



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

**MARCH 28, 2023**

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This brochure provides information about the qualifications and business practices of Peak Wealth Management LLC. If you have any questions about the contents of this brochure, please contact Peak Wealth Management LLC at (734) 681-7575 or [Nick@peakwm.com](mailto:Nick@peakwm.com). 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.

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

Additional information about Peak Wealth Management 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 the Adviser is 166944.

## **2. MATERIAL CHANGES**

Our last annual update to this firm brochure was on March 30, 2022. We have the following material changes to report since that date:

- We offer a financial coaching subscription program on an ongoing basis for a fee. Please see Items 4 & 5 for additional details.
- Item 5 - Our fixed fee range has been updated to reflect a new maximum fee of \$10,000.
- Item 5 - We no longer offer hourly fees for financial planning.

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

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

Peak Wealth Management (“We”) is a Michigan limited liability company formed in October 2010. It was registered as a Michigan investment adviser in 2013. We were subsequently registered with the Securities and Exchange Commission in March 2019. Nicholas Hopwood (“Mr. Hopwood”) is the owner and sole member of the firm.

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

Before we enter into an Adviser-Client relationship, we may offer a complimentary general consultation to discuss services available, give a prospective client time to review services desired, and determine whether a relationship might benefit the client. Investment advisory services begin only after we and the client formalize the relationship with a properly executed agreement. We offer financial planning and portfolio management services. Our portfolio management services consist of us managing the client’s account through a wrap fee program (please see Item 4.D below and our Appendix 1 to this brochure for details) and the use of institutional strategies to manage client accounts.

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

We offer clients financial planning services to evaluate their financial situation, goals and risk tolerance. Through a series of personal interviews and the use of questionnaires the firm will collect pertinent data, identify goals, objectives, financial problems, potential solutions, prepare specific recommendations and implement recommendations. As a result of these actions, our 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. We 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 the firm will present the client with a written financial plan. If you opt into our ongoing monthly services, we will continuously monitor, manage and update your written financial plan.

Part of our financial planning process include assistance with estate planning. We conduct general reviews of existing plans, gather information needed to provide to outside firms in the creation of documents, and updating existing plans for clients. If outside referral services are used in estate planning, the client will pay those services providers directly. Clients are not required to use any third party products or services that we may recommend and they can receive similar services from other professionals for similar or lower cost.

We also offer a financial coaching program that is separate from our general financial planning fixed fee. With our coaching clients, we conduct quarterly calls to discuss portfolio construction, retirement planning, college planning, budgeting, financial planning, debt planning and estate planning. We require a minimum commitment of one year for this program.

###### **ii. RECOMMENDATION AND MONITORING OF INSTITUTIONAL STRATEGISTS**

After an initial meeting with the client and when deemed appropriate, we may recommend the

services of Institutional Strategist, who are independent investment advisers (“Institutional Strategist”), to manage the client’s account. Our recommendation will depend on the client’s circumstances, goals and objectives, strategy desired, account size, risk tolerance, or other factors. We work with the client to determine which Institutional Strategist may be appropriate. Clients are never obligated to use a recommended Institutional Strategist.

The Institutional Strategist will be part of Envestnet Asset Management, Inc.’s unified management account platform. (“Envestnet” CRD # 111694) Envestnet’s platform gives us access to the services of hundreds of Institutional Strategists whose investment philosophies range from conservative to aggressive.

This portfolio is designed to match how a client wants his/her portfolio managed with an Institutional Strategist’s investment style. For example, we will recommend active management Institutional Strategist when a client seeks an actively managed portfolio. Clients preferring a passively invested portfolio will be recommended passive Institutional Strategist. The investment styles may also be combined to create a portfolio that is part actively management and part passively managed.

When a client enters into an agreement with us they will sign the Statement of Investment Selection detailing their initial allocation. As time progresses, we will have discretion to reallocate holdings or make strategist changes.

Prior to recommending an Institutional Strategist we conduct a due diligence review of the available Institutional Strategists available through Envestnet. We consider the following factors during our review: fees, reputation, performance, financial strength, management, price, reporting capabilities, client’s financial situation, client’s goals, client’s needs, client’s risk tolerance and client’s investment objectives. After our review we present the client with one or more recommendations.

We will not refer a client to a third-party investment adviser unless it is registered or exempt from registration as an investment adviser in the client’s state of residence.

