



## WRAP FEE PROGRAM BROCHURE

### **Three Cord True Wealth Management, LLC**

535 Third Street  
Beaver, PA 15009  
724-683-3450  
[www.3ctruewealth.com](http://www.3ctruewealth.com)

March 2023

This wrap fee program brochure provides information that you should consider before becoming a client of the 3CTWM II wrap fee program. Please contact the Chief Compliance Officer, Amanda Albanese, at 724-683-3447 if you have any questions about the contents of this brochure. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any State securities authority.

Additional information about Three Cord True Wealth Management is available on the Internet at [http://www.adviserinfo.sec.gov/IAPD/Content/Search/iapd\\_Search.aspx](http://www.adviserinfo.sec.gov/IAPD/Content/Search/iapd_Search.aspx). You can search this site by a unique identifying number, known as a CRD number. The CRD for Three Cord True Wealth Management, LLC is 307480.

Additional information about Three Cord True Wealth Management, LLC, also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **ITEM 2 - MATERIAL CHANGES**

- No material changes since the amendment to Form ADV Part 1 in October 2022.

### **ITEM 3 - TABLE OF CONTENTS**

|  |    |
|--|----|
| ITEM 2 - MATERIAL CHANGES .....                                  | 2  |
| ITEM 3 - TABLE OF CONTENTS.....                                  | 3  |
| ITEM 4 - SERVICES, FEES AND COMPENSATION .....                   | 4  |
| ITEM 5 - ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS .....         | 7  |
| ITEM 6 - PORTFOLIO MANAGER SELECTION AND EVALUATION .....        | 7  |
| ITEM 7 - CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS ..... | 12 |
| ITEM 8 - CLIENT CONTACT WITH PORTFOLIO MANAGERS .....            | 13 |
| ITEM 9 - ADDITIONAL INFORMATION .....                            | 13 |

## **ITEM 4 - SERVICES, FEES AND COMPENSATION**

### **Services**

Three Cord True Wealth Management, LLC ("3CTWM" or "Adviser") offers asset management services based on the individual needs of the client. This Brochure provides a description of the advisory services offered under the 3CTWM II wrap fee program.

For more information about 3CTWM 's other investment advisory services, please contact 3CTWM for a copy of the Firm's Form ADV 2A brochure that describes such services or go to <https://adviserinfo.sec.gov>. The Firm's CRD #307480.

3CTWM serves as the sponsor and portfolio manager of the 3CTWM II wrap fee program. Wrap fee program generally charge clients a specified "bundled" fee (typically a percentage of assets under management) for discretionary investment management services and trade execution costs. For clients invested in the 3CTWM II wrap fee program, the Firm provides ongoing investment advice and management on assets in the client's account. 3CTWM provides advice on the purchase and sale of various types of investments, such as mutual funds, exchange-traded funds ("ETFs"), variable annuity subaccounts, equities, and fixed income securities. 3CTWM provides advice that is tailored to the individual needs of the client based on the investment objective chosen by the client. Clients can impose restrictions on investing in certain securities or groups of securities by indicating in the written advisory agreement with 3CTWM.

3CTWM provides management services on a discretionary basis. The client authorizes the Adviser to have discretion by signing an advisory agreement.

Assets for program accounts are held at LPL Financial ("LPL") as custodian. LPL also acts as executing broker/dealer for transactions placed in program accounts and provides other administrative services as described throughout this Brochure.

### **Fees**

In the 3CTWM II wrap fee program, clients pay 3CTWM a single annual advisory fee for advisory services and execution of transactions. Clients do not pay brokerage commissions, markups or transaction charges for execution of transactions in addition to the 3CTWM advisory fee. The advisory fee is negotiable between the client and 3CTWM and is set out in the advisory agreement. The 3CTWM fee is a percentage based on the value of all assets in the account, including cash holdings. Fees range from .7% to 1.3% annually which can be higher than the fee charged by other investment advisors for similar services. The advisory fee is paid to 3CTWM. 3CTWM does not accept performance-based fees for program accounts.

