



# Counterweight

## PRIVATE WEALTH

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August 4, 2023

This Brochure provides information about the qualifications and business practices of Counterweight Private Wealth ("Counterweight PW", "us", "we", "our"). If you have any questions about the contents of this Brochure, please contact us at 919-726-6124 or via email at [info@counterweightpw.com](mailto:info@counterweightpw.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about Counterweight PW is also available via the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by using a unique identifying number, known as a CRD number. The CRD number for Counterweight PW is 327880. The SEC's web site also provides information about any persons affiliated with Counterweight PW who are registered, or are required to be registered, as Investment Adviser Representatives of Counterweight PW.

Counterweight PW is a Registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information that you may use to determine whether to hire or retain them.

## **Item 2    Material Changes**

This is a new adviser.

This Brochure dated August 4, 2023 is a new document that describes the adviser's business.

In the future, this section of the Brochure will discuss only the specific material changes that were made to the Brochure and will provide you with a summary of all material changes that have occurred since the last filing of this Brochure. This section will also identify the date of our last annual Brochure update.

We will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year end which is December 31. We will provide other ongoing disclosure information about material changes as they occur. We will also provide you with information on how to obtain the complete brochure. Currently, our Brochure can be requested at any time, without charge, by contacting Carroll Davis at 919-726-6124 or via email at [info@counterweightpw.com](mailto:info@counterweightpw.com).

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## Item 4 – Advisory Business Introduction

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### Our Advisory Business

Counterweight PW is a registered investment adviser with the Securities and Exchange Commission (“SEC”). The Adviser was founded in 2023 by Nick Murphy who is the Adviser’s principal owner.

### Services

Counterweight PW offers asset management and financial planning with an emphasis on building portfolios designed to meet the needs of our clients. Our focus is on helping you develop and execute plans that are designed to build and preserve your wealth. We are available during normal business hours either by telephone, fax, email, or in person by appointment to answer your questions.

### Active Asset Management

#### Tailored Asset Management Services

As part of the active asset management process, we will meet with you to discuss your financial circumstances, investment goals and objectives, and to determine your risk tolerance. We will ask you to provide statements summarizing current investments, income and other earnings, recent tax returns, retirement plan information, other assets and liabilities, wills and trusts, insurance policies, and other pertinent information.

Based on the information you share with us, we will analyze your situation and tailor a portfolio with appropriate asset allocations and investment strategy[ies]. Our recommendations and ongoing management are based upon your investment goals, objectives and risk tolerance. We will monitor the account, trade as necessary, and communicate regularly with you.

We will work with you on an ongoing basis to evaluate your asset allocation as well as rebalance your portfolio to keep it in line with your goals as necessary. We will be reasonably available to help you with questions about your account.

\* Please note that pursuant to the investment advisory agreement you are obligated to notify us promptly when your financial situation, goals, objectives, or needs change. \*

You shall have the ability to impose reasonable restrictions on the management of your account, including the ability to instruct us not to purchase certain mutual funds, stocks or other securities. These restrictions can be a specific company security, industry sector, asset class, or any other restriction you request and should be provided in writing.

Under certain conditions, securities from outside accounts may be transferred into your advisory account; however, unless instructed otherwise, we will recommend that you sell any security if we believe that it is not suitable for the current recommended investment strategy. When applicable, trading will be

required to meet initial allocation targets, after substantial cash deposits that require investment allocation, and/or after a request for a withdrawal that requires liquidation of a position.

When applicable, your account will need to be rebalanced or reallocated in order to reestablish the targeted percentages of your initial asset allocation. This rebalancing or reallocation will occur as required or pursuant to the schedule we have determined together.

You will be responsible for all tax consequences resulting from the sale of any security, rebalancing or reallocation of the account. You are responsible for any taxable events in these instances. We are not tax professionals and do not give tax advice. However, we will work with your tax professionals to assist you with tax planning.

You will be notified of any purchases or sales through trade confirmations and statements that are provided by the custodian. These statements list the total value of the account, itemize all transaction activity, and list the types, amounts, and total value of securities held. You will at all times maintain full and complete ownership rights to all assets held in your account, including the right to withdraw securities or cash, proxy voting and receiving transaction confirmations.

We will not provide you with quarterly performance statements, but you will receive them from your custodian.

### **Financial Planning and/or Consulting**

We provide financial planning services on topics such as retirement planning, risk management, college savings, cash flow, debt management, work benefits, and estate and incapacity planning.

Financial planning is an evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. The key defining aspect of financial planning is that through the financial planning process, all questions, information and analysis will be considered as they affect and are affected by the entire financial and life situation of the client. Clients purchasing this service will receive a written or an electronic report, providing the client with a detailed financial plan designed to achieve his or her stated financial goals and objectives.

