor of Limited Partnership

As discussed above in the *Other Financial Industry Activities and Affiliations* section, we are affiliated with the Funds. As the investment adviser, our firm has a nominal interest in these Funds and our employees invest alongside our investment advisory clients. This presents a conflict of interest because we have investments and/or are compensated by the Funds. Such interest and side-by-side sharing creates an incentive for our firm to advise clients to invest their assets in the partnerships and influence the allocation of these assets. We review client portfolios on a regular basis in conjunction with allocation guidelines to ensure that they are invested solely in the best interests of the client and in accordance with the client's investment objectives. By virtue of the client's relationship as an advisory client of our firm, all investment adviser representatives of our firm owe a fiduciary duty to any such client and will be required to consider the client's investment objectives and individual situation before and while engaging in any private offering to such client.

Personal Trading Practices

Our firm or persons associated with our firm may buy or sell securities for you at the same time we or persons associated with our firm buy or sell such securities for our own account. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, it is our policy that neither our firm nor persons associated with our firm shall have priority over your account in the purchase or sale of securities.

Item 12 Brokerage Practices

We generally will recommend that securities be purchased through the facilities of TD Ameritrade Institutional, a division of TD Ameritrade, Inc., member FINRA/SIPC ("TD Ameritrade"), or Charles Schwab & Co., Inc. ("Schwab"), both unaffiliated SEC-registered broker-dealers and FINRA members. In selecting a broker dealer we will endeavor to select those brokers or dealers that will provide the best services at the lowest commission rates possible. The reasonableness of commissions is based on several factors, including the broker's ability to provide professional services, competitive commission rates, volume discounts, execution price negotiations, and other services. In recognition of the value of research services and additional brokerage products and services TD Ameritrade and Schwab provide, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

In selecting a broker dealer we will endeavor to select those brokers or dealers that will provide the best services at the lowest commission rates possible. The reasonableness of commissions is based on several factors, including the broker's ability to provide professional services, competitive commission rates, volume discounts, execution price negotiations, the yield on cash sweep choices and other services. In recognition of the value of research services and additional brokerage products and services TD Ameritrade and Schwab provide, you may pay higher commissions and/or trading costs than those that may be available elsewhere.

Research and Other Soft Dollar Benefits

We do not have any soft dollar arrangements.

Economic Benefits

As a registered investment adviser, we have access to the institutional platform of your account custodian. As such, we will also have access to research products and services from your account custodian and/or other brokerage firm. These products may include financial publications, information about particular companies and industries, research software, and other products or services that provide lawful and appropriate assistance to our firm in the performance of our investment decision-making responsibilities. Such research products and services are provided to all investment advisers that utilize the institutional services platforms of these firms and are not considered to be paid for with soft dollars. However, you should be aware that the commissions charged by a particular broker for a particular transaction or set of transactions may be greater than the amounts another broker who did not provide research services or products might charge.

TD Ameritrade Institutional

We participate in the institutional adviser program (the "Program") offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisers services which include custody of securities, trade execution, clearance and settlement of transactions. We receive some benefits from TD Ameritrade through our participation in the Program.

We may recommend TD Ameritrade to you for custody and brokerage services. There is no direct link between our participation in the Program and the investment advice we give you, although we receive economic benefits through our 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 aggregated trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to your accounts); the ability to have advisory fees deducted directly from your accounts; access to an electronic communications network for 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 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 your accounts. These products or services may assist us in managing and administering your accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits received by us or our personnel through participation in the Program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of our fiduciary duties to you, we endeavor at all times to put your interests first. You should be aware, however, that the receipt of economic benefits by us or our 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.

Schwab Advisor Services

We participate in Schwab Advisor Services™ (“Schwab”) which is Schwab’s business that serves independent investment advisory (the “Program”) firms like ours. Schwab offers to independent investment advisers services which include custody of securities, trade execution, clearance and settlement of transactions. We receive some benefits from Schwab through our participation in the Program.

We may recommend Schwab to you for custody and brokerage services. There is no direct link between our participation in the Program and the investment advice we give you, although we receive economic benefits through our participation in the Program that are typically not available to Schwab 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 aggregated trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to your accounts); the ability to have advisory fees deducted directly from your accounts; access to an electronic communications network for 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 us by third party vendors. Schwab may also have paid for business consulting and professional services received by our related persons. Some of the products and services made available by Schwab through the Program may benefit us but may not benefit your accounts. These products or services may assist us in managing and administering your accounts, including accounts not maintained Schwab. Other services made available by Schwab are intended to help us manage and further develop our business enterprise. The benefits received by us or our personnel through participation in the Program do not depend on the amount of brokerage transactions directed to Schwab. As part of our fiduciary duties to you, we endeavor at all times to put your interests first. You should be aware, however, that the receipt of economic benefits by us or our related persons in and of itself creates a potential conflict of interest and may indirectly influence our choice of Schwab for custody and brokerage services.