The advisory fee is deducted from the account by LPL as the custodian of assets based on a written authorization from the client. LPL calculates and deducts the advisory fee quarterly in advance. If the 3CTWM agreement is terminated before the end of the quarterly period, client

is entitled to a pro-rated refund of any pre-paid quarterly advisory fee based on the number of days remaining in the quarter after the termination date.

### **Other Types of Fees and Charges**

Program accounts will incur additional fees and charges from parties other than 3CTWM as noted below. These fees and charges are in addition to the advisory fee paid to 3CTWM. 3CTWM does not share in any portion of these third-party fees.

LPL, as the custodian and broker-dealer providing brokerage and execution services on program accounts, will impose certain fees and charges. LPL notifies clients of these charges at account opening and makes available a list of these fees and charges on its website at [www.lpl.com](http://www.lpl.com). LPL will deduct these fees and charges, as applicable, directly from the client's program account. These fees may include but are not limited to wire fees, ACH fees, overnight carrier fees, etc. There are other fees and charges that are imposed by other third parties that apply to investments in program accounts. Some of these fees and charges are described below.

- If a client's assets are invested in mutual funds or other pooled investment products, clients should be aware that there will be two layers of advisory fees and expenses for those assets. Client will pay an advisory fee to the fund manager and other expenses as a shareholder of the fund. Client will also pay 3CTWM the advisory fee with respect to those assets. Most of the mutual funds available in the program are purchased directly. Therefore, clients could generally avoid the second layer of fees by not using the management services of 3CTWM and by making their own investment decisions.
- Certain mutual funds impose fees and charges such as contingent deferred sales charges, early redemption fees and charges for frequent trading. These charges apply if client assets transfer into or purchases such a fund with the applicable charges in a program account.
- Although only no-load and load-waived mutual funds can be purchased in a program account, client should understand that some mutual funds pay asset-based sales charges or service fees (e.g., 12b-1 fees) to the custodian with respect to account holdings.
- If client holds a variable annuity as part of an account, there are mortality, expense and administrative charges, fees for additional riders on the contract and charges for excessive transfers within a calendar year imposed by the variable annuity sponsor.

Further information regarding fees assessed by a mutual fund, or variable annuity is available in the appropriate prospectus, which is available upon request from the Adviser or from the product sponsor directly.

## Other Important Considerations

Although clients do not pay a transaction charge for transactions in a wrap fee account, clients should be aware that 3CTWM pays LPL transaction charges for those transactions. The transaction charges paid by 3CTWM vary based on the type of transaction (e.g., mutual fund, equity or ETF) and for mutual funds based on whether or not the mutual fund pays 12b-1 fees and/or recordkeeping fees to LPL. Transaction charges paid by the Adviser for equities and ETFs are \$9. For mutual funds, the transaction charges range from \$0 to \$26.50. Because 3CTWM pays the transaction charges in these accounts, there is a conflict of interest in cases where mutual funds are offered at both \$0 and \$26.50. Clients should understand that the cost to the Adviser of transaction charges is a factor that 3CTWM considers when deciding which securities to select and how frequently to place transactions in a wrap fee account.

In many instances, LPL makes available mutual funds in a 3CTWM II wrap fee account that offer various classes of shares, including shares designated as Class A Shares and shares designed for advisory programs, which can be titled, for example, as “Class I,” “institutional,” “investor,” “retail,” “service,” “administrative,” “platform” or “Adviser” share class. The Adviser Share Class offered for a particular mutual fund in many cases will not be the least expensive share class that the mutual fund makes available and was selected by LPL in certain cases because the share class pays LPL compensation for the administrative and recordkeeping services LPL provides to the mutual fund. Additionally, LPL does not aggregate client assets for purposes of qualifying for a lower expense share class. Clients should understand that another financial services firm can offer the same mutual fund at a lower overall cost than is available through the wrap fee account. In other instances, a mutual fund may offer only Class A Shares, but another similar mutual fund is available that offers a less expensive share class. Class A Shares typically pay LPL a 12b-1 fee for providing shareholder services, distribution, and marketing expenses (“brokerage-related services”) to the mutual funds. Adviser Share Class funds generally are not subject to 12b-1 fees.

