



## **FIRM BROCHURE**

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This Brochure provides information about the qualifications and business practices of Conscious Capital Wealth Management, LLC (***Conscious Capital*** or the ***Firm***). If you have any questions about the contents of this Brochure, please contact the Firm at the address above.

The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (***SEC***), the Connecticut Securities Division or any other regulatory authority.

Additional Information about Conscious Capital is available on the Website of the SEC at the link below, by using either the name of the Firm or its CRD Number, its unique identifying number assigned by the SEC that is listed above:

[www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

Conscious Capital is registered in as an investment adviser in the states that it has clients. Registration does not imply that either the Firm or its representatives have any certain level of skill or training.

**The date of this Brochure and the information in it is March 28, 2023.**

## **Item 2 - Material Changes**

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The information provided in this Brochure has been changed from the information contained in the last annual update of the Firm Brochure filed by the Firm on March 25, 2022, as follows:

- The firm has updated its website address. (Item 1)
- The firm has updated its disclosure regarding investment products. (Item 8)
- The firm has added American Funds as a custodian. (Item 12)

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## **Item 4 – Advisory Business**

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### **A. Description of the Firm**

#### **1. Formation**

Conscious Capital Wealth Management, LLC (**Conscious Capital** or the **Firm**) is a limited liability company that was formed in July 2013 in the state of Connecticut. Conscious Capital became registered as an investment adviser in the state of Connecticut in June 2015 and will become registered or licensed in any other states in which the Firm's activities require it to be so registered or licensed.

#### **2. Ownership**

Conscious Capital is wholly-owned by Lawrence W. Ford, who serves as the Chief Executive Officer and Managing Member. The Firm is the successor to the business Mr. Ford previously conducted through Ford Financial Group, a firm also wholly-owned by Mr. Ford and through which he originally conducted his insurance business and subsequently, his advisory business.

### **B. Advisory Services**

#### **1. Types of Services**

##### **a. Financial Planning: Living Plan Services**

In connection with providing financial plans (called Living Plans by the Firm), Clients are advised that:

- a conflict exists between the interests of Conscious Capital and the interests of the Client, where Conscious Capital may benefit from the recommendations and the purchase by the Client of the recommended investments through Conscious Capital;
- the Client is under no obligation to act upon the recommendation of Conscious Capital, and
- if the Client elects to act on any of the recommendations, the Client always has the right to decide whether to act on the recommendation and if they do act to execute transactions through Investment Adviser Representatives of Conscious Capital who may be duly qualified to execute those transactions. Conscious Capital will include the above statements in all advisory agreements for financial plans executed with California clients.

##### **Standard Living Plan**

The Firm prepares a standard Living Plan after collecting and based on the above information. The Living Plan includes a three-step process called: Connect, Dream, Empower. The Client's Investment Adviser Representative

works individually with the Client to develop a Living Plan that not only addresses the Client's financial needs, goals and objectives, but also seeks to incorporate the Client's personal goals with attention to the Client's financial assets, use of capital, goals, objectives and risk tolerance, and values.

The Firm uses the third-party software eMoney (a Fidelity company, [www.emoneyadvisor.com](http://www.emoneyadvisor.com)), which is called a Living Plan. The Firm uses eMoney to develop the plan itself but adapted by the proprietary process and input from the Client. The Living Plan includes a recommended allocation of assets among asset classes and recommendations as to amounts to invest to meet any specific goals of the Client, and to align their investment with their personal values, if so desired. The plan also addresses the Client's risk tolerance and any specific investment directives from the Client as well as the option to consolidate and store critical documents in the vault (an option of the eMoney service). The Living Plan is part of the Firm's entire process, but the client has the option of declining this service and only having their assets managed.

With the Client's written consent, the Firm may include the Client's unaffiliated professionals, such as insurance agents, accountants and/or attorneys, in the development and implementation of the Living Plan for the Client.

#### **Advanced Living Plan-Live Whole™**

An advanced Living Plan provides the standard Living Plan services as described above upon the request of the Client. The Firm first develops the standard Living Plan. A comprehensive advanced Living Plan is then developed specifically for the Client, when requested, based on the level of complexity of the Client's needs. Generally only used with clients that have a significantly more complex situation than would otherwise be addressed in a standard living plan. For example, this would be the case in the event of a sale of a business.

#### **b. Portfolio Management**

The Firm oversees the investment of Client assets through the following, all of which the Firm considers *Portfolio Management Services*:

##### **(1) Model Portfolios managed by others/Selection of Investment Advisers**

Each Model Portfolio is managed by an unaffiliated investment adviser using differing investment strategies, offering different levels of risk, providing different investment goals and having varied past performance. Conscious Capital selects one or more Model Portfolios for each Client individually, selecting those that Conscious Capital believes best meet the

financial situation and investment goals of the Client as developed through a Living Plan. As part of the selection of Model Portfolios, in addition to reviewing each Model Portfolio, Conscious Capital conducts a due diligence review of the adviser of the Model Portfolio and selects advisers based on its review of factors such as lack of disciplinary concerns, amount of fees charged, amount of time in the business, past performance and reputation of the adviser.

**(2) Model Portfolios managed by Conscious Capital**

Conscious Capital offers management of Client assets by investing directly in various types of securities, including mutual funds, equities and fixed income securities. In selecting all securities, Conscious Capital conducts research on the security. In selecting mutual funds, Conscious Capital looks at the same factors as it does for the selection of Model Portfolios managed by third party advisers. Conscious Capital also conducts a due diligence review of the adviser of the mutual funds in the same manner as it reviews the adviser of Model Portfolios and selects the funds based on its review of both the fund and the adviser of the fund.