In general, the financial plan will address any or all of the following areas of concern. The client and advisor will work together to select the specific areas to cover. These areas may include, but are not limited to, the following:

- **Business Planning:** We provide consulting services for clients who currently operate their own business, are considering starting a business, or are planning for an exit from their current business. Under this type of engagement, we work with you to assess your current situation, identify your objectives, and develop a plan aimed at achieving your goals.
- **Cash Flow and Debt Management:** We will conduct a review of your income and expenses to determine your current surplus or deficit along with advice on prioritizing how any surplus should be used

or how to reduce expenses if they exceed your income. Advice may also be provided on which debts to pay off first based on factors such as the interest rate of the debt and any income tax ramifications. We may also recommend what we believe to be an appropriate cash reserve that should be considered for emergencies and other financial goals, along with a review of accounts (such as money market funds) for such reserves, plus strategies to save desired amounts.

- **College Savings:** Includes projecting the amount that will be needed to achieve college or other post-secondary education funding goals, along with advice on ways for you to save the desired amount. Recommendations as to savings strategies are included, and, if needed, we will review your financial picture as it relates to eligibility for financial aid or the best way to contribute to grandchildren (if appropriate).
- **Employee Benefits Optimization:** We will provide review and analysis as to whether you, as an employee, are taking the maximum advantage possible of your employee benefits. If you are a business owner, we will consider and/or recommend the various benefit programs that can be structured to meet both business and personal retirement goals.
- **Estate Planning:** This usually includes an analysis of your exposure to estate taxes and your current estate plan, which may include whether you have a will, powers of attorney, trusts and other related documents. Our advice also typically includes ways for you to minimize or avoid future estate taxes by implementing appropriate estate planning strategies such as the use of applicable trusts.

We always recommend that you consult with a qualified attorney when you initiate, update, or complete estate planning activities. We may provide you with contact information for attorneys who specialize in estate planning when you wish to hire an attorney for such purposes. From time-to-time, we will participate in meetings or phone calls between you and your attorney with your approval or request.

- **Financial Goals:** We will help clients identify financial goals and develop a plan to reach them. We will identify what you plan to accomplish, what resources you will need to make it happen, how much time you will need to reach the goal, and how much you should budget for your goal.
- **Insurance:** Review of existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile.
- **Investment Analysis:** This may involve developing an asset allocation strategy to meet clients' financial goals and risk tolerance, providing information on investment vehicles and strategies, reviewing employee stock options, as well as assisting you in establishing your own investment account at a selected broker/dealer or custodian. The strategies and types of investments we may recommend are further discussed in Item 8 of this brochure.
- **Retirement Planning:** Our retirement planning services typically include projections of your likelihood

of achieving your financial goals, typically focusing on financial independence as the primary objective. For situations where projections show less than the desired results, we may make recommendations, including those that may impact the original projections by adjusting certain variables (e.g., working longer, saving more, spending less, taking more risk with investments).

If you are near retirement or already retired, advice may be given on appropriate distribution strategies to minimize the likelihood of running out of money or having to adversely alter spending during your retirement years.

- **Risk Management:** A risk management review includes an analysis of your exposure to major risks that could have a significant adverse impact on your financial picture, such as premature death, disability, property and casualty losses, or the need for long-term care planning. Advice may be provided on ways to minimize such risks and about weighing the costs of purchasing insurance versus the benefits of doing so and, likewise, the potential cost of not purchasing insurance (“self-insuring”).
- **Tax Planning Strategies:** Advice may include ways to minimize current and future income taxes as a part of your overall financial planning picture. For example, we may make recommendations on which type of account(s) or specific investments should be owned based in part on their “tax efficiency,” with consideration that there is always a possibility of future changes to federal, state or local tax laws and rates that may impact your situation.

We recommend that you consult with a qualified tax professional before initiating any tax planning strategy, and we may provide you with contact information for accountants or attorneys who specialize in this area if you wish to hire someone for such purposes. We will participate in meetings or phone calls between you and your tax professional with your approval.

## **Comprehensive Financial Planning**

This service involves working one-on-one with a planner over an extended period of time. By paying a monthly/quarterly retainer, clients get continuous access to a planner who will work with them to design their plan. The planner will monitor the plan, recommend any changes and ensure the plan is up to date.

Upon desiring a comprehensive plan, a client will be taken through establishing their goals and values around money. They will be required to provide information to help complete the following areas of analysis: net worth, cash flow, insurance, credit scores/reports, employee benefit, retirement planning, insurance, investments, college planning and estate planning. Once the client’s information is reviewed, their plan will be built and analyzed, and then the findings, analysis and potential changes to their current situation will be reviewed with the client. Clients subscribing to this service will receive a written or an electronic report, providing the client with a detailed financial plan designed to achieve his or her stated financial goals and objectives. If a follow up meeting is required, we will meet at the client's convenience. The plan and the client’s financial situation and goals will be monitored throughout the year and follow-up phone calls and emails will be made to the client to confirm that any agreed upon action steps have

been carried out. On an annual basis there will be a full review of this plan to ensure its accuracy and ongoing appropriateness. Any needed updates will be implemented at that time.