3CTWM has a financial incentive to recommend share classes that have the lowest trading costs in cases where various share classes are available. This is a conflict of interest which might incline 3CTWM, consciously or unconsciously, to render advice that is not disinterested. Although the client will not be charged a transaction charge for transactions, the Adviser pays LPL a per transaction charge for certain mutual fund trades in your account. 3CTWM does not pay transaction charges for share classes that “Fully Participate” on the LPL platform, but generally does pay transaction charges for other share classes that are “Non-Participating”. This creates an incentive for 3CTWM to select Fully Participating funds. Clients should note that Fully Participating funds can be more expensive than Non-Participating funds. Furthermore, as noted above, the share classes available may not be the least expensive share class offered by the fund company. The cost to 3CTWM of transaction charges is a factor the Adviser considers when deciding which securities to select and whether or not to place transactions in the account.

The lack of transaction charges to 3CTWM for Fully Participating share class purchases and sales, together with the fact that other shares have a trading cost, presents a conflict of interest between 3CTWM and the client. In short, it costs 3CTWM less to recommend and select Fully

Participating mutual funds than Non-Participating funds. Clients should understand this conflict and consider the additional indirect expenses borne as a result of the mutual fund fees when negotiating and discussing with your Adviser the advisory fee for management of an account.

The advisory fee is an ongoing wrap fee for investment advisory services, the execution of transactions and other administrative and custodial services. The advisory fee can cost the client more than purchasing the program services separately, for example, paying an advisory fee plus commissions for each transaction in the account. Factors that bear upon the cost of the account in relation to the cost of the same services purchased separately include the type and size of the account, historical and or expected size or number of trades for the account, and number and range of supplementary advisory and client-related services provided to the client.

The advisory fee can cost the client more than if assets were held in a traditional brokerage account. In a brokerage account, a client is charged a commission for each transaction, and the representative has no duty to provide ongoing advice with respect to the account. If the client plans to follow a buy and hold strategy for the account or does not wish to purchase ongoing investment advice or management services, the client should consider opening a brokerage account rather than a program account.

The Adviser recommending the program to the client receives compensation because of the client's participation in the program. This compensation includes the advisory fee and other compensation, such as bonuses, awards or other things of value offered by LPL to 3CTWM or its associated persons. The amount of this compensation can be more or less than what the 3CTWM would receive if the client participated in other LPL programs, programs of other investment advisors or paid separately for investment advice, brokerage, and other client services. Therefore, the 3CTWM has a financial incentive to recommend a program account over other programs and services.

The investment products available to be purchased in the program can be purchased by clients outside of a program account, through broker-dealers or other investment firms not affiliated with 3CTWM.

## **ITEM 5 - ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS**

There is no minimum account requirement for the 3CTWM II wrap fee program.

The program is available for individuals, IRAs, banks and thrift institutions, pension and profit-sharing plans, trusts, estates, charitable organizations, state, and municipal government entities, corporations, and other business entities.

## **ITEM 6 - PORTFOLIO MANAGER SELECTION AND EVALUATION**

In the 3CTWM II wrap fee program, 3CTWM does not select, review, or recommend other investment advisors or portfolio managers. 3CTWM, through its associated persons, is

responsible for the investment advice and management offered to clients. 3CTWM generally requires that individuals involved in determining or giving investment advice have sufficient training and experience to provide such advice, including the successful completion of industry exams and certifications. For more information about the associated person of 3CTWM managing the account, client should refer to the Brochure Supplement for the associated person, which client should have received along with this Brochure at the time client opened the account.

LPL performs certain administrative services for 3CTWM, including generation of quarterly performance reports for program accounts. Client will receive an individual quarterly performance report, which provides performance information on a time weighted basis. The performance reports are intended to inform clients as to how their investments have performed for a period, both on an absolute basis and compared to leading investment indices.