Our firm receives client referrals from Charles Schwab & Co., Inc. (“Schwab”) through our participation in Schwab Advisor Network® (“the Service”). The Service is designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with our firm. Schwab does not supervise Advisor and has no responsibility for our management of clients’ portfolios or our other advice or services. We pay Schwab fees to receive client referrals through the Service. Our participation in the Service raises potential conflicts of interest described under Item 14 - *Client Referrals and Other Compensation* section.

Directed Brokerage

We will generally recommend that securities be purchased through the facilities of TD Ameritrade or Schwab. As such, we may be unable to achieve the most favorable execution of your transactions and you may pay higher brokerage commissions than you might otherwise pay through another broker-dealer that offers the same types of services. Not all advisers require their clients to direct brokerage.

In limited circumstances, and at our discretion, some clients may instruct our firm to use one or more particular brokers for the transactions in their accounts. If you choose to direct our firm to use a particular broker, you should

understand that this might prevent our firm from aggregating trades with other client accounts. This practice may also prevent our firm from obtaining favorable net price and execution. Thus, when directing brokerage business, you should consider whether the commission expenses, execution, clearance, and settlement capabilities that you will obtain through your broker are adequately favorable in comparison to those that we would otherwise obtain for you.

Aggregate Trades

We combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as "aggregate trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares purchased is typically proportionate to the size of the account, but it is not based on account performance or the amount or structure of management fees. Subject to our discretion regarding factual and market conditions, when we combine orders, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs. Accounts owned by our firm or persons associated with our firm may participate in aggregate trading with your accounts; however, they will not be given preferential treatment.

We do not aggregate trades for non-discretionary accounts. Accordingly, non-discretionary accounts may pay different costs than discretionary accounts pay. If you enter into non-discretionary arrangements with our firm, we may not be able to buy and sell the same quantities of securities for you and you may pay higher commissions, fees, and/or transaction costs than clients who enter into discretionary arrangements with our firm.

Item 13 Review of Accounts

Portfolio Management Review

Our Investment Committee will monitor your accounts on a periodic basis and will conduct account reviews at least quarterly to ensure the advisory services provided to you and that the portfolio mix are consistent with your stated investment needs and objectives. Formal account reviews are conducted at least annually. Additional reviews may be conducted based on various circumstances, including, but not limited to:

- contributions and withdrawals;
- year-end tax planning;
- market moving events;
- security specific events; and/or
- changes in your risk/return objectives.

We may provide you with additional or regular written reports in conjunction with account reviews. Reports we provide to you will contain relevant account and/or market-related information such as an inventory of account holdings and account performance, etc. You will receive trade confirmations and monthly or quarterly statements from your account custodian(s).

Financial Planning Review

The Investment Adviser Representative that our firm assigns to your account will review your financial plan periodically upon your request to ensure that the planning advice and/or asset allocation recommendations made to you are consistent with your stated investment needs and objectives. Written updates to the financial plan will not be provided in conjunction with the review unless requested. Such reviews and updates will be subject to our then current hourly rate. We will not provide regular written reports to you for financial planning and consulting services. If you implement financial planning advice through us, you will receive trade confirmations and monthly or quarterly statements from relevant custodians.

Item 14 Client Referrals and Other Compensation

Refer to the *Brokerage Practices* section above for disclosures on research and other benefits we may receive resulting from our relationship with your account custodian.

Schwab Advisor Network®

Our firm receives client referrals from Charles Schwab & Co., Inc. ("Schwab") through our participation in Schwab Advisor Network® ("the Service"). The Service is designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with our firm. Schwab does not supervise Advisor and has no responsibility for our management of clients' portfolios or our other advice or services. We pay Schwab fees to receive client referrals through the Service. Our participation in the Service raises potential conflicts of interest described below.

We pay Schwab a Participation Fee on all referred clients' accounts that are maintained in custody at Schwab and a separate one-time Transfer Fee on all accounts that are transferred to another custodian. The Transfer Fee creates a conflict of interest that encourages our firm to recommend that client accounts be held in custody at Schwab. The Participation Fee paid by our firm is a percentage of the value of the assets in the client's account. Our firm pays Schwab the Participation Fee for so long as the referred client's account remains in custody at Schwab. The Participation Fee is paid by our firm and not by the client. We have agreed not to charge clients referred through the Service fees or costs greater than the fees or costs our firm charges clients with similar portfolios who were not referred through the Service.

The Participation and Transfer Fees are based on assets in accounts of our firm's clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, our firm will have incentives to recommend that client accounts and household members of clients referred through the Service maintain custody of their accounts at Schwab.

Other Compensation

Canal Capital's related persons that are insurance agents and insurance agencies receive commissions for the sale of insurance products. Canal Capital, CCM Insurance and licensed agents have a financial incentive, directly or indirectly, which creates a conflict of interest. We mitigate this conflict by disclosing it to you. Additionally, all insurance transactions must be reviewed by the CCO before being implemented.

CCM Insurance, LLC has entered into a marketing agreement with LFA, LLC, an unaffiliated insurance company to strengthen its insurance capabilities. Under this agreement, LFA will assist CCM Insurance with insurance company/product selection, underwriting and ongoing review. As a result of the marketing agreement, revenues will be shared between the two entities. You are under no obligation to purchase insurance products through this affiliation.

