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## Disclosure Brochure

Required by Rule 204-3 of the Investment Advisors Act of 1940



## Qualifications and Business Practices

Form ADV Part 2A

August 15, 2023

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This disclosure brochure describes the qualifications and business practices of TrustWell Financial Advisors, LLC. Please read this document before becoming a client.

TrustWell's advisors and staff are proud of the way we do business. Contact us if you have questions about our firm or the contents of this brochure; our contact information is listed below. Additional information about TrustWell Financial Advisors, LLC is available on the SEC's website ([www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)) and on our company's website ([www.trustwellfa.com](http://www.trustwellfa.com)).

Firm CRD / IARD #108426

The information contained in this disclosure brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities administrator. Our use of the term "registered investment advisor" does not imply a certain level of skill or training.

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## Disclosure Brochure Cover Page (item 1)

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## **Material Changes to this Disclosure (item 2)**

October 2022 – added information to the TrustWell’s Advisory Business section (item 4) regarding an option for clients who want TrustWell’s help with assets they own in “held away” accounts such as defined contribution accounts.

February 2023 – added information to the Investment Strategies section (item 8) regarding screened, short, inverse, leveraged, and concentrated investment options.

August 2023 – added information to the Billing for Asset Management section (item 5) regarding the option of quarterly fee invoice from TrustWell in addition to the custodian’s statements.

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## TrustWell's Advisory Business (item 4)

### Who We Are

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TrustWell Financial Advisors, LLC ("TrustWell") is an independent, fee-only registered investment advisor<sup>1</sup> that began operations as D. Gary Williams & Company, a sole proprietor, in January of 1987.

In December of 2007, we organized our practice as a Florida Limited Liability Company and transitioned services to that entity in January of 2008.

Our clients are primarily individuals, couples, and their family members. We can also serve corporations and/or small businesses, small business owners, foundations or endowments, trusts, guardianships, estates, family offices, other fiduciaries, and any other type of entity to which we choose to give planning and investment advice.

### Our Mission

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Our mission is to serve you as a trusted fiduciary<sup>2</sup> -- giving you good advice and acting in your best interest as you develop financial goals and work to achieve them. We are pledged to do for you what we would do for ourselves in similar circumstances.

We are fee-only advisors, providing wise financial counsel, analysis and planning, recommendations, and skilled money management.

We do not sell financial products and we do not work for commissions. Our only source of income is the fees that our clients pay us for the work that we do.

We do not accept referral fees from other professionals (attorneys, accountants, insurance agents, etc.) for recommending them or their products and services to our clients.

We believe our fee-only business model dramatically reduces possible conflicts of interest and helps our clients have confidence in our recommendations.

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<sup>1</sup> The term "registered investment advisor" is not intended to imply that TrustWell Financial Advisors, LLC has attained a certain level of skill or training. It is used strictly to reference the fact that we are "Registered" as a licensed "Investment Advisor" with the Florida Office of Financial Regulation – and with the other state regulatory agencies that have regulatory jurisdiction over our business practices.

<sup>2</sup> TrustWell Financial Advisors, LLC is also a fiduciary, as defined in the Employer Retirement Income Security Act of 1974 ("ERISA") and the Internal Revenue Code of 1986 ("the Code") for any financial counsel provided to a client who is either: (i.) a plan participant or beneficiary of a retirement plan subject to ERISA or as described under the Code; or, (ii.) the beneficial owner of an individual retirement account (IRA).

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## Overview of our Services

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TrustWell offers two separate services – financial planning and asset management. Some of our clients engage us for one or the other of these services. Some clients have us do both.

## Financial Planning Services

Financial planning is the process of identifying financial goals (as well as resources and constraints) and then developing strategies to achieve as many of them as possible.

**Financial planning** is a 5-step process in which we:

1. Help you establish personal financial goals and objectives
2. Gather necessary information (from you and from other sources, as necessary) regarding your age, income, debts, current assets, loss tolerance, income needs, retirement and education plans, etc.
3. Perform analysis of your situation and develop a plan that will allow you to achieve as many of your goals as possible
4. Present this plan to you and discuss your options, associated risks, constraints, trade-offs, etc.
5. Help you choose from the available options and take steps to implement your decisions

The scope of TrustWell's financial planning engagements varies by client. Some clients want a comprehensive plan; one that includes analysis and recommendations on a long list of issues like investments, budgeting, saving, debts, automobiles, retirement plans, insurance, college funding, tax planning, estate planning, etc.

Other clients choose a more limited engagement, and instead have us focus on one or two pressing issues like creating a workable spending plan, evaluating a portfolio's performance, or analyzing an early retirement offer from an employer.

In every case, we do only what you tell us to and we prepare a written agreement describing the scope and the cost before we begin the work.

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## What's Included in a Financial Plan

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A financial plan can be comprehensive – a broad review of your personal financial situation, or targeted – a narrowly scoped examination of a particular issue or question.