## **Methods of Analysis and Investment Strategies**

3CTWM has access to various research reports and model portfolios to which they utilize periodically in determining investment advice provided to clients. 3CTWM chooses from various research methods, investment styles and management philosophies. It is important to note that no methodology or investment strategy is guaranteed to be successful or profitable.

3CTWM receives research and investment recommendations regarding asset allocation, mutual funds, variable annuity subaccounts and money managers from LPL's Research Department and other vendors. 3CTWM does not always take into consideration these recommendations in providing investment advice. LPL Research also constructs asset allocation model portfolios and provides recommendations on the funds to populate those models.

We believe a diversified portfolio that is consistent with your risk tolerance, time horizon and goals and objectives is essential. Our advisors ensure you are educated on your choices, and we personally engage with you to keep connected and assure that your portfolio is aligned with your financial plan.

Our approach to investments is to elevate your portfolio beyond a one-dimensional strategy and to maintain focus on your big picture. We manage your expectations in the context of your general financial plan & core values.

Your unique circumstances and personal objectives dictate the method of investing, as well as the types of strategies chosen. Our independence provides us with the flexibility to offer investments that are suitable and align with your financial plan.

At the center of our investment process, we discuss the larger issues, such as current events and trends that could affect portfolios. Quarterly performance reports provide clear, concise information about your investments and give you the opportunity to review your investments and determine whether your current portfolio correctly reflects your long-term financial goals.

We look at the “big picture,” ensuring that your objectives are addressed in your portfolio and that your future path is always in focus.

**Asset Allocation:** Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of equities, fixed income, cash, and other investments suitable to the client’s investment goals and risk tolerance. Additionally, we incorporate an analysis of current market data and valuations of various market sectors and asset categories to identify investment opportunities as well as pitfalls.

A risk of asset allocation is that the client does not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to market movements and, if not corrected, will no longer be appropriate for the client’s goals. The expected risk and return of various asset classes differ and a clients’ results will be effected by our selection of various asset classes.

**Mutual Fund and/or ETF Analysis:** We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in other fund(s) in the client’s portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful is not guaranteed to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client can purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager deviates from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client’s portfolio.

## **Risks:**

All investments in securities include a risk of loss of your principal (invested amount) and any profits that have not been realized. Stock markets and bond markets fluctuate substantially over time. In addition, the performance of any investment is not guaranteed.

## **Types of Investments and Risks**

Depending on the type of service being provided, 3CTWM can recommend different types of securities, including mutual funds, unit investment trusts (“UITs”), closed end funds, ETFs, collective investment trusts, variable annuity subaccounts, equities, fixed income securities, options, hedge funds, managed futures, and structured products. Investing in securities involves the risk of loss that clients should be prepared to bear. Described below are some risks associated

with investing and with some types of investments that an IAR can recommend depending on the service provided.