### iii. PARTICIPANT ACCOUNT MANAGEMENT

We use a third-party platform to facilitate the management of held away assets such as defined contribution plan participant accounts, with discretion. The platform allows us to avoid being considered to have custody of client funds because it does not have direct access to client log-in credentials to affect trades. We are not affiliated with the platform in any way and receives no compensation from them for using their platform. A link will be provided to the client allowing him or her to connect an account(s) to the platform. Once the client account(s) is connected to the platform, we will review the current account allocations. When deemed necessary we will rebalance the account considering client investment goals and risk tolerance, and any change in allocations will consider current economic and market trends. The goal is to improve account performance over time, minimize loss during difficult markets, and manage internal fees that harm account performance. Client account(s) will be reviewed at least quarterly, and allocation changes will be made as deemed necessary.

### C. TAILORED SERVICES

Our services are individualized to each client. However, we generally do not allow clients to place restrictions on the types of securities held in their accounts.

### D. WRAP PROGRAM

When we manage client accounts it is through our wrap fee program. Our wrap fee program consists of model portfolios that are managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance, etc. We do not manage wrap fee accounts in a different fashion than non-wrap accounts. Additional information about our model portfolios as a wrap program can be found in our Appendix 1 to the ADV Part 2A (i.e. Wrap Fee Program Brochure).

### E. CLIENT ASSETS MANAGED

As of January 20, 2023, we manage \$228,000,000 of client assets on a discretionary basis.

## 5. FEES AND COMPENSATION

### A. FINANCIAL PLANNING

The services are provided on a fixed, hourly or ongoing basis in accordance with the following fee schedule:

**Fixed Fee:** The fixed fees range between \$1,000 and \$10,000. The fixed fee range varies and depends upon the nature and complexity of each client's individual circumstances. Each client's Financial Planning Agreement shows what the client will be charged to complete the Scope of Services as defined in the Agreement. The fixed fee rate is negotiable.

**Coaching and Ongoing monthly Planning Fee:** We require that you pay an initial retainer fee equal to one-half of the estimated fee in advance of any services rendered. We will collect the monthly fee at the beginning of each month, in advance. The fees may be paid by cash, check or via electronic payment through our billing software. The ongoing fees are negotiable.

All fees for planning services are agreed upon in advance in writing and due at that time. We reserve the right to refund or waive our financial planning fees for clients who use our portfolio management or recommendation of third-party adviser's services.

**Private Client Services ("PCS"):** For clients with more than \$2,000,000 managed by us, we offer a private client service. Clients of this service receive a reduced investment management fee, waived management fee for Peak Money Plus, invitations to our exclusive events, complimentary tax planning and tax preparation (if using our recommended CPA) and complementary estate planning or estate planning review (if using our recommended estate planning attorney).

Our traditional financial planning services do not include preparation of any kind of income tax, gift, or estate tax returns or preparation of any legal documents, including wills or trusts.

However, we may work together with clients' CPAs and attorneys to coordinate services for the client.. The Client will be charged these additional fees.

#### Termination of Financial Planning Services

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. In the event there are any prepaid, unearned fees, we will promptly refund a pro rata share to you.

#### B. RECOMMENDATION AND MONITORING OF INSTITUTIONAL STRATEGISTS AND PARTICIPANT ACCOUNT MANAGEMENT

Fees for accounts are calculated and billed quarterly in advance using the annualized rates below.

<b>Custodian Reported Value of Account</b>	<b>Management Fee</b>
Up to \$1,000,000	1.25%
\$1,000,001 to \$3,000,000	1.00%
\$3,000,001 and Above	0.75%

The pro-rated first quarter's management fee will be calculated on the Account's initial value as reported by the Account's custodian. Thereafter, the management fee will be calculated on the Account's previous quarter-end value as reported by the Account's custodian. Certain clients may be billed based on previous retired fee schedules. The fee for Recommendation and Monitoring of Institutional Strategies will be directly deducted from the client's account (see Item 15 for additional details). Clients in the Participant Account Management program will have their fee deducted from another account that we manage. However, clients can request to pay by check or third-party payment vendor. These clients will receive a fee invoice that details how the fee was calculated, the amount on which the calculation was based, the period the fee covered and the fee. The invoice will be due within 30 days of receipt.