We do not use “stock” plans or prepare plans whose design is intended to drive sales of financial products.

Depending on your needs and your instructions to us, our financial planning and analysis work may include one or more of the following tasks:

- Identification and clarification of personal and family core values, mission, vision, and goals
- Evaluation of your capacity for gifting and options for doing so
- Preparation of a personal cash flow statement and balance sheet
- Recommendations on savings and emergency reserves
- Assessment of your tolerance for investment losses, risk, and volatility
- Analysis of your current investment portfolio allocation
- Identification (in collaboration with your tax advisor, if any) of tax issues and reduction opportunities
- Recommendations on funding future college or career training expenses
- Assessment of your present risk transfer strategy (insurance for life, health, disability, long-term care, liability, home, and automobile)
- Analysis of your plan for income in retirement
- Evaluation of your readiness to leave your job or sell your business
- Guidance and support for you as you develop a plan for your estate (wills, trusts, etc.) and select a qualified licensed estate law attorney for advice and documents
- Facilitation of meetings with you and/or other advisors or specialists
- Coordination and facilitation of meetings with family members, business associates, other professionals, etc. to help you implement the options you choose.

## Financial Planning Info Sources

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We gather the necessary information to complete our analysis through personal interviews, review of various documents supplied by you, and your completion of one or more profile questionnaires. The information we gather may include statements regarding your current financial status, a list of assets, insurance, wills and/or trust documents, income and expense records, pension benefit projections, Social Security statements, and other information<sup>3</sup> necessary for the analysis you've requested.

## Asset Management Services

**Asset management** is the other service that TrustWell offers. Asset management is the process of building, monitoring, and managing an investment portfolio in keeping with your goals, resources, and investor characteristics.

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<sup>3</sup> All information you provide will be kept confidential. Such information will be disclosed to third parties only with mutual written consent or as required by law.

Asset management is an ongoing process in which we:

1. Help you establish personal investment goals and objectives.
2. Evaluate your risk / loss tolerance in light of your age, income needs, investment growth needs, time horizon, current assets, view of the future, etc.
3. Help you decide on an appropriate asset allocation. (An asset allocation is your chosen mix of the various asset classes.)
4. Evaluate your currently held investments (if any) in light of their past performance, fees, and level of diversification.
5. Buy and sell securities within your account to implement your investment allocation.
6. Monitor your account on an ongoing basis, reallocating and rebalancing when necessary to maintain diversification and respond to changes in your financial needs and to changes in the economic scene.

TrustWell has chosen Charles Schwab & Company (Schwab) as the third-party custodian for client funds. With our help, clients who use TrustWell for asset management open one or more accounts in their name at Schwab and they give TrustWell the authority to buy and sell securities within the client's new Schwab account(s).

For some clients, TrustWell may use a third-party platform to facilitate TrustWell's discretionary management of held-away (non-Schwab) assets, such as a client's defined contribution plan account. The platform allows the client's TrustWell advisor to manage the held away assets without TrustWell ever having custody of the client's funds. TrustWell never has direct access to the client's log-in credentials and TrustWell receives no compensation from the third-party platform for using their platform.

For clients who choose this optional service, a web link is provided to the client that allows them to connect their held-away account(s) to the platform that TrustWell can also access. Once the client has connected his or her account(s) to the third-party platform, the client's TrustWell advisor can review the client's current investments and choices, current allocation, etc. That review can be as often as monthly, but it will be at least annually. When TrustWell deems it necessary, TrustWell will rebalance the client's account after giving consideration to the client's investment goals, risk tolerance, change in allocations, and current economic and market trends. The fees for this service will be consistent with our asset management fee structure found in the Fees & Compensation (item 5) section of this document



## Protocols for Asset Management

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TrustWell has established protocols for common asset management tasks. The protocols determine what we do and what you should expect in each instance of:

- Establishing an asset management relationship with TrustWell
- Helping you open and fund your investment account(s) at Schwab
- Developing and implementing an appropriate asset allocation strategy
- Performing ongoing monitoring, reallocation, and rebalancing
- Preparing the optional quarterly statements and reports for your account
- Processing funds into and out of your account

## Discretion in Trading and Reallocation

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Most of our clients grant us discretionary trading authority on their account to execute securities transactions at any time without prior consent or advice.

We also provide non-discretionary investment management services for clients who request it.

## How We Get to Know You

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In giving financial advice, developing financial plans, and managing your investment assets, it's critical for us to understand you and what you are working to accomplish. Our clients are people, not accounts and not financial statements.

We are, of course, interested in your current income and expenses, net worth, investment return expectations, prior investment experiences, loss tolerance, etc. But we are equally curious about your faith and your family, your hopes and fears, and your personal and career goals.