**c. Financial Consulting Services**

The Firm also offers consulting services to Clients relating to other matters, such as:

- the specific needs or requests of a Client, such as estate planning or retirement planning,
- general information on investing, such as information about different types of securities or strategies, the markets, asset allocation or economic trends;
- non-securities advice on a variety of topics including insurance; or
- any other financial matter on which the Firm reasonably believes it is qualified to provide advice or counsel.

For planning clients that do not include clients that we do asset management for, Conscious Capital occasionally provides general financial consulting. Such as providing asset allocation and general investment advice on assets not under management at Conscious Capital. When necessary, the Firm refers specific issues to other consultants with experience in the matters on which the Client requests advice. Consulting services are separate from the asset management services the Firm offers.

**d. Seminars and Workshops**

Conscious Capital occasionally offers seminars or workshops on financial or life value topics. These events are non-product specific and may address various financial planning strategies and/or various ways to optimize one's physical, mental, and spiritual well-being.

**e. Newsletters/ Market Letters**

The Firm distributes monthly newsletters/market letters through automated newsletter services, and content they develop on their own or collaborate with various third party providers and/or subadvisors to Clients that include articles about the industry, the markets, the Firm and other matters that Conscious Capital believes would be of interest to Clients.

**f. Insurance Services**

The Firm and some of its Investment Adviser Representatives are licensed to recommend Life, Health, and fixed annuity policies, when appropriate. Investment Adviser Representatives may provide advice about insurance in connection with developing a Living Plan for Firm Clients. This insurance activity creates conflicts of interest, please see Item 5 insurance commissions.

**2. Implementation of Advice**

To implement its advice or Living Plans, the Firm, through its Investment Adviser Representatives, discusses various alternatives with the Client. Specific investments are based on the terms of any the Living Plan if applicable, any specific directives of the Client and any identified needs, objectives, risk tolerance and goals of the Client. Specific investments also depend on the amount of assets the individual has available to invest. The Firm currently usually recommends investing using one or more of the following:

- Model Portfolios structured and managed by independent asset managers;
- Model Portfolios structured and managed by ConsciousCapital;
- Direct investments in securities and alternative assets such as crypto.

**Written Acknowledgement of Fiduciary Status**

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.

### **C. Tailoring Services to Needs of Clients**

The Firm provides all advice to its Clients on an individual basis, using the information it obtains about each Client. Client first retains the services of Conscious Capital. The Firm develops its recommendations for each Client individually, based on the information it obtains initially, through development of a personal Living Plan and then incorporating specific requests as well as the Client's values and personal goals into the investment strategy. When providing portfolio management services, the Firm works with the Client to determine how the Client's assets should be allocated and which Model Portfolio the Firm recommends for the Client from time to time. The Firm adapts its recommendations of Model Portfolios and asset allocation to the Client as the needs of the Client change over time, taking into consideration such matters as the birth of children, caring for elderly parents, saving for college costs, expected retirement age and goals, changing health needs, changes in risk tolerance and changing needs for liquidity. The Firm requires that individual Investment Adviser Representatives update each Client's financial status and needs regularly, but at least every two years. The Firm also requires that the Investment Adviser Representative reevaluate the investment plan for the Clients whenever any material part of the Client's financial profile changes. Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs, which restrictions will be documented in the Investment Policy Statement.

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

The Firm does not offer wrap fee programs; however, some of the Model Portfolios managed by other investment advisers and used by the Firm to implement Client Living Plans may charge those Clients wrap fees. Under a Wrap Fee program, Clients pay a single fee for advisory, brokerage and custodial services. That fee would be in addition to the fees charged by Conscious Capital.

### **E. Assets under Management**

As of December 2022, Conscious Capital manages approximately \$85,471,977 in discretionary and \$0 in non-discretionary assets under management. Discretion means that Conscious Capital can direct the implementation of its advice without first obtaining the consent of the Client.

## **Item 5 - Fees and Compensation**

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### **A. Fees Charged**

**Lower fees for comparable services may be available from other sources.**

#### **1. Living Plans**

##### **a. All Plans**

Conscious Capital charges Clients both fixed fees and hourly fees for Living Plan services, depending on the type of plan and its complexity as described in this



Section. Conscious Capital will have the Client sign an agreement describing the type of plan to be provided by Conscious Capital and the cost of the plan before Conscious Capital starts work on the plan.

**b. Standard Living Plan – Fixed Fee**

For standard Living Plans, the Firm charges a fixed fee that ranges from \$650 to \$ 5,000, depending on the Client’s circumstances, such as the amount of assets to be addressed by the plan, the different type of assets and the complexity of the Client’s financial situation. The information the Client requests to be addressed by the plan is also a factor in pricing.

**c. Advanced Living Plan-Live Whole™ – Standard Plan Fixed Fee Plus Hourly Rate**

To develop a Living Plan, the Firm first develops the standard Living Plan described in subsection 1.b above, and charges the fee described above. A comprehensive advanced Living Plan is then developed specifically for the Client, when requested, at an hourly rate ranging from \$500 to \$650 per hour, based on the level of complexity of the Client’s needs. The Firm requires that the Client be told, in advance, in writing of the hourly rate that will be charged and the maximum total fee for the Living Plan before any work is started.

**2. Portfolio Management, Asset Management, Selection of Other Advisers, Investment in Model Portfolios –Asset-Based Fees**

The Firm charges asset-based fees for all client accounts for which the Firm oversees the investment of the assets in those accounts, however the various services are described in regulatory filings. Those services include Portfolio Management of assets for individuals, small businesses, retirement accounts, large businesses and institutional accounts; investment in Model Portfolios where Conscious Capital selects which advisers to use; investment in mutual funds where Conscious Capital also selects which advisers to use. For all of those services, Conscious Capital charges a fee that is a percentage of the assets under its management. Similar services may be provided elsewhere for lower fees.