## **Retirement Account Advice**

When Counterweight PW provides investment advice to Clients regarding Client's retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee governing retirement accounts. The way we make money creates some conflicts with Client's interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours.

Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

## **Retirement Plan Rollovers**

A client leaving an employer typically has four options (and may engage in a combination of these options): 1) leave the money in the former employer's plan, if permitted, 2) roll over the assets to his/her new employer's plan, if one is available and rollovers are permitted, 3) rollover to an Individual Retirement Account (IRA), or 4) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). Counterweight PW may recommend a client roll over plan assets to an IRA managed by Counterweight PW. As a result, Counterweight PW may earn an asset-based fee; however, a recommendation that a client or prospective client leave their plan assets with a previous employer may or may not result in compensation to Counterweight PW. Counterweight PW has an economic incentive to encourage an investor to roll plan assets into an IRA that Counterweight PW will manage. There are various factors that Counterweight PW may consider before recommending a rollover, including but not limited to: 1) the investment options available in the plan versus the investment options available in an IRA, 2) fees and expenses in the plan versus the fees and expenses in an IRA, 3) the services and responsiveness of the plan's investment professionals versus those of Counterweight PW, 4) required minimum distributions and age considerations, and 5) employer stock tax consequences, if any. No client is under any obligation to roll over plan assets to an IRA managed by Counterweight PW.

## **ERISA Fiduciary**

We provide comprehensive retirement plan services aimed to balance the needs of your business with those of your employees to help build strong futures.

Depending on the scope of engagement, we can act as either your corporate retirement plan's

- ERISA Section 3(38) Fiduciary or



- ERISA Section 3(21) Consultant

Both parties acknowledge that if the Account is subject to the Employee Retirement Income Security Act of 1974, as amended (ERISA), the following provisions will apply:

- The Adviser acknowledges that it is a “fiduciary” with respect to the Client as that term is defined under Section 3(21)(A) of ERISA.
- The person signing this Agreement on behalf of the Client acknowledges its status as a “named fiduciary” with respect to the control and management of the assets held in the Account, and agrees to notify the Adviser promptly of any change in the identity of the named fiduciary with respect to the Account.
- The Adviser agrees to obtain and maintain an ERISA bond satisfying the requirements of Section 412 of ERISA and include the Adviser and its members, agents and employees among those insured under that bond unless provided by the Plan.

When delivering ERISA fiduciary services, we will perform those services for the retirement plan as a fiduciary and will act in good faith and with the degree of diligence, care and skill that a prudent person rendering similar services would exercise under similar circumstances. In our capacity as a 3(21) plan fiduciary, we will conduct research to determine appropriate investment selections and allocations and to project potential ranges of returns and market values over various time periods and using various cash flows to assist the plan sponsor in determining the appropriate model(s) investment(s) for the retirement plan.

Under this arrangement the Adviser is appointed by the plan sponsor or trustee to determine a recommended lineup of investments to be included in the Plan. These recommendations are presented to the Plan Sponsor, who has the ultimate responsibility to accept or reject the recommendation. The Adviser will not have any further responsibility to communicate instructions to any third-party, including the custodian, and/or third-party administrator. The Adviser will/will not communicate directly with the recordkeeper regarding administrative and recordkeeping matters arising under the Adviser’s investment advisory agreement with the Plan Sponsor, or more generally about the recordkeeper’s services to the *Plan*.

The Adviser will provide the Plan Sponsor with a sample investment policy statement. Each retirement Plan Sponsor should adopt a final investment policy statement (“IPS”) which serves as a guide for the Adviser’s investment advisory services. The Adviser offers the following 3(21) services:

- Plan design and asset selection consultation
- Develop and annually review Investment Policy Statement (“IPS”)
- Develop investment menu according to the IPS
- Review plan sponsor’s stated financial criteria for each investment option

- Monitor each investment option according to the IPS
- Quarterly portfolio statements, rate of return reports, asset allocation statements
- Provide investment research and performance information on investment options
- Investment option replacement guidance
- Personal consultations with the plan sponsor as necessary
- Develop Plan Investment Committee Charter, as needed
- Fiduciary due diligence assistance
- Attendance at Plan Committee and other meetings
- Annual Fiduciary Plan Review
- Fiduciary education services to Plan Committee
- Participant education, guidance, and enrollment
- Vendor coordination assistance
- Benchmarking services

The Adviser will conduct research to determine appropriate investment selections and allocations and to project potential ranges of returns and market values over various time periods and using various cash flows to assist the Plan Sponsor in determining the appropriate investment options for the retirement plan.

The data used to select the investment options is based on estimated, forward-looking performance of various asset classes and subclasses to create our forward-looking capital markets assumptions (e.g., expected return, expected standard deviation, correlation, etc.). Past performance and the return estimates of the asset classes and the indices that correspond to these asset classes are not representative of actual future performance. Actual results could differ, based on various factors including the expenses associated with the management of the portfolio, the portfolio's securities versus the securities comprising the various indices and general market conditions. Before a specific investment is selected, other factors such as economic trends, which can influence the choice of investments and risk tolerance, should be considered. The Adviser has the responsibility and authority to recommend the investment line up including evaluating investment managers and mutual fund companies, individual mutual funds, and money market funds which will be retained or replaced. The Plan Sponsor has the responsibility and authority to make the final decision regarding what investments to include and when to add or exclude a specific security.