We get to know you primarily through face-to-face conversations in our office. If you're married, engaged, or otherwise attached, we encourage your spouse or significant other to be a part of those conversations. Phone calls, e-mails, and conversations outside our office also give additional opportunities to learn your perspective.

Depending on your personal situation, and the kind of help you're seeking, we may have you fill out a profile questionnaire<sup>4</sup> to help you document the financial aspects of your life and to provide us with a summary of your financial needs and current assets.

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<sup>4</sup> The profile questionnaire is an important tool in gathering information about your investment strategy, loss tolerance, marginal tax rate, liquidity, time horizons, etc.

Once we understand your goals and situation, we will prepare a financial plan and/or an investment plan that outlines what asset mix is suitable for your unique investment expectations and risk tolerance. This investment plan will guide us in the management of your account(s), and serves as a standard against which to measure future results and to make modifications where necessary.

### **TrustWell's Owners**

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TrustWell is an independent firm with a single office that's located in Jacksonville, Florida. TrustWell is owned and controlled by the following three people, all of whom are CERTIFIED FINANCIAL PLANNER™ practitioners<sup>5</sup>:

D. Gary Williams – Managing Member & Chief Compliance Officer

Christopher F. Daunhauer – Member

Brett W. Freese – Member

### **Total Assets Under Management**

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As of December 31, 2022, the amount of client assets under TrustWell's management was \$137,030,538.00.

All of these assets are in discretionary managed accounts. This means that each client gives TrustWell the authority (via a written investment management agreement) to buy and sell securities within the client's account throughout the engagement.

For discretionary managed accounts, TrustWell's advisors are not required to contact clients before buying or selling securities.

We also offer non-discretionary investment management services to clients who request that arrangement.

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<sup>5</sup> The Certified Financial Planner Board of Standards, Inc. owns the certification marks CFP®, CERTIFIED FINANCIAL PLANNER™, and federally registered CFP (with flame logo), which it awards to individuals who successfully complete initial and ongoing certification requirements.

## **Fees & Compensation (item 5)**

### **Fees for Financial Planning**

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The amount we charge to perform financial analysis and develop a financial plan depends on the size, complexity, and nature of your personal and financial situation and the amount of effort required to gather necessary information, analyze your options, and develop recommendations.

Clients pay for TrustWell's financial planning work in one of two ways:

- As a fixed project fee (ranging from \$600.00 to \$10,000.00)
- As an hourly rate (\$250.00 per hour)

In every case, our fee is fully disclosed and the terms of the engagement are agreed to and documented in a written and signed financial planning agreement between the client and TrustWell before any work begins. TrustWell normally requires a deposit against the agreed fee, with the balance due upon completion and our presentation of analysis and recommendations. We maintain, however, the option to require full pre-payment for some engagements, or to require phased payments for especially large or long engagements. Financial planning engagements are generally finished within 90 days of the project's start, provided we receive all necessary financial information without unusual delay.

Your implementation of the plan may require additional time to complete and additional costs to you. This is especially true when the action steps require use of outside professionals such as estate attorneys, CPAs, etc.

### **Termination of Financial Planning Services**

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You may terminate your Financial Planning Agreement with TrustWell at any time before the completion of our work by giving written notice to us.

### **Money Back Guarantee for Financial Planning**

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If, at the time we present our analysis report and planning recommendations, you feel that our work is insufficient to your needs, less than you expected, and/or otherwise not worth the fee you agreed to pay, then no fee is due. If you have paid a deposit against the fee, we will refund that deposit to you.

### **Fees for Asset Management**

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TrustWell charges for asset management services on an asset-based fee arrangement. Clients for whom TrustWell manages their account(s) pay a quarterly fee based on the

average daily balance<sup>6</sup> in the account(s) during the service period. The fee is calculated using the average daily balance of all assets maintained in the account(s) during each day of the calendar quarter (90 days) then multiplying that average daily balance by one-fourth the corresponding annual percentage rate (for example,  $1.00\% \div 4 = 0.25\%$ ) to determine our management fee for the quarter. Fees for asset management are calculated and collected from client accounts at the end of each calendar quarter.

We retain the right to negotiate the management fee on a client-by-client basis. Generally, fee rate reductions occur as assets in your portfolio increase. The table below shows our management fees based on three tiers:

Account Balance	Quarterly Fee Rate	Annual Equivalent
Up to \$1,000,000	0.25%	1.00%
\$1,000,001 to \$5,000,000	0.20%	0.80%
Over \$5,000,000	0.15%	0.60%

We generally require a minimum initial investment of \$100,000 to open an account, but we reserve the right to waive this minimum.

The portfolio management fee rate will be fully disclosed to you in a written investment advisory agreement that both you and TrustWell sign before we begin any asset management services. Each asset management client receives account statements from the custodian (Schwab) which shows our asset management fee that was automatically deducted from your account.