The firm has legacy clients at AssetMark but we are no longer offering AssetMark as a custodian and/or third party management platform to new clients to the firm.

**a. Fee Schedule**

The Firm charges an asset management fee in addition to the fees for Living Plans described above that is based on the assets being invested through the Firm. This fee includes on-going reviews and updates to the client’s Living Plan. The following is the Firm’s current blended annual fee schedule. Using a blended fee schedule, we may apply more than one rate to determine our annual fee. For example, for assets totaling \$200,000, we would charge the first \$100,000 at 1.35% and the next \$100,000 at 1.25% to determine our fee. The fee will vary depending on

whether CCWM directly manages the client's account and on the strategy selected for the client's account.

Total Assets Under Management	CCWM Fee
\$0 to \$100,000	1.35%
Next \$100,001-\$250,000	1.25%
Next \$250,001-\$500,000	1.15%
Next \$500,001-\$5,000,000	1.00%
Next \$5,000,001+	0.85%

When our firm selects a model portfolio managed by a third-party investment adviser for a client account, then the client will be assessed an advisory fee for the third-party adviser in addition to the advisory fee charged by our firm. The fee charged by each third-party adviser varies but the total advisory fee charged to the client by our firm and the third-party adviser will not exceed 2% and will be specified in the advisory contract with each client. The total fee amount is billed by Conscious Capital who remits the third-party adviser's portion of the fee to the third-party adviser for assets held at the custodian.

Sample Fee Schedule (3 <sup>rd</sup> party fees will vary but overall fee not to exceed 2%)			
AUM	CCWM's Fee	Third Party's Fee	Total Fee
\$0 - \$100,000	1.35%	0.50%	1.85%
\$100,000.01 - \$250,000	1.25%	0.50%	1.75%
\$250,000.01 - \$500,000	1.15%	0.50%	1.65%
\$500,000.01 - \$5,000,000	1.00%	0.50%	1.50%
Above \$5,000,000	0.85%	0.50%	1.35%

Certain clients of CCWM may be invested in products that charge performance-based fees. Prior to investing in such products, clients will be provided with additional disclosure documents that include any such performance-based fees. Conscious Capital manages accounts that are billed on performance-based fees (a share of capital gains on or capital appreciation of the assets of a client) as well as accounts that are NOT billed on performance-based fees. Managing both kinds of accounts at the same time presents a conflict of interest because Conscious Capital or its supervised persons have an incentive to favor accounts for which Conscious Capital and its supervised persons receive a performance-based fee. Conscious Capital addresses the conflicts by ensuring that clients are not

systematically advantaged or disadvantaged due to the presence or absence of performance-based fees. Conscious Capital seeks best execution and upholds its fiduciary duty for all clients. Clients that are paying a performance-based fee should be aware that investment advisers have an incentive to invest in riskier investments when paid a performance-based fee due to the higher risk/higher reward attributes.

**b. Calculation and Billing**

Asset management fees are billed monthly or quarterly in advance based on the value of the assets under management as of the last business day of the previous quarter or month. The fees are withdrawn directly from the clients account with client written permission.

**c. Valuation of Assets**

To calculate its fee, Conscious Capital uses the value of the assets determined by the custodian of the assets. If Conscious Capital is unable to determine a market value, Conscious Capital will use a value based on comparable sales of similar securities or other methods determined to be reasonable by Conscious Capital.

**3. Consulting Fees**

The Firm charges fixed or hourly fees for consulting services, depending on the subject of the consultation. Fixed fees are negotiable and determined in advance. The range for hourly fees is \$500 to \$650 per hour. If the consultation involves complex issues or topics requiring research or input from another professional, the fee could be at the higher end of the range. Conversely, if the project is connected to other projects for the same or a related Client, the fee could be at the lower end of the range. In all cases, the services and fees for consulting are separate and in addition to other services that Conscious Capital may provide to the client and the fees for those separate services. Consulting services are offered to institutions including services for Sustainable, Environmental – Social – Governance practices and portfolios.

**4. Seminars and Workshops – Zero fees**

Conscious Capital does not charge fees for seminars or workshops on financial or life value topics but may design programs in the future. These events are non- product specific and will address various financial planning strategies and ways to optimize one's physical, mental, and spiritual well-being.

**5. Newsletters, Market Letters - Zero fees**

The Firm does not charge fees for regular newsletters/market letters to Clients.

**6. Sales of Securities**

Individual Investment Adviser Representatives who are registered to sell securities may receive commissions on the sale of those securities through the broker-dealer with which they are registered.

#### **7. Insurance Services - Commissions**

Conscious Capital and its investment Adviser Representatives who sell insurance policies to Clients, receive commissions on the sale of those policies. Each policy payment that the Client makes for the insurance policy includes a commission that the insurance Company pays to Conscious Capital and its properly insurance licensed Investment Adviser Representative. Commissions on insurance sometimes continue as long as the purchaser of the insurance makes policy payments.

#### **8. Additional Charges – At Cost**

Conscious Capital does not currently charge for providing additional services to Clients, such as providing additional copies of statements.

### **B. Payment of Fees**

#### **1. Living Plans**

Fees for Living Plans are due at the time the financial planning agreement is executed by the client.