- **Market Risk.** This is the risk that the value of securities owned by an investor goes up or down, sometimes rapidly or unpredictably, due to factors affecting securities markets generally or particular industries.
- **Interest Rate Risk.** This is the risk that fixed income securities will decline in value because of an increase in interest rates; a bond or a fixed income fund with a longer duration will be more sensitive to changes in interest rates than a bond or bond fund with a shorter duration.
- **Credit Risk.** This is the risk that an investor could lose money if the issuer or guarantor of a fixed income security is unable or unwilling to meet its financial obligations.
- **Issuer-Specific Risk.** This is the risk that the value of an individual security or particular type of security can be more volatile than the market as a whole and can perform differently from the value of the market as a whole.
- **Investment Company Risk.** To the extent a client account invests in ETFs or other investment companies, its performance will be affected by the performance of the investment managers and the underlying portfolio holdings. Investments in ETFs and other investment companies are subject to the risks of the investment companies' investments, as well as to the investment companies' expenses. If a client account invests in other investment companies, the client account can receive distributions of taxable gains from portfolio transactions by that investment company and recognize taxable gains from transactions in shares of that investment company, which would be taxable when distributed.
- **Equity Investment Risk.** Our judgments about the attractiveness, value and potential appreciation of a particular individual security, if incorrect, there is no guarantee that individual securities will perform as anticipated. Sharp downward market moves adversely impact long positions. There is a risk of loss on individual positions as a result of issuer-specific matters such as unexpectedly disappointing earnings, lawsuits, analyst action or other matters. Equity returns are volatile and fluctuate, sometimes substantially, over time.
- **Bond Risk.** Rising interest rates will generally cause the prices of bonds and other debt securities to fall. In addition, falling interest rates can result in an issuer redeeming, calling or refinancing a security before its stated maturity. Longer maturity debt securities are subject to greater price fluctuations than shorter maturity debt securities. Bonds and other debt securities are subject to credit risk, which is the possibility that the credit strength of an issuer will weaken and/or an issuer of a debt security will fail to make timely payments of principal or interest and the security will go into default. Lower quality debt securities generally have higher rates of interest and are subject to greater price fluctuations than higher quality debt securities.
- **Concentration Risk.** To the extent a client account concentrates its investments by investing a significant portion of its assets in the securities of a single issuer, industry, sector, country or region, the overall adverse impact on the client of adverse developments in the business of such issuer, such industry or such government could be considerably greater than if they did not concentrate their investments to such an extent.
- **Sector Risk.** To the extent a client account invests more heavily in particular sectors, industries, or sub-sectors of the market, its performance will be especially sensitive to developments that significantly affect those sectors, industries, or sub-sectors. An individual sector, industry, or sub-sector of the market can be more volatile, and perform

differently, than the broader market. The several industries that constitute a sector can all react in the same way to economic, political or regulatory events. A client account's performance could be affected if the sectors, industries, or sub-sectors do not perform as expected. Alternatively, the lack of exposure to one or more sectors or industries can adversely affect performance.

- **Alternative Strategy Mutual Funds.** Certain mutual funds invest primarily in alternative investments and/or strategies. Investing in alternative investments and/or strategies is not be suitable for all investors and involves special risks, such as risks associated with commodities, real estate, leverage, selling securities short, the use of derivatives, potential adverse market forces, regulatory changes and potential illiquidity. There are special risks associated with mutual funds that invest principally in real estate securities, such as sensitivity to changes in real estate values and interest rates and price volatility because of the fund's concentration in the real estate industry. These types of funds tend to have higher expense ratios than more traditional mutual funds. They also tend to be newer and have less of a track record or performance history.
- **Closed-End/Interval Funds.** Clients should be aware that closed-end funds available within the program can restrict an investor's right to redeem their shares, and a secondary market may not exist causing the inability for clients to liquidate all or a portion of their shares in these types of funds. While the fund can from time to time offer to repurchase shares, it is not obligated to do so (unless it has been structured as an "interval fund"). In the case of interval funds, the fund will provide limited liquidity to shareholders by offering to repurchase a limited amount of shares on a periodic basis, but there is no guarantee that clients will be able to sell all of the shares in any particular repurchase offer. The repurchase offer program can be suspended under certain circumstances.
- **Exchange-Traded Funds (ETFs).** ETFs are typically investment companies that are legally classified as open end mutual funds or UITs. However, they differ from traditional mutual funds, in particular, in that ETF shares are listed on a securities exchange. Shares can be bought and sold throughout the trading day like shares of other publicly-traded companies. ETF shares trade at a discount or premium to their net asset value. This difference between the bid price and the ask price is often referred to as the "spread." The spread varies over time based on the ETF's trading volume and market liquidity, and is generally lower if the ETF has a lot of trading volume and market liquidity and higher if the ETF has little trading volume and market liquidity. Although many ETFs are registered as an investment company under the Investment Company Act of 1940 like traditional mutual funds, some ETFs, in particular those that invest in commodities, are not registered as an investment company. ETFs can be closed and liquidated at the discretion of the issuing company.
- **Exchange-Traded Notes (ETNs).** An ETN is a senior unsecured debt obligation designed to track the total return of an underlying market index or other benchmark. ETNs are linked to a variety of assets, for example, commodity futures, foreign currency and equities. ETNs are similar to ETFs in that they are listed on an exchange and can typically be bought or sold throughout the trading day. However, an ETN is not a mutual fund and does not have a net asset value; the ETN trades at the prevailing market price. Some of the more common risks of an ETN are as follows: The repayment of the principal, interest (if any), and the payment of any returns at maturity or upon redemption are dependent upon the ETN issuer's ability.