The above management fee is separate and distinct from Envestnet's fee, which can be up to an annual fee of 0.42% of the assets under management. The exact Envestnet fee will be disclosed to the client in the Envestnet client Agreement. Additionally, the management fee is separate from any brokerage commissions, transaction fees, and other related costs and expenses. Clients pay an asset-based annual custodian fee of 0.22% per year based on the client's assets under management. The asset-based annual fee covers all ticket charges and brokerage transaction fees. 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 firm's fee. For more information about our brokerage practice please see Item 12.A.

#### Termination of Portfolio Management Services

A client may terminate the Investment Management Agreement for any reason at any time and, 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 seven (7) days written notice. To cancel the Agreement, the client must notify firm in writing at to Peak Wealth Management LLC, 41011 Ann Arbor Road, Plymouth, MI 48170 and return any materials received to that

date. Because we charge in advance, any client that terminates their contract within a month will receive a prorated refund of fees that is based on the amount of time elapsed during the month. For example, if a client cancels on 45 days in to a 90-day quarter, the client will receive a refund of 50% of the fees. (45 days divided by 90 days equal 50 percent.) Please note the prorated refund may be adjusted for additional deposits and withdrawals to the advisory account within the termination quarter.

### **C. OTHER SECURITIES COMPENSATION**

Some of our advisers are registered representatives of Mutual Securities, Inc., member FINRA/SIPC. Through Mutual Securities, Inc., they may sell securities to Peak Wealth Managements, LLC's clients for a commission. This causes a conflict of interest because the commissions from Mutual Securities, Inc. are separate from the fees outlined above. Our advisers attempt to mitigate this conflict of interest to the best of their ability by placing the client's interest ahead of their own through their fiduciary duty. Additionally, it is our policy that recommended securities purchases do not have to be purchased through our advisers or any affiliate.

Our advisers can also sell mutual funds through Mutual Securities to clients. Some mutual funds have 12b-1 fees which are operation expenses charged annually to the mutual fund. As a registered representative Our advisers receive a portion of the 12b-1 fees. This creates a financial incentive to recommend mutual funds with 12b-1 fees. Our advisers attempt to mitigate this conflict of interest to the best of their ability by placing the client's interest ahead of their own through their fiduciary duty. We require our advisers to disclose to the client whether a recommended mutual fund has a 12-b1 fee. It is our policy that recommended mutual fund purchases do not have to be purchased through any of our advisers. Additionally, any mutual funds sold through Mutual Securities and any mutual funds with 12b-1 fees will not be used in any client's investment advisory portfolio.

### **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**

We do 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**

We offer our services to individuals. We require a minimum account size of \$500,000, which can be waived at our discretion.



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

### A. METHODS OF ANALYSIS AND INVESTMENT STRATEGIES

We use a combination of fundamental and technical analysis to form client portfolios.

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.

Technical Analysis is a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity.

Our 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. We may also utilize computer models for performance analysis, asset allocation and risk management.

### B. RECOMMENDED SECURITIES AND INVESTMENT RISKS

We use several types of securities in our clients' accounts. These securities may include, but are not limited to, the following: Bonds and other corporate debt instruments; Exchange Traded Funds; Mutual Funds such as Large Cap Growth, Large Cap Value, Mid Cap Growth, Mid Cap Value, Small Cap Growth, and Small Cap Value; Government Debt instruments including Treasury Bills and Municipal securities; Stocks; Preferred Stock; High Yield Debt; Domestic Fixed Income; Options (covered options only); 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 we use investment strategies 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 seek to balance risks and rewards to achieve investment objectives. The client needs to ask questions about risks he/she does not understand, we would be pleased to discuss them.

We strive to render its best judgment on behalf of our clients. Still, we 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. We continuously strive to provide outstanding long-term investment performance, but many economic and market variables beyond its 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. A 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.
- **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, as well as regulatory and financial reporting standards, that differ from those of the U.S.
- **Active management fees risk:** Active management strategies that involve frequent trading generate higher transaction costs that diminish the fund's return. In addition, the short-term capital gains resulting from frequent trades often have an unfavorable income tax impact when such funds are held in a taxable account.
- **Leverage Risk:** Using derivatives to increase the Fund's combined long and short exposure creates leverage, which can magnify the Fund's potential for gain or loss and, therefore, amplify the effects of market volatility on the Fund's share price.
- **Credit Risk:** There is a risk that issuers and counterparties will not make payments on securities and other investments held by the Fund, resulting in losses to the Fund. In addition, the credit quality of securities held by the Fund may be lowered if an issuer's financial condition changes.
- **Risks Associated with Leveraged ETF:** A leveraged ETF seeks to generate a return that is a multiple (usually 2X or 3X or -2X or -3X) of its benchmark index's performance over a specific, pre-set time period indicated in the fund's prospectus. That time period is also referred to as the "rebalancing period", and it is generally only one day, although it could be for a longer time period such as a month. As a result, the returns for these types of ETFs can differ significantly from that of their benchmark index, over periods lasting longer than the rebalancing period because of the compounding of returns. Generally, the longer the security is held, the more likely the returns of the Leveraged product will differ from the long term return of the index. Although potential returns are increased by leveraging, so are the potential losses, so these securities carry significant risk. As a