The Client confirms that any instructions that have been given to the Adviser with regard to the Account are consistent with the governing plan documents and investment policy statements of the plan.

Except as otherwise provided under ERISA the Adviser shall not be liable for any error of judgment or mistake of law or for any loss suffered by the Client in connection with the matters to which this Agreement relates except a loss resulting from the Adviser's breach of its fiduciary duty, negligence, misconduct or bad faith.

The Adviser is not (i) the “administrator” of the Plan as defined in § 3(16)(A) of ERISA or (ii) the “plan administrator” of the Plan as defined in Section 414(g) of the Internal Revenue Code of 1986, as amended (the “Code”).

The Adviser is neither a law firm nor a public accounting firm and Adviser will not provide legal or accounting advice.

The Client acknowledges that the services covered by this Agreement are consultative and give no investment authority (“discretion”) or responsibility to the Adviser over any assets of the Plan or Participant regardless of how and where the assets are held. Throughout the term of this Agreement, the Plan or Participant retains full discretion to supervise, manage and direct the assets which are held with any affiliated or unaffiliated third-party.

The Adviser encourages plan sponsors to consult with other professional advisors since we do not provide tax or legal advice that may affect asset classes or allocations. The Adviser will apply any guidelines the client supplies, as directed, however, compliance with these restrictions or guidelines is the client’s responsibility.

### **Discretionary 3(38) Fiduciary Services**

When a client engages the Adviser to perform “3(38) Fiduciary Services”, the Adviser acts as an “investment manager” (as defined in Section 3(38) of ERISA) with respect to the performance of discretionary fiduciary investment services. Under this arrangement the Adviser is appointed by the Plan Sponsor or trustee and accepts discretion over plan assets and assumes full responsibility and liability for fiduciary functions concerning decisions related to the plan assets.

Under this arrangement the Adviser is appointed by the plan sponsor or trustee and accepts discretion over plan assets and assumes full responsibility and liability for fiduciary functions concerning decisions related to the plan assets. The Adviser will review the investment options available to the Plan through documents provided by the Plan Sponsor and notifies the Plan’s record-keeper and/or the Plan Sponsor the Adviser’s instructions to add, remove and/or replace these specific investment options offered to Plan participants and/or used for administrative purposes under the Plan, according to the criteria set forth in guidelines selected by the Plan Sponsor. The Plan Sponsor retains all authority, responsibility and decision-making for investment options not available on the Plan record-keeper’s platform (i.e., “non-core” investment options, such as employer stock, plan loans, self-directed brokerage accounts, frozen guaranteed investment contracts, and life insurance).

The Adviser will retain final decision-making authority with respect to removing and/or replacing investments in the core lineup. The Plan Sponsor will not have responsibility to communicate instructions to any third-party, custodian and/or third-party administrator.

The data used to determine the investment options is based on estimated, forward-looking performance of various asset classes and subclasses to create our forward-looking capital markets assumptions (e.g., expected return, expected standard deviation, correlation, etc.). Past performance and the return

estimates of the asset classes and the indexes that correspond to these asset classes are not representative of actual future performance. Actual results could differ, based on various factors including the expenses associated with the management of the portfolio, the portfolio's securities versus the securities comprising the various indexes and general market conditions. Before a specific investment is selected, other factors such as economic trends, which can influence the choice of investments and risk tolerance, should be considered. The Adviser has the responsibility and authority to determine the investment line up including evaluating investment managers and mutual fund companies, individual mutual funds, and money market funds which will be retained or replaced.

The Adviser will also monitor the current managed investment line up including the investment's performance compared to an applicable benchmark. If the Adviser determines that a fund no longer meets the criteria, they will select alternatives and replace them.

## **Other Optional Retirement Plan Services**

### ***Plan Structure***

We will assist our client in evaluating the current plan's structure to determine if a change in the design of the plan better suits the needs of plan participants. We will facilitate any changes with the appropriate parties including the third-party administrator, record keeper, and custodian as well as facilitating the execution of the required plan document amendments or new plan documents. However, we will not draft any amendments as an attorney or a TPA will need to perform this service.

### ***Investment Committee***

We will assist you in the establishment of the Investment Committee (if a Committee is deemed appropriate) and the establishment of a formal investment committee charter, delineating committee responsibilities and fiduciary roles. We will also serve on the Committee in a non-fiduciary capacity if needed.

The Investment Committee will be charged with the fiduciary responsibility of the prudent management of the investment portfolio, selecting and retaining professional advisors to the portfolio including investment managers, investment consultants, custodians, attorneys, and clerical staff, and the establishment, execution, and interpretation of an Investment Policy Statement for the portfolio. We will assist the Investment Committee in meeting the committee's responsibilities according to the investment committee charter, and fulfilling its fiduciary duty to the plan, including their review of service providers, third-party administration firms, daily record keeper, and custodian to ensure that their services, along with ours, remain competitive to other alternatives that are available to the client.