Asset management clients also pay two other fees:

- Ongoing expenses paid to the mutual funds, ETFs, etc. that TrustWell buys on your behalf
- Transaction fees paid to the third party custodian (Schwab)

TrustWell does not receive a share of either of these additional fees and we attempt to keep them as low as possible.

<sup>6</sup> When choosing average daily balance, our system first determines the maximum number of days from which to retrieve prices and then accumulates the values for each asset on each day of the period. This accumulation is then divided by either the total number of days the asset balance was not zero or the total number of days in the period. If an asset was held less than the whole period, its accumulated value is prorated. Finally, the averages for each asset are summed to obtain the average daily balance for the portfolio.

## Billing for Asset Management

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Your asset management account will be billed quarterly at the end of the service period based on the average daily balance of the assets in your account during the service period. For the first billing quarter, if the management account was not opened at the beginning of the quarter, the fee will be determined based upon a pro-rated calculation of the average daily balance of your assets managed for the calendar quarter.

Advisory fees will be taken first from free credit balances or from any money market funds or cash balances. If those cash assets are insufficient to satisfy payment of our fees, a portion of the account assets will be sold to cover the fees. This sale of assets to raise cash may affect the relative balances of the account.

TrustWell's management fee will be shown in the account statements you receive from the custodian (Schwab). Upon your request, we will provide you with a quarterly fee invoice, either in paper or electronic form.

## Other Fees

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The fees that asset management clients pay to TrustWell for our management services do not include any charges imposed by the custodian (Schwab), such as:

- Exchange/SEC fees
- Service or account charges, including debit balances or postage/handling fees
- Transaction fees earned by the custodian (Schwab) for executing securities transactions

A detailed explanation of Schwab's custodial fees is available in the *Charles Schwab Institutional Pricing Guide*. Please contact us (or Schwab) if you would like a copy.

All fees paid to TrustWell for management services are separate from any fees and expenses charged to shareholders of mutual fund shares by the investment company or by the investment advisor managing the mutual funds in your account. A complete explanation of these fund expenses is contained in each mutual fund's prospectus. Please read each fund's prospectus carefully and contact us if you have questions about these fees.

## Termination of Asset Management Services

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Either party (you or TrustWell) may terminate the Investment Advisory Agreement at any time by written notification to the other party. Such notification should include the date the termination will go into effect and any final instructions on the account. (For example: liquidate all securities to cash, finalize all current transactions, stop all investment activity, etc.)

If termination does not fall on the last/first day of a calendar quarter, we are entitled to bill you or your account a pro-rated quarterly management fee based upon the number of days in the quarter that your account was managed before the termination notice goes into effect. Once the termination of investment advisory services has been implemented, neither party has any obligation to the other – we no longer earn management fees or give investment advice and you become responsible for making your own investment decisions.

### **Performance-Based Fees & Side-By-Side Management (item 6)**

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Our fees for asset management are calculated as a percentage of each account's average daily balance over the applicable billing period. TrustWell does not charge performance-based fees (fees based on a share of capital gains or on a portfolio return above a given amount).

Side-by-Side Management refers to a situation in which the same firm manages accounts that are billed based on a percentage of assets under management and at the same time manages other accounts for which fees are assessed on a performance fee basis. Because TrustWell has no performance-based fee accounts, it has no side-by-side management.

### **Types of Clients (item 7)**

The types of clients we offer advisory services to are described under "Who We Are" on page 5. Our minimum account size for portfolio management is shown on page 12.

### **Methods of Investment Analysis, Strategies, & Risk of Loss (item 8)**

Our portfolio management approach seeks to incorporate your financial needs and investment objectives, time horizon, and risk / loss tolerance to yield an effective investment strategy. Absent special circumstances, we seek real diversification in the portfolios we manage – not just *within* a particular asset class, but *across* multiple asset classes.

Using your input, we build a portfolio for you that is tailored to these unique investment parameters. Through your account at Schwab, we have access to a wide range of investments. In building your portfolio, and managing it on an ongoing basis, we may use many different types of securities.

For equity (stock) portions of a portfolio, we normally use mutual funds and exchange traded funds (ETFs), but we may also use individual stocks. Mutual funds and exchange traded funds carry additional management fees that the client must bear, but we believe the additional diversification they provide are worth their cost. Some asset management clients ask to have specific stocks included in their portfolios. We will add them (or keep

them) on your specific direction, but we will not include those individual stocks in our ongoing monitoring and we will not attempt to trade them in generating a profit.

For bond (debt, or fixed income) portions of a portfolio, we normally use bond mutual funds, bond fund ETFs, individual bonds, or some combination of the three.

For other portions of a portfolio, like precious metals, commodities, natural resources, CDs, real estate, etc., we may use mutual funds, ETFs, individual CDs, hedge funds, closed end funds, separately managed accounts, or other types of investments.