- **Variable Annuities.** If client purchases a variable annuity that is part of the program, client will receive a prospectus and should rely solely on the disclosure contained in the prospectus with respect to the terms and conditions of the variable annuity. Client should also be aware that certain riders purchased with a variable annuity limit the investment options and the ability to manage the subaccounts.
- **ESG and Responsible Investing Risk (Environmental, Social and Governance):** Clients utilizing responsible investing strategies and environment, social responsibility and corporate governance (ESG) factors may underperform strategies which do not utilize responsible investing and ESG considerations. Responsible investing and ESG strategies may operate by either excluding the investments of certain issuers or by selecting investments based on their compliance with factors such as ESG. These strategies may exclude certain sectors or industries from a client's portfolio, potentially negatively affecting the client's investment performance. A client's strategy may forgo some market opportunities available to portfolios that do not use an ESG criteria. Stocks of companies with ESG practices may shift into and out of favor with stock market investors depending on market and economic conditions. The client's or strategy's performance may at times be better or worse than performance of accounts or strategies that do not use an ESG criteria.

It is important to note that no methodology or investment strategy is guaranteed to be successful or profitable. Investing in securities involves the risk of loss that clients should be prepared to bear.

## **Voting Client Securities**

3CTWM does not accept authority to vote client securities. Clients retain the right to vote all proxies that are solicited for securities held in the account. Clients will receive proxies or other solicitations from the custodian of assets. If clients have questions regarding the solicitation, they should contact 3CTWM or the contact person that the issuer identifies in the proxy materials. In addition, Adviser does not accept authority to take action with respect to legal proceedings relating to securities held in the account.

## **ITEM 7 - CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS**

In the 3CTWM II wrap fee program, 3CTWM is responsible for account management; there is no separate portfolio manager involved. 3CTWM obtains the necessary financial data from the client and assists the client in setting an appropriate investment objective for the account. 3CTWM obtains this information by having the client complete an advisory agreement and other documentation. Clients are encouraged to contact 3CTWM if there have been any changes in the client's financial situation or investment objectives or if they wish to impose any reasonable restrictions on the management of the account or reasonably modify existing restrictions. Client should be aware that the investment objective selected for the program is an overall objective for the entire account and may be inconsistent with a particular holding and the account's performance at any time. Client should further be aware that achievement of the stated investment objective is a long-term goal for the account.

## **ITEM 8 - CLIENT CONTACT WITH PORTFOLIO MANAGERS**

Clients should contact 3CTWM at any time with questions regarding program account.

## **ITEM 9 - ADDITIONAL INFORMATION**

### **Disciplinary Information**

3CTWM has no legal or disciplinary events to report that would impact the evaluation by a client or investor (or potential client or investor) of 3CTWM's advisory business or the integrity of our management.

### **Other Financial Industry Activities and Affiliations**

3CTWM is only in the business of providing investment advice and financial planning. However, associated persons of 3CTWM are separately licensed as registered representatives through LPL. In this capacity, the associated person can sell securities to clients and receive normal and customary compensation in the form of commissions.