#### **2. Portfolio Management, Asset Management, Selection of Other Advisers, Investment in Model Portfolios –Asset-Based Fees**

The custodian holding the securities in their accounts deducts the fee from the Clients' accounts upon receipt of billing from Conscious Capital with our client's written authorization. Any Clients not directing payment from their accounts are billed directly and required to pay within ten days of billing.

### **C. Other Fees Paid by Clients**

#### **1. Investments in Funds and Model Portfolios**

Clients investing in securities of investment companies, such as exchange-traded funds (**ETF's**), mutual funds or hedge funds and those investing in Model Portfolios managed by third party advisers, should be aware that the advisers of those funds or portfolios charge internal management and administration fees to their investors. Those fees are charged to investors in the funds or portfolios on a *prorata* basis and are in addition to the fees charged by Conscious Capital.

#### **2. Custody**

Assets being managed by Conscious Capital must be held in an account with a qualified custodian. Clients are responsible for payment of any fees charged by the custodian for its services. Conscious Capital does not serve as a custodian for Client assets; however,

the ability to have its fees deducted from Client accounts is considered having custody of the assets by regulators.

### **3. Brokerage and Other Costs**

In addition to the management fees charged by Conscious Capital, Clients may be charged brokerage fees and/or commissions for the execution of securities transactions in their accounts, management fees charged by the unaffiliated managers of Model Portfolios, asset based transaction fees by Folio Institutional, other transaction costs or fees for custodial services and other fees or costs charged by third party service providers. Clients are responsible for paying all such fees and costs incurred in connection with the management of their accounts.

### **4. Negotiability**

Conscious Capital documents all its services with a written agreement that describes the services to be provided and the fees to be charged for those services. All fees are agreed upon before starting any work for a Client. Fees are negotiable depending on the type of services, the type of Client and the specific services to be provided. Fees may also be negotiable based on factors such as the length of time the Firm has been managing the assets for the Client; Clients that do not require extra services or frequent meetings; the nonprofit or charity status of a Client; the percentage of Client holdings in fixed income assets; and/or the number of related accounts under management. Under no circumstances, will the Firm charge fees greater than those described in this Brochure.

## **D. Advance Payment of Fees**

In no event does the Firm charge fees of more than \$500, more than six months in advance. Any fees paid in advance will be refunded if the agreement between the Client and the Firm is terminated before the services have been completed. The Firm will prorate any fees paid in advance based on the amount of services actually provided and will refund any balance due to the Client within 30 days following termination.

## **E. Compensation for the Sale of Products**

### **1. Conflicts of Interest**

It is the policy of the Firm that Investment Adviser Representatives must act in the best interests of the Clients in recommending securities or insurance products and in executing transactions in those securities or insurance products. The following are conflicts that arise in the sale of products through the Firm or the Investment Adviser Representatives that have been recommended by the Firm or its Investment Adviser Representatives. In all transactions, the Firm must determine that the Investment Adviser Representative and the Firm are meeting their fiduciary duty to the Client in recommending the particular investment that pays a commission to the Investment Adviser Representative.

#### **a. Sales of Securities**

Some of the Firm's Investment Adviser Representatives are registered as representatives of Purshe Kaplan Sterling Investments, Inc. (*PKS*), a broker-dealer through which the representatives are authorized to execute transactions in securities in non-advisory accounts of advisory clients. Those representatives may receive commissions and other compensation such as a share of 12b-1 fees on those transactions in non-advisory accounts executed through PKS. Although representatives do not receive commissions or other compensation on transactions in advisory accounts of our clients, the opportunity to earn commissions and other compensation creates a conflict of interest for the Investment Adviser Representative in recommending securities, where one security may pay a higher commission than another comparable security.

**b. Sales of Insurance**

Conscious Capital and its Investment Adviser Representatives are separately licensed to sell certain fixed insurance policies to Clients, for which Conscious Capital and the Investment Adviser Representatives receive commissions. Investment Adviser Representatives are licensed to sell variable insurance products to Clients through PKS or other approved broker-dealers, for which the Investment Adviser Representatives receive commissions. This ability gives the Firm and its insurance licensed Investment Adviser Representatives a possible incentive to recommend insurance to Clients based on the compensation the Firm and the Investment Adviser Representative will receive, rather than on the needs of the Client. Advice involving the purchase of insurance is reviewed by management to confirm that the advice is in the best interests of the Client. The client always has the right to decide and if they do decide they have the right to choose the services.

**2. Use of Other Broker-Dealers or Insurance Agents**

Clients have the ability to implement any solutions or recommendations uncovered as a result of the Living Plan prepared for them by the Firm by purchasing securities or insurance through a broker or agent of their choice and not through Conscious Capital or PKS.

**3. Income from Sale of Insurance and Transactions in Securities**

Conscious Capital does not receive commissions on the sale of securities. Conscious Capital does not believe that commissions provide a greater amount of compensation to its Investment Adviser Representatives than does the receipt of advisory fees.

**4. Reduction in Fees**

Since Conscious Capital or its representatives do not receive commissions or 12b-1 fees on sales of securities or mutual funds in advisory accounts, it does not discount its advisory fees. It may elect to do so as described in Subsection 1, above.

## **Item 6 - Performance-Based Fees and Side-by-Side Management**

Conscious Capital manages accounts that are billed on performance-based fees (a share of capital gains on or capital appreciation of the assets of a client) as well as accounts that are NOT billed on performance-based fees. Managing both kinds of accounts at the same time presents a conflict of interest because Conscious Capital or its supervised persons have an incentive to favor accounts for which Conscious Capital and its supervised persons receive a performance-based fee. Conscious Capital addresses the conflicts by ensuring that clients are not systematically advantaged or disadvantaged due to the presence or absence of performance-based fees. Conscious Capital seeks best execution and upholds its fiduciary duty for all clients.