## **Methods of Securities Analysis**

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In analyzing stocks, bonds, mutual funds, and ETFs, we may use fundamental, technical, and/or cyclical approaches to gathering information and to guide us in our allocation and management decisions. Each of these methods has flaws.

**Fundamental analysis** considers economic conditions, earnings, cash flow, book value projections, industry outlook, politics (as it relates to investments), historical data, price-earnings ratios, dividends, general level of interest rates, company management, debt ratios and tax benefits. Fundamental analysis is most commonly associated with selecting individual stocks. In nearly all cases, we use mutual funds and ETFs instead of individual stocks, and we do not perform fundamental analysis on any of the individual securities held by the funds or ETFs we purchase on your behalf. Our fundamental analysis work is of the larger economy, and of particular segments of the investment universe and this work may influence our investment decisions.

**Technical analysis** considers current and historical pricing information for various types of securities in seeking to identify trends in the broader domestic and foreign equity and fixed income markets, and in the underlying assets themselves. Technical analysis may involve the use of various technical indicators, such as moving averages and trend-lines, to help make predictions about short and long term movements in asset prices.

**Cyclical analysis** considers the relative movement of various market indicators in an attempt to anticipate rising or falling demand for different asset classes. These indicators may help us make adjustments to the relative weighting of assets within your portfolio and buy or sell particular assets at opportune times.

## **Investment Strategies**

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We are not bound to any specific investment strategy or ideology for the management of your investment portfolio except for our commitment to attempt to match the nature of your portfolio to your tolerance for volatility and to frequently review the asset allocation within your account. Investment account balances experience ups and downs that cannot be predicted or avoided. In no case is the performance of a particular investment, or an investment portfolio, guaranteed.



Some asset management clients prefer to avoid, as much as possible, holding companies within their portfolios that profit from, or actively support, certain business activities or products or are in locations those clients find offensive. This “screened” investing strategy is optional, and for those clients that choose it, it’s available in multiple flavors. Some clients prefer “BRI” (Biblically responsible investing) screens. Others prefer “ESG” (environmental, social, and governance) screens, and still others prefer “SRI” (socially responsible investing) screens. Many of our clients want nothing to do with non-financial considerations when building a portfolio. We do not presume to know any client’s wishes on these options, so we ask. When a client requests that we limit their portfolio to investments that are in keeping with their personal values, we will attempt to apply positive and/or negative screens as part of our investment selection process. Screened funds often have higher expenses and are often less diversified as unscreened funds, and they may underperform their unscreened peers. We encourage clients to share their preferences with us, to understand the risks and costs, and to invest in accordance with their values. We will do our best to choose investments that reflect those client preferences, but we cannot promise that the portfolio will always be free of undesirable securities.

In some cases, we may use leveraged funds and/or “inverse” or “short” funds that seek to provide the opposite of the single-day performance of the index or benchmark they track. Inverse funds are often marketed as a way to profit from, or hedge against, exposure to downward moving markets. Some inverse funds also use leverage to achieve a return that is a multiple of the opposite performance of the underlying index or benchmark. In addition to leverage, these funds may also use derivatives in hopes of accomplishing their objectives. As such, these inverse funds are highly volatile and have the potential for significant losses.

We may also on occasion concentrate account assets into a relatively small number of asset classes, or industries, or particular sectors of the broader market. As a result of these potential concentrations, an account or portfolio may be subject to greater volatility than the markets as a whole and greater than other asset classes. In a concentrated portfolio, a change in the value of a single asset class or security or sector will cause greater impacts (either positive or negative) than would be the case in a diversified portfolio.

### **Asset Allocation and Diversification**

Asset allocation is a broad term used to define the process of selecting a mix of asset classes and the allocation of capital across those assets.

The different asset classes include, but are not limited to: Large-Cap U.S. Value Stocks, Large-Cap U.S. Growth Stocks, Mid-Cap U.S. Value Stocks, Mid-Cap U.S. Growth Stocks, Small-Cap U.S. Value Stocks, Small-Cap U.S. Growth Stocks, Foreign / International Stocks, Emerging Market Stocks, Commodities, US Government Bonds, US Corporate Bonds, Foreign Bonds, Precious Metals, REITS, and Cash.



Using the information you provide us (and with your agreement), we establish a personalized target asset allocation for your investment account using one or more of the asset classes above. For all of our clients, we encourage a diversified portfolio, one with exposure to multiple asset classes instead of just one. Even the most careful research regarding a particular asset class can be wrong. Spreading the money among a variety of investments is a more prudent approach to managing risk. Our bias is toward real diversification within all portfolios, both *within* and *across* asset classes.

You are free to direct changes to your allocation as your financial situation and/or the economic landscape changes over time. We encourage your input and updates on your personal financial situation.

We are pledged to exercise our best judgment on your behalf, but we make no guarantees regarding profit or loss within your account.