### ***Investment Policy Service***

Our Investment Policy Service is designed to assist you in creating a written investment policy statement ("IPS") to document the plan's investment goals and objectives as well as certain policies governing the investment of assets. The IPS also identifies an investment strategy that seeks to attain the plan's goals. The service is generally designed for corporate retirement plans that are managed on a non-discretionary basis.

We will assist the Investment Committee with the establishment, execution, and interpretation of the Investment Policy Statement. The Investment Policy Statement serves as a guide to assist the Investment Committee in effectively supervising, monitoring, and evaluating the investment of the plan's assets. We will prepare a draft of the IPS based upon information furnished by you and your firm designed to profile various factors for the account such as investment objectives, risk tolerances, projected cash flow, and demographics of your retirement plan participants. It is the client's responsibility to provide all necessary information for the preparation of the IPS, particularly any limitations imposed by law or otherwise. This draft IPS is then submitted to you for review and approval. We recommend that your professional advisors, such as an attorney, actuary, and/or accountant, also review the IPS. The review and acceptance of the IPS is the responsibility of the plan fiduciary and your retirement program's governing entity.

Upon client's final approval, the IPS is ready to be sent to client's Investment Committee. It is client's responsibility to confirm the Investment Committee's acceptance of the IPS, and it is the Investment Committee's responsibility to adhere to the IPS in managing the retirement program. We encourage you to review accounts periodically to verify investment committee's compliance with the IPS.

The Investment Policy Statement will be reviewed at least annually to determine whether stated investment objectives are still relevant and the continued feasibility of achieving those objectives. However, the Investment Policy Statement is not expected to vary much from year to year and the IPS will not be updated to account for short-term changes in market conditions or the economic environment.

### **Participant Meetings**

We will conduct plan participant meetings when a change is made either to the structure of the plan or if the investment lineup changes as a result of the decisions of the Investment Committee. We will detail the changes being made, how it affects the current participants, review the current investment opportunities, how participants can make changes to their investment selections, and will answer any and all questions a participant presents to us. We will review with the participants how to select the investments.

### **Reporting**

We will send a quarterly performance report detailing the overall performance of the plan's assets and a detailed list of the investment holdings.

### **Wrap Fee**

The Adviser does not sponsor or participate in a third-party sponsored wrap fee program.

As of the date of this ADV Part 2 Brochure, we do not have any assets under management, as we are a new adviser in 2023.

## Item 5 – Fees and Compensation

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### Asset Management Fee Schedule

The minimum account opening balance is \$500,000, which is negotiable based upon certain circumstances and at the Adviser's discretion. The fee charged is based upon the amount of money invested. Multiple accounts of immediately related family members at the same mailing address will be considered one consolidated account for billing purposes. Fees are charged monthly in advance. Payments are due and will be assessed on the first day of each month, based on the previous ending balance of the account(s) under management for the preceding month. The Adviser will not pro rate for deposits and withdrawals in the account during the billing period. Fees will be calculated as follows:

**Tiered fee Schedule**

AUM	Fee
0 to \$500,000	1.40%
\$500,001 to \$1,000,000	1.10%
\$1,000,001 to \$3,000,000	0.90%
\$3,000,001 to \$5,000,000	0.80%
\$5,000,001 to \$10,000,000	0.65%
\$10,000,001 +	0.50%

The fees shown above are annual fees and are negotiable based upon certain circumstances. No increase in the annual fee shall be effective without prior written notification. Counterweight PW believes the advisory fee is reasonable considering the fees charged by other investment advisers offering similar services/programs. Our fees will not be based upon a share of capital gains or capital appreciation of the funds or any portion of your funds.

### Retirement Plan Services Fees

The standard fee schedules for the Non-Discretionary 3(21) Fiduciary Services Fiduciary Services programs (the "Programs") are as follows:

**Tiered fee Schedule**

AUM	Fee
0 to \$5,000,000	0.50%
\$5,000,001 to \$10,000,000	0.35%
\$10,000,001 to \$25,000,000	0.20%

\$25,000,001 to \$50,000,000	0.12%
\$50,000,001 to \$100,000,000	0.10%
\$100,000,001 +	0.05%

Advisory fees for the plan are paid to us by the plan, or directly from the plan sponsor, or in some cases a combination of both. These fees are generally collected by the plan record keeper or vendor and paid directly to our firm. For initial and subsequent years, the fee paid for our services will be up to .50% of the assets under management. This fee includes services as an ERISA section 3(21) fiduciary with respect to client's plan.

The timing of fees paid is generally at the beginning of the upcoming month, based upon asset levels at the end of the preceding month. Counterweight PW's advisory agreement with each plan sponsor outlines the timing of fees collected and the process of fee remittal to our firm.