result, leveraged and inverse ETFs are intended only for sophisticated investors with an aggressive tolerance for risk.

- **Risks Associated with Inverse ETF:** An inverse ETF attempts to mimic the inverse, or opposite, of its stated benchmark. For example, an inverse S&P 500 ETF would attempt to deliver the opposite of the S&P 500's daily performance, net of fees. These funds, also called "short ETFs or Bear ETFs" are often in an attempt to profit from a downturn in a given market, sector, or index, or to hedge against a potential loss in their portfolio. Although an inverse ETF does not explicitly use leverage to magnify the intended return, they can suffer from the same compounding effects as the leveraged long and leveraged short ETFs.
- **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.
- **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 for cash losses 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.

## 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 your evaluation of the Adviser or the integrity of its management.

Neither our firm nor any of our associated persons has any reportable legal or disciplinary information.

## 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

### A. BROKER-DEALER AFFILIATIONS

Some of our advisers are registered representatives of Mutual Securities, Inc. Please see Item 5.C for additional details.

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

We are not affiliated with a futures or commodities broker.

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

Our owner, Nicholas Hopwood, is an independent insurance agent (life and Health). Mr. Hopwood may recommend these services to clients. This other business activity pays Mr. Hopwood commissions that are separate from the fees described above. This is a conflict of interest because the commissions give Mr. Hopwood a financial incentive to recommend and sell clients the insurance products. However, Mr. Hopwood attempts to mitigate any conflicts of interest to the best of his ability by placing the clients' interests ahead of his own, through his fiduciary duty and by informing clients that they are never obligated to purchase recommended insurance through him.

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

We recommend the services of third-party investment advisers. This information can be found under Items 4 and 5 and in our Appendix 1.

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

#### **A. DESCRIPTION**

Our Code of Ethics establishes ideals for ethical conduct upon fundamental principles of openness, integrity, honesty, and trust. We will provide a copy of our Code of Ethics to any client or prospective client upon request.

Our Code of Ethics covers all supervised persons and it describes its high standard of business conduct, and fiduciary duty to its 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. MATERIAL INTEREST IN SECURITIES**

We do not have a material interest in any securities.

#### **C. INVESTING IN OR RECOMMENDING THE SAME SECURITIES**

Our owner, Mr. Hopwood, may, from time to time, buy or sell for his own accounts securities that are the same as, similar to, or different than those that his clients purchase or sell. Differences can arise due to variations in personal goals, investment horizons, risk tolerance, and the timing of purchases and sales. The securities traded are typically broadly traded, large scale securities (not penny stocks) and/or mutual funds in which proprietary trades will not affect

market prices. Nonetheless, client transactions will precede those orders placed for any proprietary trades. Mr. Hopwood is aware of his fiduciary duty to his clients and the prohibitions against the use of any insider information. We keep records of all associates' proprietary trading activities and make them available to regulators to review on the premises. Whenever we deem that there may appear to be a conflict of interest, we will inform affected clients of the holdings involved prior to placing any orders.

## **12. BROKERAGE PRACTICES**

### **A. RECOMMENDED BROKERAGE**

We currently work with several custodians, TD Ameritrade Institutional, MTG, LLC dba Betterment Securities ("Betterment Securities"), Fidelity and TIAA. We do not maintain custody of client assets that we manage, although we may be deemed to have custody of the assets if the client gives us authority to withdraw advisory fees from his or her account (see Item 15—Custody, below).

We participate 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 ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors services that include custody of securities, trade execution, clearance and settler of transactions. We receive some benefits from TD Ameritrade through our participation in the program. (Please see Item 14 for additional information about those benefits.)