Investing in securities of any type involves risk of loss the client should be prepared to bear. And past performance is no assurance of future success.

### **Disciplinary Information (item 9)**

There are no legal or disciplinary events to report at this time that are material to your evaluation of our advisory business. None of our planners or staff has been disciplined by any of the government agencies responsible for regulating the investment industry.

### **Other Financial Industry Activities & Affiliations (item 10)**

TrustWell is a fee-only, registered investment advisor with multiple CERTIFIED FINANCIAL PLANNER™ practitioners. Some of TrustWell's advisors are members of various industry associations, including the National Association of Personal Financial Advisors (NAPFA), Kingdom Advisors, and the Financial Planning Association.

None of our advisors is licensed by, or related to, another financial industry participant.

## **Ethics, Interest in Client Transactions, & Personal Trading (item 11)**

### **Code of Ethics**

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As a fiduciary, TrustWell has a duty to render continuous, unbiased investment advice, and at all times act in your best interest. To maintain this ethical responsibility, we have adopted a Code of Ethics that establishes the fundamental principles of conduct and professionalism expected by all personnel in discharging their duties.

This Code is a value-laden guide committing our advisors and staff to uphold the highest ethical standards. Our Code of Ethics is designed to deter inappropriate behavior and heighten awareness for what is right by promoting:

- Honest and ethical conduct
- Full, fair, and accurate disclosure
- Compliance with applicable rules and regulations
- Reporting of any violation of the Code
- Accountability

To help explain our culture and standards, how we control sensitive information, and what steps have been taken to prevent personnel from abusing their positions, we are happy to supply a copy of our Code of Ethics to anyone who requests one.

### **Transaction Related Rules**

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We have a fiduciary duty to ensure that your welfare is not subordinated to any interests of our advisors or staff. We have adopted the following guidelines to help us carry out that duty and protect our reputation.

### **Prohibited Participation or Interest**

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It is against our policies for any of TrustWell's advisors or staff to invest in private ventures with you or with a group of clients, or to advise you or a group of clients to invest in a private business interest or other non-marketable investment unless prior approval has been granted by Gary Williams, and such investment is not in violation of any SEC and/or state rules and regulations.

## Personal Trading by TrustWell Advisors and Staff

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TrustWell's advisors and staff members are permitted to invest their own money in securities, some of which may also be used in your accounts. Most of the time, such investment decisions are independent of the investment decisions made on your behalf. However, there may be instances where investments traded for you may also be traded in an employee's account. In these situations we have implemented the following personal trading guidelines in order to ensure our fiduciary integrity:

- No employee acting as an investment advisor representative, or who has discretion over your account, shall buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment, unless the information is also available to the investing public on reasonable inquiry. No employee of ours shall prefer his or her own interest to yours or to any other advisory client.
- We maintain a list of all securities holdings for all our access employees. Gary Williams (TrustWell's Chief Compliance Officer) reviews these holdings on a regular basis.
- We require that all employees act in accordance with all applicable federal and state regulations governing registered investment advisory practices.
- Bunched orders (See "Trading Allocation") may include employee accounts. In such cases, priority and advantage will be given to satisfy your order first regardless of the situation.
- Any employee who does not follow these rules is subject to termination.

Gary Williams monitors the trading activities of TrustWell's advisors and staff to ensure that their trading does not violate our protocols or create conflicts of interest.

## Class Action Policy

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TrustWell, as a general policy, will not participate in class action lawsuits on your behalf. Rather, such decisions remain with you or with an entity you designate. We may assist you in determining whether you should pursue a particular class action lawsuit by, for example, assisting with the development of an applicable cost-benefit analysis. However, the final determination of whether to participate, and the completion and tracking of any such related documentation, shall generally rest with you.

## Insider Trading

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TrustWell is in compliance with the Insider Trading and Securities Fraud Enforcement Act of 1988. We do not share any non-public trading information with anyone who does not need to know it and we have established internal controls to guard your personal trading information.

## Brokerage Practices (item 12)

### Custodial Services

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TrustWell has custodial arrangements with Charles Schwab & Company, Inc. (Schwab), a licensed broker-dealer (and member of FINRA/SIPC), through its Schwab Institutional services to financial advisors.

Schwab provides TrustWell with a host of services that allow us to provide good service to our clients and to manage our own business profitably. Schwab's services to TrustWell include:

- Access to its institutional trading and custody services
- On-line services and desktop software for account administration and operational support
- Electronic trading, account forms and applications, market data, and accounting and reporting services
- Administrative and support services to help with the management of your account.
- Proprietary and third-party research

These services offered from Schwab generally are available to independent investment advisors like TrustWell at no cost as long as the investment advisor maintains a minimum amount of client assets under management in accounts at Schwab.