Depending on the provider used, you will also incur fees related to your use of outside service providers including third-party administrators and record keepers. The fee schedule for each outside service provider varies dramatically from service provider to service provider. The service provider's fees will also vary from plan to plan as each plan's structure and characteristics are different from the next.

We believe our services help plan sponsors and plan fiduciaries meet their fiduciary duty to the plan and its participants. As a part of our services, we review the fees of service providers and the transparency of their fees. We will assist the plan sponsors with a review of service providers including the third-party administrator, daily record keeper, and custodian to ensure that their services, along with ours, remain competitive with alternatives that are available.

### **Automatic Payment of Fee**

The Client agrees to authorize the Custodian to pay directly to Counterweight PW upon receipt of notice, the Account's investment advisory services fee. Fee withdrawals will occur no more frequently than monthly from the Client's Account, unless specifically instructed otherwise by the Client.

The Custodian will send to the Client a statement, at least quarterly, indicating all amounts disbursed from the Account, including the fee paid directly to Counterweight PW. Counterweight PW 's access to the Assets of the Account will be limited to trading and the withdrawals authorized above.

If you do not want us to charge your account for the fee, you can pay the fee directly to us. We will send you an invoice detailing the fee calculation. Fees are due in full 15 days after receipt of the invoice.

## **ETF's AND MUTUAL FUNDS**

### **Third-party Fees**

Our fees do not include brokerage commissions, transaction fees, and other related costs and expenses. Please note that the use of third-party services providers used in the management of your portfolio imposes fees in addition to the fees charged by the Adviser. These include fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds, money market funds and exchange-traded funds (ETFs) also charge internal management fees, which are disclosed in the fund's prospectus, which include, but are not limited to, a management fee, upfront sales charges, and other fund expenses. When appropriate, our strategies will involve investment in mutual funds and/or ETFs. Load and no-load mutual funds sometimes charge annual distribution charges, sometimes referred to as "12(b)(1) fees." These 12(b)(1) fees come from fund assets, and thus indirectly from clients' assets. We do not receive any compensation from these fees. All of these fees are in addition to the management fee you pay us. You should review all fees charged to fully understand the total amount of fees you will pay. Services similar to those offered by us are available elsewhere for more or less than the amounts we charge. Our brokerage practices are discussed in more detail under Item 12 – Brokerage Practices.

### **Other Compensation**

Our IARs do not receive other compensation than what is disclosed in this brochure from our advisory clients related to the provision of advisory services.

### **Financial Planning and/or Consulting Fees**

We provide comprehensive financial planning services for our clients. These services are included as part of our asset management services for relationships with at least \$500,000 in assets under management. For relationships involving less assets under management, the services are offered for a fixed fee ranging from \$2,500 to \$50,000 based upon the nature and complexity of the client's circumstances. The Financial Planning Agreement will show the fee you will pay. A deposit of 50% of the fee is due at the time the agreement is signed. The remainder of the fee is due upon presentation of an investment plan or the rendering of consulting services.

We do not accept prepayment of more than \$500 in fees per client, six months or more in advance. The financial planning agreement will terminate once you receive the final plan.

If the plan is implemented through us, we will receive asset management fees as stated above. This compensation would be in addition to the financial planning fee you pay. The fees and expenses you pay for the purchase of these products may be more or less than the expenses you would pay should you decide to implement our recommendations through another investment advisory firm or broker-dealer and are typically determined by the broker-dealer or investment company sponsoring the product. Therefore, a conflict of interest may exist between our interests and your interests since we may recommend products that pay us compensation. We may have an incentive to recommend particular



products based upon the potential compensation rather than your needs. This potential conflict is addressed in our Code of Ethics.

Based upon your needs, we also provide consultations throughout the year to advise and counsel you about other financial issues. We can help you with transition planning, major transaction analysis, coordinated with cash flow needs, retirement needs, estate planning needs, income tax planning, life and disability insurance needs, investment needs, and college education planning.

All recommendations developed by us are based upon our professional judgment. We cannot guarantee the results of any of our recommendations.

## **Item 6 – Performance Based Fee and Side by Side Management**

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We do not charge any performance-based fees. These are fees based on a share of capital gains on or capital appreciation of the assets of a client.

## **Item 7 – Types of Client(s)**

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We provide investment advisory services to individuals, high net worth individuals, trusts and small businesses. Our minimum account opening balance is \$500,000, which is negotiable based upon certain circumstances.

Additionally, the Adviser provides investment advisory services to the following types of clients:

- Tax-qualified retirement plans (both defined benefit and defined contribution) that are intended to receive favorable tax-treatment under section 401(a) or 403(b) of the IRC
- Non-qualified executive deferred compensation plans
- Other types of retirement plan types that are introduced to the Programs.

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

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### **Methods of Analysis**

We utilize the below analyses methods and strategies as part of our overall investment management discipline:

## **Fundamental Analysis**

Fundamental analysis is a technique that attempts to determine a security's value by focusing on the underlying factors that affect a company's actual business and its future prospects. Fundamental analysis is about using real data to evaluate a security's value. It refers to the analysis of the economic well-being of a financial entity as opposed to only its price movements.