We may recommend that our clients use MTG, LLC dba Betterment Securities ("Betterment Securities"), a registered broker-dealer, member SIPC, as the qualified custodian. We are independently owned and operated and are not affiliated with Betterment Securities. Betterment Securities will hold client assets in a brokerage account and buy and sell securities when we and/or the client instructs them to. While we may recommend that the client use Betterment Securities as custodian/broker, he or she will decide whether to do so and will open the account with Betterment Securities by entering into an account agreement directly with them. We do not open the account for the client, although we may assist him or her in doing so. If the client does not wish to place his or her assets with Betterment Securities, then we cannot manage the account on Betterment Institutional (defined below).

#### **HOW WE SELECT BROKERS/CUSTODIANS:**

We seek to recommend a custodian/broker that will hold the client's assets and execute transactions on terms that are, overall, most advantageous when compared with other available providers and their services. We consider a wide range of factors, including:

- Capability to execute, clear, and settle trades (buy and sell securities for your account) itself or to facilitate such services.
- Capability to facilitate timely transfers and payments to and from accounts.
- Availability of investment research and tools that assist us in making investment decisions.

- Quality of services.
- Competitiveness of the price of those services and willingness to negotiate the prices.
- Reputation, financial strength, and stability.
- Prior service to us and our other clients.

#### THE CLIENT'S BROKERAGE AND CUSTODY COSTS:

For our clients' accounts that Betterment Securities maintains, Betterment Securities generally does not charge the client separately for custody services but is compensated as part of the Betterment Institutional (defined below) platform fee, which is a percentage of the dollar amount of assets in the account in lieu of commissions. We have determined that having Betterment Securities execute trades is consistent with our duty to seek "best execution" of trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see "How we select brokers/custodians").

#### SERVICES AVAILABLE TO US VIA BETTERMENT INSTITUTIONAL:

Betterment Securities serves as broker-dealer to Betterment Institutional, an investment and advice platform serving independent investment advisory firms like us ("Betterment Institutional"). Betterment Institutional also makes available various support services which may not be available to Betterment's retail customers. Some of the services help us manage or administer our clients' accounts, while others help us manage and grow our business. Betterment Institutional support services are generally available on an unsolicited basis (we don't have to request them) and at no charge to us. Following is a more detailed description of Betterment Institutional support services:

1. **SERVICES THAT BENEFIT THE CLIENT.** Betterment Institutional includes access to a range of investment products, execution of securities transactions, and custody of client assets through Betterment Securities. Betterment Securities' services described in this paragraph generally benefit you and your account.
2. **SERVICES THAT MAY NOT DIRECTLY BENEFIT THE CLIENT.** Betterment Institutional also makes available to us other products and services that benefit us but may not directly benefit the client or the account. These products and services assist us in managing and administering our clients' accounts, such as software and technology that may:
  - Assist with back-office functions, recordkeeping, and client reporting of our clients' accounts.
  - Provide access to client account data (such as duplicate trade confirmations and account statements).
  - Provide pricing and other market data.
  - Assist with back-office functions, recordkeeping, and client reporting.
3. **SERVICES THAT GENERALLY BENEFIT ONLY US.** By using Betterment Institutional, we will be offered other services intended to help us manage and further develop our business enterprise. These services include:
  - Education conferences and events.

- Consulting on technology, compliance, legal, and business needs.
- Publications and conferences on practice management and business succession.

#### OUR INTEREST IN BETTERMENT SECURITIES' SERVICES:

The availability of these services from Betterment Institutional benefits us because we do not have to produce or purchase them. In addition, we don't have to pay for Betterment Securities' services. These services may be contingent upon us committing a certain amount of business to Betterment Securities in assets in custody. We may have an incentive to recommend that the client maintain his or her account with Betterment Securities, based on our interest in receiving Betterment Institutional and Betterment Securities' services that benefit our business rather than based on the client's interest in receiving the best value in custody services and the most favorable execution of the transactions. This is a potential conflict of interest. We believe, however, that our selection of Betterment Securities as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Betterment Securities' services (see "How we select brokers/custodians") and not Betterment Institutional and Betterment Securities' services that benefit us only.

##### i. RESEARCH AND SOFT DOLLARS BENEFITS

"Soft dollars" are defined as a form of payment investment firms can use to pay for goods and services such as news subscriptions or research. When an investment firm gives its business to a particular brokerage firm, the brokerage firm in return can agree to use some of its revenue to pay for these types of services. TD Ameritrade provides us with some of the benefits that are not to retail investors, which are considered soft dollars. These benefits are described in Item 14.