Clients that are paying a performance-based fee should be aware that investment advisers have an incentive to invest in riskier investments when paid a performance-based fee due to the higher risk/higher reward attributes.

## **Item 7 - Types of Clients**

The Firm provides advisory services primarily to individuals, including high net worth individuals, charitable organizations, trusts, corporations and other types of business entities, as well as small businesses, retirement accounts, large businesses and institutions. The Firm does not provide advice to private funds or mutual funds. There is no account minimum.

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

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

In selecting securities, Conscious Capital reviews past market data, primarily price and volume information, as a tool to assist in predicting future trends. Conscious Capital also uses fundamental methods of analysis by reviewing both quantitative and qualitative aspects of companies under consideration, to evaluate their strengths and weaknesses. Conscious Capital uses these methods to determine which companies, in its opinion, offer the best investment for Clients. Conscious Capital relies on the following for information about the securities it recommends:

- financial publications;
- annual reports and other filings with the SEC;
- research materials prepared by custodians of Client assets;
- company press releases;
- corporate rating services; and
- data on Environmental, Social and Governance (**ESG**) investment performance-- ratings; data on Value-Based, Socially Responsible (**SRI**) investments; and data on other related investments.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **B. Investment Strategies**

The Firm primarily uses asset allocation, long-term and value based investing. Conscious Capital does not use margin, trading or short sales in managing client assets. In some cases, Conscious Capital may use covered call options or leveraged ETFs in client accounts, which provide greater risk. Some Clients may elect to set up a margin account and use margin for their own purposes in that account.

## **C. Risks of Strategies Used**

Methods of risk analysis include the following quantitative and qualitative analyses but are not limited to: Monte Carlo analysis; standard deviation; beta, sharpe, alpha, R2, price/sales, price/book, PE ratios; drawdown analysis; rank in category; concentration of positions; and regional exposure. All investments are subject to market risks, risks related to the type of industry involved, and other risks of investments. The strategies employed by Conscious Capital do not involve significant or unusual risks, frequent trading, the use of margin, or other strategies that increase risk for Clients.

## **D. Risks of Securities**

All securities are subject to market risk and may lose value, whether the Client invests in securities directly or through Model Portfolios. For investments in Model Portfolios, mutual funds or other pooled investment vehicles, the Client pays fees to both Conscious Capital and the third party that manages the Model Portfolio, the mutual funds or other investment vehicle. Investing in these types of investment vehicles allow the manager to combine the assets of a number of investors and take advantage of discounts on fees and purchases that might not be available to the individual investor. There is a risk, however, that the benefits of combining assets for investment may not offset the increased management costs.

**Equity** investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry market conditions and general economic environments.

**Exchange Traded Funds (ETFs):** An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Because ETFs use "authorized participants" (APs) as agents to facilitate creations or redemptions (primary market), there is a risk that an AP decides to no longer participate for a particular ETF; however, that risk is mitigated by the fact that other APs can step in to fill the vacancy of the withdrawing AP [an ETF typically has multiple APs] and ETF transactions predominantly take place in the secondary market without need for an AP. Like other liquid securities, ETF pricing changes throughout the trading day and there can be no guarantee that an ETF is purchased at the optimal time in terms of market movements. Moreover, due to market fluctuations, ETF brokerage costs, differing demand and characteristics of underlying



securities, and other factors, the price of an ETF can be lower than the aggregate market price of its cash and component individual securities (net asset value – NAV). An ETF is subject to the same market risks as those of its underlying individual securities, and also has internal expenses that can lower investment returns.

As mentioned above in “Investment Strategies”, occasionally the Firm or its subadvisors will use Leveraged ETFs which produce greater risk.

**Options writing** involves a contract to purchase a security at a given price, not necessarily at market value, depending on the market. This strategy includes the risk that an option may expire out of the money resulting in minimal or no value and the possibility of leveraged loss of trading capital due to the leveraged nature of stock options. An uncovered option is a type of options contract that is not backed by an offsetting position that would help mitigate risk. The risk for a “naked” or uncovered put is not unlimited, whereas the potential loss for an uncovered call option is limitless. Spread option positions entail buying and selling multiple options on the same underlying security, but with different strike prices or expiration dates, which helps limit the risk of other option trading strategies. Option writing also involves risks including but not limited to economic risk, market risk, sector risk, idiosyncratic risk, political/regulatory risk, inflation (purchasing power) risk and interest rate risk.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond (fixed income) nature or stock (equity) nature, or a mix of multiple underlying security types.

**Structured Notes:** Structured notes are securities issued by financial institutions whose returns are based on, among other things, equity indexes, a single equity security, a basket of equity securities, interest rates, commodities, and/or foreign currencies. Thus, your return is “linked” to the performance of a reference asset or index. Structured notes have a fixed maturity and include two components—a bond component and an embedded derivative. Financial institutions typically design and issue structured notes, and broker-dealers sell them to individual investors. Some common types of structured notes sold to individual investors include: principal protected notes, reverse convertible notes, enhanced participation or leveraged notes, and hybrid notes that combine multiple characteristics. Risks and Other Considerations with Structured Notes Complexity you should take time to fully understand the manner in which your return on a structured note is calculated. You should understand the reference asset(s) or index(es) and determine how the note’s payoff structure incorporates such reference asset(s) or index(es) in calculating the note’s performance. This payoff calculation may include leverage multiplied on the performance of the reference asset or index, protection from losses should the reference asset or index produce negative returns, and fees.