The end goal of performing fundamental analysis is to produce a value that we can compare with the security's current price, with the aim of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell).

## **Modern Portfolio Theory (MPT)**

We use Modern Portfolio Theory to help select the funds we use in your account.

Modern portfolio theory tries to understand the market as a whole, rather than looking for what makes each investment opportunity unique. Investments are described statistically, in terms of their expected long-term return rate and their expected short-term volatility. The volatility is equated with "risk," measuring how much worse than average an investment's bad years are likely to be. The end goal is to identify your acceptable level of risk tolerance, and then to find a portfolio with the maximum expected return for that level of risk.

## **Technical Analysis**

Technical Analysis is a technique that attempts to determine a security's value by developing models and trading rules based upon price and volume transformation. Technical analysis assumes that a market's price reflects all relevant information, so the analysis focuses on the history of a security's trading behavior rather than external drivers such as economic, fundamental and news events. The practice of technical analysis incorporates the importance of understanding how market participants perceive and act upon relevant information rather than focusing on the information itself. Ultimately, technical analysts develop trading models and rules by evaluating factors such as market trends, market participant behaviors, supply and demand and pricing patterns and correlations.

As with other types of analysis, the predictive nature of technical analysis can vary greatly; models and rules are often modified and updated as new patterns and behaviors develop. Past performance is not an indicator of future return.

## **Targeted Asset Allocation**

We combine the above strategies to determine asset allocation strategies. We have developed asset allocation model portfolios covering everything from conservative income to very aggressive growth-oriented approaches. We will assign you a targeted portfolio that meets your goals and time horizon, while addressing the level of risk you are comfortable assuming. The strategic model portfolio allocation remains constant; your specific portfolio model may change infrequently to reflect shifts in your risk tolerance and goals. We screen and select funds and securities to be added to or removed from the model portfolio on a regular basis. Rebalancing can occur after a move in the market of 15% or more within any year but at least once per year based on the annual review of your financial situation.

## **Investment Strategies**

In order to perform this analysis, we use many resources, such as:

- Morningstar
- Institutional Research Firms
- Financial newspapers and magazines (e.g. Wall Street Journal, Forbes, etc.)
- Annual reports, prospectuses, filings
- Company press releases and websites

The investment strategies we use to implement any investment advice given to you include, but are not limited to:

- Long term purchases - securities held at least a year
- Short term purchases - securities sold within a year
- Margin Transactions.

## **Risk of Loss**

We cannot guarantee our analysis methods will yield a return. In fact, a loss of principal is always a risk. Investing in securities involves a risk of loss that you should be prepared to bear. You need to understand that investment decisions made for your account by us are subject to various market, currency, economic, political and business risks. The investment decisions we make for you will not always be profitable nor can we guarantee any level of performance.

A list of risks associated with the strategies, products and methodology we offer are listed below:

### **Fundamental Analysis Risk**

Fundamental analysis, when used in isolation, has a number of risks:

- There are an infinite number of factors that can affect the earnings of a company, and its stock price, over time. These can include economic, political and social factors, in addition to the various company statistics.
- The data used may be out of date.
- It is difficult to give appropriate weightings to the factors.
- It assumes that the analyst is competent.
- It ignores the influence of random events such as oil spills, product defects being exposed, and acts of God and so on.

### **Modern Portfolio Theory (MPT) Risk**

Modern Portfolio Theory tries to understand the market as a whole and measure market risk in an attempt to reduce the inherent risks of investing in the market. However, with every financial investment strategy there is a risk of a loss of principal. Not every investment decision will be profitable, and there can be no guarantee of any level of performance.

### **Technical Analysis risk**

- Technical analysis is derived from the study of market participant behavior and its efficacy is a matter of controversy.
- Methods vary greatly and can be highly subjective; different technical analysts can sometimes make contradictory predictions from the same data.
- Models and rules can incur sufficiently high transaction costs.

### **Exchange Traded Fund ("ETF") Risk**

Most ETFs are passively managed investment companies whose shares are purchased and sold on a securities exchange. An ETF represents a portfolio of securities designed to track a particular market segment or index. ETFs are subject to the following risks that do not apply to conventional funds:

- The market price of the ETF's shares may trade at a premium or a discount to their net asset value;
- An active trading market for an ETF's shares may not develop or be maintained; and
- There is no assurance that the requirements of the exchange necessary to maintain the listing of an ETF will continue to be met or remain unchanged.

### **Mutual Fund Risk**

The following is a list of some general risks associated with investing in mutual funds.

- Country Risk - The possibility that political events (a war, national elections), financial problems (rising inflation, government default), or natural disasters (an earthquake, a poor harvest) will weaken a country's economy and cause investments in that country to decline.
- Currency Risk - The possibility that returns could be reduced for Americans investing in foreign securities because of a rise in the value of the U.S. dollar against foreign currencies. Also called exchange-rate risk.
- Income Risk - The possibility that a fixed-income fund's dividends will decline as a result of falling overall interest rates.
- Industry Risk - The possibility that a group of stocks in a single industry will decline in price due to developments in that industry.
- Inflation Risk - The possibility that increases in the cost of living will reduce or eliminate a fund's real inflation-adjusted returns.