Services offered to us that have been discounted or waived are defined as "soft dollar" services. Access to Schwab's online services, dedicated trading desks and service groups, real-time order matching systems and electronic interfaces, desktop software, and any research services provided or arranged by Schwab will be used to service all client accounts and will not be limited to only those particular accounts that may have generated commissions/transaction fees for Schwab.

We are not a subsidiary of, or an affiliated entity of Schwab. Schwab does not pay TrustWell or its advisors for directing clients to Schwab. We have sole responsibility for investment advice rendered, and our advisory services are provided separately and independently from Schwab.

### Direction of Transactions and Commission Rates (Best Execution)

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TrustWell does not make available a selection of custodians, other than Schwab, for you to choose to custody your account(s). As a result, the best and cheapest execution of buying and selling securities within your account may not always be achieved and you may pay higher transaction fees. Because we use only Schwab for custodial services, we may not be able to provide you with institutional services that are not offered by Schwab.

We do not recommend Schwab because of low commission rates, or low trading fees, or any other single factor. Other custodians may, in fact, be cheaper and/or perform some custodial services better than Schwab. We recommend Schwab to our asset management clients based on a host of factors, including Schwab's general reputation, trading capabilities, investment options, financial strength, customer service, and our personal experience working with Schwab.

### **Trading Allocation**

Our objective in making investment trades is to act fairly and impartially and to take all reasonable steps to obtain the best possible results (known as "best execution") for our clients. Therefore, we will not bunch (aggregate) orders for a block trade unless the bunching of orders is done for the purpose of achieving best execution *and* no client is systematically advantaged or disadvantaged by bunching the orders.

In consideration of these objectives, we will take into account the unique execution factors of the buy/sell order before bunching accounts for a block trade. A few of those factors are:

- Security trading volume – Bunching orders in a block trade can help secure price parity and continuity for our clients during heavy trading activity.
- Number of clients – Having a high number of client accounts involved in a bunched order may not yield better pricing or order execution; it may be more advantageous to perform individual market orders for each client. In addition, preparing individual market orders for a small number of accounts may be quicker than preparing a bunch order.
- Financial instruments – The type of security involved as well as the complexity of order can affect our ability to achieve best execution.

### **Review of Accounts (item 13)**

All accounts are reviewed in the context of your stated investment objectives and guidelines. Cash needs will be adjusted as necessary. In addition, you will receive regular statements directly from Schwab where your account(s) are held in custody. These custodian statements will show the specific investments currently held, the value of your portfolio, and all recent account transactions (including any TrustWell fees).

We strongly recommend that you meet with us in our office to review your account at least annually. Substantial changes in your personal circumstances, the general economy, or tax law changes can necessitate more frequent reviews. It is your responsibility to communicate these changes to us so that the appropriate adjustments can be made.

## Client Referrals & Other Compensation (item 14)

### Referral Compensation

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We do not receive any economic benefit from an independent party for managing any of our clients' accounts. TrustWell does not receive a share of the fees that you pay to mutual fund companies or third party custodians.

We believe our fee-only business model dramatically reduces possible conflicts of interest and helps our clients have confidence in our recommendations.

### Financial Planning Compensation

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We do not sell financial products and we receive no commissions. We also do not accept referral fees from other professionals (attorneys, accountants, insurance agents, etc.) for recommending them or their products and services to our clients.

There are, however, potential conflicts of interest when we suggest the need for outside consultations and professional services (i.e., attorneys, accountants, insurance agents, etc.) to implement certain aspects of a financial plan that we prepare for you.

Even though we do not share in any fees earned by the outside professionals when implementing an estate or financial plan, nor receive any commission in recommending insurance products or brokerage services, there is an incentive on our part to refer you to those professionals that in turn refer prospective clients to us. This can eliminate the possibility that you will be referred to a professional who may provide equivalent professional services at a lower cost to you.

Therefore, to ensure you understand the full relationship of our advisors to any related persons and outside parties that they may refer business, as well as the choices and risks you have in receiving investment and financial planning services, the following disclosures are provided:

- You do not have to accept our recommendation to use Schwab as your custodian, but we will not be able to provide you complete institutional services if you elect to use another custodian.
- Investments involve risk and some investment decisions will result in losses. You understand and agree that we cannot guarantee that your investment objectives will be achieved by working with us.
- You are under no obligation to have anyone we recommend prepare documents for you or sell you financial products. You are always free to make your own choices about the professionals who will help you implement the recommendations we make to you.
- Certain aspects of a financial plan or investment strategy require the assistance of a registered representative of a broker-dealer and/or licensed insurance agent of insurance company to execute the transaction.

Regardless of who performs the transaction(s), such person will be entitled to earn a commission.

Notwithstanding such potential conflicts of interest, TrustWell's advisors strive to serve in your best interest, and to make proper disclosures to you of any potential conflicts of interest in compliance with the Investment Advisor Act of 1940, Rule 275.206.