**Inflation Risk**, also known as **Purchasing Power Risk**, arises from the decline in value of securities cash flow due to inflation, which is measured in terms of purchasing power. Inflation Protection Bonds such as TIPS are the only protection offered against this risk. Floaters, the resetting of the interest rates, can help reduce inflation risk. All other bonds have fixed interest rates for the life of the bond, which exposes the investor to this risk.

**Interest Rate Risk** is the risk that an investment's value will change due to a change in the absolute level of interest rates, spread between two rates, shape of the yield curve, or in any other interest rate relationship. These changes can be reduced by diversifying or hedging, since the changes usually affect

securities inversely.

**Economic Risk** is the chance that macroeconomic conditions like exchange rates, government regulation, or political stability will affect an investment, usually one in a foreign country.

**Market Risk**, also called systematic risk, is the possibility of an investor experiencing losses due to factors that affect the overall performance of the financial markets in which they are involved. This type of risk can be hedged against but cannot be eliminated through diversification. Sources of market risk include recessions, political turmoil, changes in interest rates, natural disasters and terrorist attacks.

**Political Risk**, also known as geopolitical risk, is risk an investment's returns could suffer as a result of political changes or instability in a country. This becomes more of a factor as the time horizon of an investment gets longer. Instability affecting investment returns could stem from a change in government, legislative bodies, other foreign policy makers or military control.

**Regulatory Risk** is the risk that a change in laws and/or regulations will materially impact a security, business, sector or market. These changes can increase the costs of operating a business, reduce the attractiveness of an investment, or change the competitive landscape, and are made by either the government or a regulatory body.

**Liquidity Risk** stems from the lack of marketability of an investment that cannot be bought or sold quickly enough to prevent or minimize a loss. It is typically reflected in unusually wide bid-ask spreads or large price movements. Typically, the smaller the size of the security or its issuer, the larger the liquidity risk.

**Credit Risk** traditionally refers to the risk that a lender may not receive the owed principal and interest, which results in an interruption of cash flows and increased costs for collection. Credit risk is the probable risk of loss resulting from a borrower's failure to repay a loan or meet contractual obligations. While impossible to know exactly who will default on obligations, with proper assessment and credit risk management, the severity of loss can be lessened. A lender's or investor's reward for assuming credit risk include the interest payments from the borrower or issuer of a debt obligation.

## Item 9 - Disciplinary Information

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On April 25, 2019, Conscious Capital and the Massachusetts Securities Division entered into a consent order as a condition of registration in Massachusetts of Conscious Capital and its investment adviser representatives. Conscious Capital inadvertently provided investment advisory services to more than the de minimis number of clients allowed by Massachusetts before becoming registered in Massachusetts. Conscious Capital has paid an administrative fine. A copy of the consent order can be obtained by contacting Lawrence Ford at 860-659-8299 or [compliance@consciouswealth.global](mailto:compliance@consciouswealth.global). To confirm the above statements and to review any public information about disciplinary actions involving Conscious Capital and its Co-Managing Directors or information about any other investment adviser and its associated persons, please review the information available on the website of the SEC or contact the Connecticut Securities Division using the contact information on the cover of this Brochure. For Massachusetts clients, please contact the Massachusetts securities division at (617) 727-3548 to review any disciplinary actions

involving Conscious Capital and its Co-Managing Directors or information about any other investment adviser and its associated persons.

## **Item 10 - Financial Industry Activities and Affiliations**

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### **A. Broker-Dealer Registration**

Conscious Capital is not registered as a broker-dealer and it has no application pending for such registration. Some Investment Adviser Representatives of Conscious Capital are registered as general securities representative of Purshe Kaplan Sterling Investments, Inc. (**PKS**), an unaffiliated, registered broker-dealer. When acting in their separate capacities as securities representatives of PKS, our representatives receive commissions on securities transactions executed through PKS. Our representatives do not receive commissions on transactions in advisory accounts of our clients and transactions in advisory accounts are not executed through PKS.

Clients should be aware that brokerage services pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser.

### **B. Futures and Commodities Registration**

Neither Conscious Capital nor any Management Person is registered, or has applied to be registered, as a futures commission merchant, commodity pool operator, commodity trading adviser or an associated person of any of those entities.

### **C. Arrangements with Related Persons**

Conscious Capital is also a licensed insurance agency and representatives of Conscious Capital sell insurance products through Conscious Capital as licensed insurance agents. Clients should be aware that insurance products pay a commission and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser.

Douglas Wilde is a Managing Partner at Wilde Capital Management, LLC, another investment advisory firm. From time to time, he may offer clients advice or products from those activities and clients should be aware that these services may involve a conflict of interest. Conscious Capital always acts in the best interest of the client and clients always have the right to decide whether or not to utilize the services of any representative of Conscious Capital in such individual's outside capacities.

Mark D Sloss is a partner & partial owner of Wilde Capital Management, LLC, another investment advisory firm. Mark D Sloss is also the CEO of Regenerative Investment Strategies, LLC, the owner and president of Northbranch Records, LLC, and the Chief Strategist and acting CFO of HealRWorld, LLC. From time to time, he may offer clients advice or products from those activities and clients should be aware that these services may involve a conflict of interest. Conscious

Capital always acts in the best interest of the client and clients always have the right to decide whether or not to utilize the services of any representative of Conscious Capital in such individual's outside capacities.

Charles Fetters is a co-owner at AGCT – CORP. From time to time, he may offer clients advice or products from those activities and clients should be aware that these services may involve a conflict of interest. Conscious Capital always acts in the best interest of the client and clients always have the right to decide whether or not to utilize the services of any representative of Conscious Capital in such individual's outside capacities.