For information on the conflicts of interest this presents, and how we address these conflicts, please refer to the *Fees and Compensation* and *Other Financial Industry Activities and Affiliations* sections.

We do not receive any compensation from any third party in connection with providing investment advice to you.

Item 15 Custody

Your assets will be held with a qualified custodian, which will send statements at least quarterly. Your independent qualified custodian will directly debit your account for the payment of our advisory fees. The account statements from your custodian will indicate the amount of our advisory fees deducted each billing period. You should carefully review account statements for accuracy.

Standing Letters of Authorization

We may assist clients with the transfer of their assets between two or more of a client's accounts maintained at the client's custodian or maintained with multiple custodians. This ability to transfer a client's assets between the client's accounts, provided the client has authorized the adviser in writing to make such transfers, causes our firm to exercise limited custody over your funds or securities. Pursuant to Rule 206(4)-2 (the "Custody Rule"), we have taken steps to have controls and oversight in place to support the no-action letter issued by the SEC on February 21, 2017, (the "SEC no-action letter"). With respect to third party standing letters of authorization ("SLOA"), where a client may grant Canal Capital Management, LLC the authority to direct custodians to disburse funds to one or more third party accounts, we are deemed to have limited custody. However, we are not required to comply with the surprise examination requirement of the Custody Rule if we are otherwise in compliance with the seven representations noted in the February 21, 2017 no-action letter.

Private Pooled Investment Vehicles

We have legal access to the Funds' assets since our firm acts as the investment adviser to the Funds and we are affiliated with the General Partners to the Funds; therefore, we have custody over such assets. Funds are subject to annual audits by an independent public accountant registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board ("PCAOB"). Audited statements are delivered to investors in Fund(s) and/or Fund of Funds within 120 days or 180 days of the fiscal year-end, respectively.

Item 16 Investment Discretion

Before we can buy or sell securities on your behalf, you must first sign our discretionary management agreement, and the appropriate trading authorization forms. You must grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security. Please refer to the *Advisory Business* section in this brochure for more information on our discretionary management services.

If you enter into non-discretionary arrangements with our firm, we will obtain your approval prior to the execution of any transactions for your account(s). You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

Item 17 Voting Client Securities

We will not vote proxies on behalf of your advisory accounts nor will we offer advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of applicable securities, you are responsible for exercising your right to vote as a shareholder.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitations to vote proxies.

Item 18 Financial Information

We are not required to provide a balance sheet or other financial information to our clients because we do not require the prepayment of fees in excess of \$1,200 and six months or more in advance.

We do not have any financial condition that is reasonably likely to impair our ability to meet our commitments to you. Moreover, we have never been the subject of a bankruptcy petition.

Item 19 Requirements for State-Registered Advisers

Canal Capital Management, LLC is an SEC registered firm and this section does not apply to our firm.

Item 20 Additional Information

Your Privacy

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We disclose non-public information about you to a non-affiliated third party, the Chicago Clearing Corporation, as disclosed in more detail below under the Class Action Claims sub-section. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to non-public personal information about you to employees, who need that information to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your non-public personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you as required under applicable federal or state law. Please contact our main office at the telephone number on the cover page of this brochure if you have any questions regarding this policy.

Trade Errors

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account.

Class Action Claims

Canal Capital Management, Inc. has engaged a third-party service provider, Chicago Clearing Corporation ("CCC"), to monitor and file securities claims class action litigation paperwork with claims administrators on behalf of the Firm's clients. You are included in this service unless you choose to opt-out. You may change your opt-out election at any time by notifying us in writing.

If you participate in this service, CCC will retain 15% of each claim recovery you receive. This fee is collected and retained by CCC out of the claims paid by the claim administrator. Canal Capital Management, Inc. does not receive any fees or remuneration in connection with this service nor does it receive any fees from the third-party provider(s). We have the right to change the provider of this service. If we do, we will notify you and send you another opt-out election form.

When a claim is settled and payments are awarded to Canal Capital Management clients, it may be necessary to share client information, such as name and account number, with CCC in connection with this service. Clients may opt out of this service at any time. If a client opts out, Canal Capital Management, Inc. does not have an obligation to advise or take any action on behalf of a client with regard to class action litigation involving investments held in or formerly held in a client's account.

Retirement Rollover Considerations

As part of our investment advisory services we may recommend that you rollover assets from your employer's retirement plan into an individual retirement account ("IRA") that we manage and this could create a conflict of interest. In determining whether to complete a full or partial rollover, an individual generally has four options:

1. Leave the funds in the former employer's plan, if permitted;
2. Rollover the funds to the new employer's plan if there is one and if it permits rollovers;
3. Rollover the assets to an IRA; or
4. Withdrawal the cash from the account, which could have adverse tax consequences depending on the individuals age or current income level.

If you elect to roll the assets to an IRA that is subject to our management, we charge an asset-based fee as set forth in the agreement you executed with our firm. This practice presents a conflict of interest because our firm will earn new compensation as a result of the rollover. You are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by our firm.