##### ii. BROKERAGE FOR CLIENT REFERRALS

We do not receive client referrals or any other incentive from any custodian or any third party.

##### iii. DIRECTED BROKERAGE

Some clients may direct us to a specific broker-dealer to execute securities transactions for their accounts. When so directed, we 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

We may aggregate transactions in equity and fixed income securities for a client with other clients to improve the quality of execution. When transactions are so aggregated, the actual prices applicable to the aggregated transactions will be averaged, and the client account will be deemed to have purchased or sold its proportionate share of the securities involved at the average price obtained. We may determine not to aggregate transactions, for example, based on the size of the trades, the number of client accounts, the timing of the trades, the liquidity of the securities and the discretionary or non-discretionary nature of the trades. If we do not aggregate orders, some clients purchasing securities around the same time may receive a less favorable price than other clients. This means that this practice of not aggregating may cost clients more money.

### **13. REVIEW OF ACCOUNTS**

#### **A. PERIODIC REVIEWS**

Mr. Hopwood and our representatives will review the general holdings of client accounts on an ongoing basis. In addition to these reviews, we meet with clients, either in person or by telephone, on an annual or as needed basis to discuss and review their accounts.

#### **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**

Clients receive quarterly statements from their custodian. We urge clients to carefully review such statements.

### **14. CLIENT REFERRALS AND OTHER COMPENSATION**

We do not pay for client referrals or use solicitors. However, we participate in TD Ameritrade's institutional customer program. 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 statement 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 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 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 our 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 our business enterprise. The benefits received by us 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, our endeavors always 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.



We will also receive from TD Ameritrade certain additional economic benefits (“Additional Services”) that may or may not be offered to any other independent investment advisors participating in the program. Specifically, the Additional Services that include Morningstar.

TD Ameritrade provides the Additional Services to us in its sole discretion and at its own expense, and we do not pay any fees to TD Ameritrade for the Additional Services. We and TD Ameritrade have entered into a separate agreement (Additional Services Addendum”) to govern the terms of the Additional Services.

Our receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to us, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, our client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with us, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, we may have an incentive to recommend to our clients that the assets under management by us be held in custody with TD Ameritrade and to place transactions for Client accounts with TD Ameritrade. Our receipt of Additional Services does not diminish its duty to act in the best interests of our clients, including to seek best execution of trades for Client accounts.

## **15. CUSTODY**

We do not maintain physical custody of client assets or accounts. Your assets will be maintained by an unaffiliated, qualified custodian, such as a bank, broker/dealer (e.g. TD Ameritrade, Betterment Securities, Fidelity, and/or TIAA), mutual fund company or transfer agent. However, the client will be asked to authorize us with the ability to deduct fees directly from the account. This authorization will be to deduct our management fee only and it is considered a limited form of custody. As a result of this limited form of custody we send the client and the custodian a fee invoice. The invoice states the formula used to calculate the fee, the amount of assets under management the fee is based on, and the time period covered by the fee. The client’s custodian will also send quarterly statements to the client showing all distributions for the client’s account including the management fee. Your statements with Betterment Securities will also be available for you to review on the activity section of your Betterment Institutional account portal. You will also receive account statements directly from Betterment Securities at least quarterly at [www.bettermentsecurities.com](http://www.bettermentsecurities.com). We urge clients to carefully review such statements.

At times, we assist 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”). We 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**

All Portfolio Management clients sign an investment management agreement that contains a limited power of attorney granting us discretionary power over the account. In discretionary accounts, we will be allowed to place trades, buy or sell securities of any type and in amounts it deems to be appropriate for the account, without first obtaining the client's consent to each trade. Directions will be given to the account custodian to complete the transaction.

## **17. VOTING CLIENT SECURITIES**

We will not be responsible for responding to proxies of securities held in clients' accounts. Proxy solicitation materials will be forwarded to clients for response and voting. In the event a client has a question about a proxy solicitation, the client should contact Mr. Hopwood.

## **18. FINANCIAL INFORMATION**

### **A. BALANCE SHEET**

We do not require or solicit prepayment of more than \$500 in fees per client, six months or more in advance. Therefore, we do not have to provide a balance sheet.

### **B. FINANCIAL CONDITION**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about our financial condition. Neither Peak Wealth Management nor its management have any financial conditions that are likely to reasonably impair our ability to meet contractual commitments to clients.

### **C. BANKRUPTCY**

We have not been the subject of a bankruptcy proceeding.