#### **D. Recommendation of Investment Advisers**

Conscious Capital may select third-party investment advisers to manage client portfolios. Clients will pay Conscious Capital its standard fee in addition to the standard fee for the advisers to which it selects for those clients. The fees will not exceed any limit imposed by any regulatory agency. Conscious Capital will always act in the best interests of the client, including when determining which third-party investment adviser to recommend to clients. Conscious Capital will ensure that all recommended advisers are exempt, licensed or notice filed in the states in which Conscious Capital is recommending them to clients.

In addition, Conscious Capital receives separate compensation from these third-party investment advisers for marketing their model portfolios to other investment advisers. Receipt of this compensation creates a conflict of interest and gives Conscious Capital an incentive to select those third-part advisers for its own clients. Conscious Capital will only select third-party advisers for its client when it believes the selection is in the client's best interest regardless of whether it receives separate compensation from the third-party adviser.

At this time CCWM does not distribute or receive separate compensation from these third-party investment advisers for marketing their model portfolios to other investment advisers but plan in the future to distribute these to individuals outside of our RIA clients.

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

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***Conscious Capital believes that the disclosures in this Brochure reasonably discloses all material conflicts of interest inherent in its business. Please address any questions about conflicts to the firm at the address on the cover of this Brochure***

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

Conscious Capital has a written Code of Ethics that covers the following areas, among others:

- Prohibited Purchases and Sales
- Compliance Procedures
- Insider Trading
- Personal Securities Transactions
- Exempted Transactions
- Prohibited Activities
- Conflicts of Interest
- Confidentiality
- Service on a Board of Directors
- Compliance with Laws and Regulations
- Procedures and Reporting
- Reporting Violations
- Compliance Officer Duties
- Training and Education
- Recordkeeping
- Annual Review
- Sanctions

Conscious Capital will mitigate conflicts of interest by (i) disclosing to the client any conflict of interest and (ii) always acting in the best interest of the client consistent with its fiduciary duty. ALL PROSPECTIVE AND CURRENT CLIENTS HAVE A RIGHT TO SEE THIS CODE OF ETHICS. FOR A COPY OF THE CODE OF ETHICS, PLEASE ASK US AT ANY TIME.

#### **B. Conflicts in Securities Holdings**

Conscious Capital does not recommend, buy or sell for Clients any securities in which Conscious Capital or any related person has a material financial interest, except that Conscious Capital or a related person may invest in the same securities as Clients.

#### **C. Conflicts in Securities Investing**

From time to time, representatives of Conscious Capital may buy or sell securities for themselves at or around the same time they recommend those securities to clients. This may provide an opportunity for representatives of Conscious Capital to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions create a conflict of interest. Conscious Capital will always document any transactions that could be construed as conflicts of interest and will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

#### **D. Conflicts in Contemporaneous Transactions**

Please see 11.C above.

## **E. Conflicts in Recommendations of Securities or Insurance**

See Item 5.E.

## **Item 12 - Brokerage Practices**

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### **A. Recommending Broker-Dealers**

#### **1. Selection of Broker-Dealers**

We recommend Charles Schwab, TD Ameritrade, Folio Institutional, American Funds and (for legacy accounts) AssetMark as broker-dealers and custodians for client accounts. Conscious Capital generally seeks to select brokers that, in its opinion, provide the *best execution* for Client transactions. Conscious Capital defines *best execution* as the execution of a securities transaction in a way that, when all aspects are considered, provides the best value to the Client for the transaction under the circumstances. To evaluate *best execution* Conscious Capital takes into consideration the range and quality of the broker's services, the value to Conscious Capital and its Clients of research provided by the custodian, the custodian's ability to execute transactions, the commission rates the broker will charge, the financial responsibility of the custodian and the custodian's responsiveness to Conscious Capital.

#### **2. Research and Other Soft Dollar Benefits**

Conscious Capital does not receive soft dollar benefits in which it receives benefits from a broker-dealer in connection with commissions generated for the broker-dealer in advisory accounts.

#### **3. Brokerage for Client Referrals**

Conscious Capital does not take into consideration referrals from a broker or third party in recommending broker-dealers to Clients. Conscious Capital does not receive referrals from any party that would be related to the selection of that broker-dealer for execution of Client transactions.

#### **4. Directed Brokerage**

Conscious Capital generally does not allow Clients to direct their securities transactions to a designated broker. Doing so would not allow Conscious Capital to take advantage of aggregating trades or negotiating discounted fees or access to certain markets by combining transactions for a number of Clients. Conscious Capital reviews the commission rates charged to its clients by the broker-dealers it uses at least annually and, attempts to negotiate the most favorable arrangements for its clients.

### **B. Aggregation and Bunching of Orders**

Conscious Capital makes investment decisions independently for each Client based on that

Client's assets and objectives. In some circumstances, Clients may benefit by having their orders for the purchase or sale of a given security combined (bunched or aggregated) with orders from other Clients. Aggregating the transactions may allow the transaction to be executed at a lower rate or in a more efficient market. Conscious Capital will combine (aggregate) trades for different Clients when placing an order with a broker-dealer if Conscious Capital believes such aggregation is in the best interests of each Client.

## **Item 13 - Review of Accounts**

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### **A. Regular Review**

Conscious Capital requires each Investment Adviser Representative to review all accounts of Clients that are being managed by the Investment Adviser Representative on a continuous on a quarterly basis. The reviews take into account factors such as market changes; economic changes; changes specific to one or more securities held in the account; or changes in the Client's circumstances, goals, objectives or risk tolerance.