3CTWM, the Adviser and the Firm's affiliate, Three Cord True Wealth Tax Solutions, LLC ("TCTWTS", the "Accounting Firm") are under common ownership and control of the Holding Company, Three Cord True Wealth Holdings, LLC. Certain employees of 3CTWM are Certified Public Accountants (CPAs). To the extent that employees of 3CTWM provides accounting and tax preparation services to any client, including clients of 3CTWM, all such services shall be performed by the Accounting Firm in its individual entity capacity, independent of the Adviser, for which services 3CTWM shall not receive any portion of the fees charged by the Accounting Firm. No client of 3CTWM is under any obligation to use the services of TCTWTS and can engage a non-affiliated Certified Public Accountant or tax preparation service provider. Clients of 3CTWM are eligible to receive a reduced rate for tax preparation services from the Accounting Firm.

Certain financial professionals are also a licensed insurance professional. Implementations of insurance recommendations are separate and apart from one's role with 3CTWM. Commissions and other related revenues from the various insurance companies whose products are sold are received by the insurance professional. The insurance professional ensures that the implementation of recommendations to the client is done in the best interest of the client. The insurance professionals are not required to offer the products of any particular insurance company. Commissions generated by insurance sales do not offset advisory fees. This causes a conflict of interest in recommending certain products of the insurance companies. Clients always have the right to choose whether to implement any recommendations made with any insurance professional.

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

3CTWM has adopted a Code of Ethics for all supervised persons of the Firm describing its high standards of business conduct and fiduciary duty to its clients. The Code includes provisions relating to the confidentiality of client information, a prohibition on insider trading, guidelines surrounding gifts and business entertainment items, personal securities trading, conflicts of interest, among other things. All supervised persons must acknowledge the terms of the Code initially upon hire as well as annually, or as amended.

Our Code of Ethics is designed to assure that the personal securities transactions, activities, and interests of our employees will not interfere with making decisions in the best interest of advisory clients.

Employees are permitted to maintain personal securities accounts provided any personal investing by an employee in any accounts in which the employee has a beneficial interest is consistent with the Firm's personal trading guidelines and applicable regulatory requirements. Employees of the firm are permitted to buy or sell for their personal accounts securities similar to those recommended to or owned by clients. All reportable transactions are reported to the Compliance Officer in accordance with the reporting requirements outlined in the Code and personal trading is monitored to reasonably prevent conflicts of interest between 3CTWM and its clients.

3CTWM does not engage in principal transactions with its clients in program accounts. A copy of 3CTWM's code of ethics is available to clients or prospective clients upon request.

## **Review of Accounts**

3CTWM meets with most clients on at least an annual basis. All 3CTWM II program accounts are subjected to a risk-based exception reporting system that flags accounts on a quarterly basis for criteria such as performance, trading activity, and concentration. The exception reporting identifies accounts where additional scrutiny or analysis by 3CTWM is appropriate.

During any month that there is activity in the program account, client will receive a monthly account statement from LPL showing account activity as well as positions held in the account at month end. Additionally, client will receive a confirmation of each transaction that occurs within the program account unless the transaction is the result of a systematic purchase, redemption, or exchange. Clients will also receive a detailed quarterly report showing performance, positions, and activity from LPL.

## **Other Compensation**

3CTWM and its associated persons receive additional non-cash compensation from product sponsors. However, such compensation is not necessarily tied to the sales of any products. Compensation includes such items as gifts valued at less than \$100 annually, an occasional dinner or ticket to a sporting event, or reimbursement in connection with educational meetings or marketing or advertising initiatives. Product sponsors also pay for education or training events that can be attended by 3CTWM's employees and associated persons.

## **Custody**

3CTWM does not take custody of client funds or securities; however, 3CTWM has been granted the authority, upon written consent from the client, to deduct the advisory fee directly from client's account or establish standing letters of authorization (SLOA's). LPL is the qualified custodian and maintains custody of client funds and securities in a separate account for each client under the client's name. LPL, as a qualified custodian, sends account statements showing all transactions, positions, and all deposits and withdrawals of principal and income. LPL sends account statements monthly when the account has had activity or quarterly if there has been no activity. Clients should carefully review those account statements.