## **Retirement Rollover Compensation**

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Our earning a management fee after recommending the rollover of employer retirement plan assets to an IRA we manage is considered "self-dealing" and is prohibited unless we comply with a Best Interest Contract Exemption in the Department of Labor's (DOL) Fiduciary Rule.

The DOL considers our earning a management fee on assets rolled over from retirement plans to be self-dealing because doing so increases our compensation and profits while potentially disregarding the underlying costs paid by, and the services provided under, your employer retirement plan. These factors may make leaving your assets in an employer sponsored retirement plan more beneficial to you.

When it comes to employer plan assets, there are typically four options you should consider when leaving an employer:

- Cash out the retirement account assets (Note that there may be tax consequences and/or IRS penalties with this option, depending on your age and other factors.)
- Leave the account assets in your employer plan, if that's permitted by the plan
- Roll over the assets to *another* employer's plan, if one is available to you and it accepts inbound rollovers
- Roll over the assets to an IRA

We will help you think through these options, we'll help you make the choice that suits your needs, and we'll document your decision via a Rollover Disclosure and Acknowledgment Form. If/ when you choose to roll over your retirement plan assets to an IRA, you understand that you are under no obligation to engage us to manage the rolled over assets, and that you are free to take your IRA account anywhere to be managed.

## **Custody (item 15)**

As a rule, we do not take possession, or maintain custody, of your funds or securities; we simply monitor the holdings in your portfolio and make trades (buy and sell securities) in your accounts based on your investment objectives and our individual views of markets. Possession and custody of your funds and/or securities are maintained at Charles Schwab & Co. Inc.

That said, it's common for TrustWell clients to grant TrustWell the authority to disburse funds from their investment accounts to third parties that those clients select in writing and/or to other investment or bank accounts that those same clients own. Schwab has long offered the ability to move money electronically into and out of Schwab accounts using its "MoneyLink" service and the convenience that service offers makes it popular with Schwab account holders.

Under these kinds of arrangements (more generally called Standing Letters of Authorization, or SLOAs), the client grants limited disbursement authority to TrustWell and instructs Schwab to accept TrustWell's instructions in lieu of their own to transfer his or her assets to designated third parties or to other accounts the client owns. The client, of course, always retains the power to modify or cancel these arrangements, and TrustWell's authority is always limited by the specific terms of the SLOA.

The Securities and Exchange Commission has recently determined that these long-standing arrangements (most often set up for the convenience of the client) may, in fact, cause the advisor's disbursement authority to meet the technical definition of "custody" of client assets because they grant the investment advisor "the power to dispose of client funds or securities for any purpose other than authorized trading."

Upon realizing the burden that this new, stricter reading of the custody rule would place on small advisory firms with long-standing SLOAs already in place, the SEC stated that it would not enforce Section 206(4) of the Adviser Act or the Custody Rule against advisors that are party to SLOAs *as long as* those SLOAs meet the following seven requirements:

- The client provides an instruction to the qualified custodian (Schwab), in writing, that includes the client's signature, the third-party's name, and either the third-party's address or the third-party's account number at a custodian to which the transfer should be directed.
- The client authorizes the investment adviser (TrustWell), in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
- The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization, and provides a transfer of funds notice to the client promptly after each transfer.
- The client has the ability to terminate or change the instruction to the client's qualified custodian.



- The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.
- The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
- The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

TrustWell believes the SLOAs or similar arrangements that its clients establish with Schwab (as their qualified custodian) and with TrustWell (as their investment advisor) satisfy these seven requirements and exempts TrustWell from surprise annual audits and other major requirements of the SEC's Custody Rule.

## **Investment Discretion (item 16)**

### **Securities and Amount Bought or Sold**

If you choose TrustWell for discretionary asset management services, you will execute an investment advisory agreement with us, and in that agreement you will give your TrustWell advisor the authority to buy and sell securities on your behalf in whatever amounts TrustWell determines are appropriate for your account. For those discretionary clients, TrustWell's advisors do not contact clients for permission before each instance of buying or selling securities.

We do offer, however, non-discretionary asset management services for those clients who request it.

## **Voting Client Securities (item 17)**

We are expressly precluded from voting proxies. You understand and agree that you retain the right to vote all proxies solicited for securities held in your asset management accounts. We encourage you to take an active part in the decisions of any companies or funds you own. Proxy solicitations received by Schwab will be immediately forwarded to you by Schwab for your evaluation and decision.

## **Financial Information for TrustWell (item 18)**

TrustWell does not take custody of client funds or securities or bill client accounts six (6) months or more in advance for more than \$1,200. As a result, we are not required to include financial information in this disclosure brochure. If you have questions about TrustWell's financial strength or need additional information, please contact us.

**This is the end of TrustWell's disclosure brochure.**

**Thank you for reading it. Please contact us if you have further questions.**