### **B. Factors Triggering Extra Reviews**

Accounts are reviewed immediately, if Conscious Capital believes it is advisable to do so based on significant changes in the economic environment, financial markets, Client circumstances or other factors considered by Conscious Capital to require such a review.

### **C. Reports to Clients**

Conscious Capital provides the client access to quarterly account reports. In addition, Custodians of the assets provide reports directly to Clients with copies to Conscious Capital at least quarterly. The custodian reports include a list of all account holdings, changes in account value and details of all transactions during the preceding period.

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

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### **A. Economic Benefits for Providing Advice**

As described in Item 12, Conscious Capital recommends one or more broker-dealers to its clients for brokerage and custody services. The broker-dealer provides our firm with economic benefits which are typically not available to retail investors. These benefits generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as the adviser maintains a minimum amount of its clients' assets in accounts at the broker-dealer. These benefits include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment. For our client accounts maintained at the broker-dealer, the broker-dealer does not charge separately for custody services but is compensated by account holders through commissions or other transaction-

related or asset-based fees for securities trades that are executed through the broker-dealer or that settle into accounts held by that broker-dealer.

The broker-dealer also makes available to our firm other products and services that benefit our firm but may not benefit its clients' accounts such as:

- National, regional or specific educational events organized and/or sponsored by the broker-dealer;
- Occasional business entertainment of personnel of our firm by the broker-dealer, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities;
- Products and services that assist our firm in managing and administering clients' accounts including software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts, if applicable), provide research, pricing information and other market data, facilitate payment of our firm's fees from its clients' accounts (if applicable), and assist with back-office training and support functions, recordkeeping and client reporting.

Many of these services generally may be used to service all or some substantial number of our firm's accounts. The broker-dealer also makes available to our firm other services intended to help our firm manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, and human capital consultants, insurance and marketing. In addition, the broker-dealer may make available, arrange and/or pay vendors for these types of services rendered to our firm by independent third parties. The broker-dealer may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to our firm.

Our firm is independently owned and operated and not affiliated with the broker-dealer(s).

As part of its fiduciary duties to clients, our firm endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by our firm or its related persons in and of itself creates a conflict of interest and may indirectly influence our firm's recommendation of a particular broker-dealer for custody and brokerage services.

## **B. Payment for Referrals**

Conscious Capital does not compensate non-advisory personnel (solicitors) for client referrals.

## **Item 15 - Custody**

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Conscious Capital does not maintain physical custody of Client assets. Conscious Capital recommends custodians to Clients. Where Clients have assets invested in Model Portfolios, generally the sponsor of the program maintains limited custody of the assets either directly if the



sponsor is a qualified custodian or with a custodian selected by the sponsor. Where Conscious Capital executes Client transactions directly through a registered broker-dealer, the broker-dealer usually requires that the assets be held in accounts with the broker-dealer. Conscious Capital allows Clients to select their own custodian for their assets, except under extraordinary circumstances, such as where Conscious Capital is managing assets for a pension plan that has already been established at another broker-dealer. Conscious Capital requires client's client to authorize the custodian to direct deduct the fees. Please see item 5.

When advisory fees are deducted directly from client accounts at client's custodian, Conscious Capital will be deemed to have limited custody of client's assets. Because client fees will be withdrawn directly from client accounts, Conscious Capital will:

- (A) Possess written authorization from the client to deduct advisory fees from an account held by a qualified custodian.
- (B) Send the qualified custodian written notice of the amount of the fee to be deducted from the client's account and verify that the qualified custodian sends invoices to the client.
- (C) When required by a state, send the client a written invoice itemizing the fee upon fee deduction, including the formula used to calculate the fee, the time period covered by the fee and the amount of assets under management on which the fee was based.

## **Item 16 - Investment Discretion**

Conscious Capital requires discretionary authority to manage securities accounts for its Clients. Discretion means that Conscious Capital can implement the recommendations it makes without getting consent from the Client for the execution of the transaction. Conscious Capital cannot exercise discretion unless the Client has granted Conscious Capital discretion, in writing, under the terms of the Firm's advisory contract. Clients may limit discretion or may enter into agreements with Conscious Capital where the Client does not grant discretion to Conscious Capital; however, Conscious Capital may elect not to accept Clients who do not grant it discretion. If Conscious Capital executes any transactions on a non-discretionary basis they will secure the clients permission prior to effecting the securities.

## **Item 17 - Voting Client Securities**

Conscious Capital does not accept proxy voting authority related to Client securities. If Conscious Capital receives a proxy for securities held by a Client, it will forward the proxy to the Client. All Clients should receive proxies for securities that they hold directly in their names and should be able to vote those proxies directly. Clients should direct all proxy questions to the issuer of the security and Conscious Capital.

Securities held in Model Portfolios or mutual funds are voted by the adviser to the Model Portfolio or the mutual fund. The adviser to the Model Portfolio or fund should have given the investor a copy of their proxy policy.

For more information, Clients may contact their Investment Adviser Representative at the

address, phone number, and/or through the website provided on the front cover of this Brochure. The phone number listed will direct Clients to all Firm extensions and Clients may find e-mail contact information on our website provided on the front cover of this Brochure.

## **Item 18 - Financial Information**

### **A. Prepayment of Fees**

Conscious Capital does not require prepayment of more than \$1,200 in fees per Client, more than six months in advance without delivering services to the client; therefore, Conscious Capital is not required to provide financial statements.

### **B. Discretionary Authority/Custody**

Conscious Capital is not aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to Clients.

### **C. Bankruptcy**

Conscious Capital has not been subject to a bankruptcy petition at any time during the past ten years.