## **Brokerage Practices**

In the 3CTWM II wrap fee program, 3CTWM requires that clients select LPL as the sole and exclusive broker-dealer to execute transactions in the account. Because associated persons of 3CTWM are licensed with LPL, this presents a conflict of interest. Clients should understand that not all advisors require their clients to select a certain broker. By selecting LPL as the broker, the most favorable execution of client transactions is not guaranteed and this practice can cost clients more money.

In many instances, LPL makes available mutual funds in a 3CTWM II wrap fee account that offer various classes of shares, including shares designated as Class A Shares and shares designed for advisory programs, which can be titled, for example, as "Class I," "institutional," "investor," "retail," "service," "administrative," "platform" or "Adviser" share class. The Adviser Share Class offered for a particular mutual fund in many cases will not be the least expensive share class that the mutual fund makes available, and available and was selected by LPL in certain cases because the share class pays LPL compensation for the administrative and recordkeeping services LPL provides to the mutual fund. Clients should understand that another financial services firm can offer the same mutual fund at a lower overall cost to the investor than is available through 3CTWM's the wrap fee account. In other instances, a mutual fund may offer only Class A Shares, but another similar mutual fund is available that offers a less expensive share class. Class A Shares typically pay LPL a 12b-1 fee for providing shareholder services, distribution, and marketing expenses ("brokerage-related services") to the mutual funds. Adviser Share Class funds generally are not subject to 12b-1 fees.

3CTWM has a financial incentive to recommend share classes that have the lowest trading costs in cases where various share classes are available. This is a conflict of interest which might incline 3CTWM, consciously or unconsciously, to render advice that is not disinterested. Although the client will not be charged a transaction charge for transactions, the Adviser pays LPL a per transaction charge for mutual fund trades in your account. 3CTWM does not pay transaction charges for certain share classes that “Fully Participate” on the LPL platform, but generally does pay transaction charges for other share classes that are “Non-Participating”. This creates an incentive for 3CTWM to select Fully Participating funds. Clients should note that Fully Participating funds can be more expensive than Non-Participating funds. Furthermore, as noted above, the share classes available may not be the least expensive share class offered by the fund company. The cost to 3CTWM of transaction charges is a factor the Adviser considers when deciding which securities to select and whether or not to place transactions in the account.

The lack of transaction charges to 3CTWM for Fully Participating share class purchases and sales, together with the fact that other shares have a trading cost, presents a conflict of interest between 3CTWM and the client. In short, it costs 3CTWM less to recommend and select Fully Participating mutual funds than Non-Participating funds. Clients should understand this conflict and consider the additional indirect expenses borne as a result of the mutual fund fees when negotiating and discussing with your Adviser the advisory fee for management of an account.

3CTWM receives support services and/or products from LPL, which assist the Adviser to better monitor and service program accounts maintained at LPL. These support services and/or products are received without cost, at a discount, and/or at another negotiated rate, and include the following:

- investment-related research
- pricing information and market data
- software and other technology that provide access to client account data
- compliance and/or practice management-related publications
- consulting services
- attendance at conferences, meetings, and other educational and/or social events
- marketing support
- computer hardware and/or software
- other products used by 3CTWM in furtherance of its investment advisory business operations

Clients do not pay more for these services because of this arrangement. There is no corresponding commitment made by 3CTWM to LPL or any other entity to invest any specific amount or percentage of client assets in any specific securities as a result of the arrangement.

Trade Allocation and Aggregation: 3CTWM generally does not aggregate orders for client accounts but rather enter orders on a client-by-client basis at the discretion of the client’s respective Adviser. 3CTWM will aggregate if an entire position is being bought or sold across

multiple accounts invested in the same allocation program. For accounts custodied at LPL, client accounts participating in a block trade will not be favored over any other client account; instead, will participate in an aggregated order at the average share price.

### **Client Referrals**

3CTWM does not compensate any unrelated persons for client referrals.

### **Financial Information**

Registered investment advisers are required to provide you with certain financial information or disclosures about the firm's financial condition. 3CTWM does not require or solicit prepayment of fees more than six months in advance. Additionally, 3CTWM has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been subject to a bankruptcy proceeding.