- **Manager Risk** -The possibility that an actively managed mutual fund's investment adviser will fail to execute the fund's investment strategy effectively resulting in the failure of stated objectives.
- **Market Risk** -The possibility that stock fund or bond fund prices overall will decline over short or even extended periods. Stock and bond markets tend to move in cycles, with periods when prices rise and other periods when prices fall.
- **Principal Risk** -The possibility that an investment will go down in value, or "lose money," from the original or invested amount.

### **Bond Fund Risk**

Bond funds generally have higher risks than money market funds, largely because they typically pursue strategies aimed at producing higher yields of the risks associated with bond funds include:

- **Call Risk** - The possibility that falling interest rates will cause a bond issuer to redeem—or call—its high-yielding bond before the bond's maturity date.
- **Credit Risk** — the possibility that companies or other issuers whose bonds are owned by the fund fail to pay their debts (including the debt owed to holders of their bonds). Credit risk is less of a factor for bond funds that invest in insured bonds or U.S. Treasury bonds. By contrast, those that invest in the bonds of companies with poor credit ratings generally will be subject to higher risk.
- **Interest Rate Risk** — the risk that the market value of the bonds will go down when interest rates go up. Because of this, you can lose money in any bond fund, including those that invest only in insured bonds or Treasury bonds.
- **Prepayment Risk** — the chance that a bond will be paid off early. For example, if interest rates fall, a bond issuer may decide to pay off (or "retire") its debt and issue new bonds that pay a lower rate. When this happens, the fund may not be able to reinvest the proceeds in an investment with as high a return or yield.

### **Stock Fund Risk**

Overall "market risk" poses the greatest potential danger for investors in stocks funds. Stock prices can fluctuate for a broad range of reasons, such as the overall strength of the economy or demand for particular products or services.

### **Overall Fund Risks**

Clients need to remember that past performance is no guarantee of future results. All funds carry some level of risk. You may lose some or all of the money you invest, including your principal, because the securities held by a fund go up and down in value. Dividend or interest payments sometimes fluctuate, or stop completely, as market conditions change.

Before you invest, be sure to read a fund's prospectus and shareholder reports to learn about its investment strategy and the potential risks. Funds with higher rates of return many times take risks that are beyond your comfort level and are inconsistent with your financial goals.

While past performance does not necessarily predict future returns, it can tell you how volatile (or stable) a fund has been over a period of time. Generally, the more volatile a fund, the higher the investment risk. If you need your money to meet a financial goal in the near-term, you probably can't afford the risk of investing in a fund with a volatile history because you will not have enough time to ride out any declines in the stock market.

## **Item 9 – Disciplinary Information**

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Registered Investment Advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of us or the integrity of our management. We do not have any information to disclose concerning Counterweight PW or any of our IARs. We adhere to high ethical standards for all IARs and associates.

## **Item 10 – Other Financial Industry Activities and Affiliations**

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Neither Counterweight PW nor any of its management persons are registered as a broker-dealer or registered as a representative of a broker-dealer, nor does it have any pending application to register. In addition, neither Counterweight PW nor its management persons are affiliated with any broker-dealer.

Counterweight PW and its management persons are not registering as a commodity pool operator, futures commission merchant, or commodity trading advisor.

### **Other Financial Industry Affiliations**

The IARs of Counterweight PW have the following outside business activities and/or affiliations to disclose.

Steven Swierkowski is licensed as an independent insurance agent with a separate insurance organization. Although he has never acted in this separate capacity as an independent insurance agent, he has the ability to do so if in the client's best interest. While highly unlikely, if insurance products are recommended by him while acting on behalf of his separate insurance organization, he will clearly identify this fact in the recommendation. Additionally, if the client agrees to purchase the product(s) through him while he is acting as an independent insurance agent, he will receive reasonable and customary commissions. Serving as an independent insurance agent presents a conflict of interest because should he recommend insurance products while acting in this capacity, he will receive a commission. It is important to note, clients are not obligated to implement any recommendation provided by the Adviser.

More importantly, just because he recommends an insurance product(s), does not necessarily mean he is acting as a separate independent insurance agent. In fact, he has never recommended or received any compensation while serving in this capacity, but rather utilizes a 3rd party for insurance recommendations, with no compensation paid to him.

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

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### **General Information**

We have adopted a Code of Ethics for all IAR's of the firm describing its high standards of business conduct, and fiduciary duty to you, our client. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts, the reporting of certain gifts and business entertainment items, and personal securities trading procedures. All of our IAR's must acknowledge the terms of the Code of Ethics annually, or as amended.

### **Participation or Interest in Client Accounts**

Our Compliance policies and procedures prohibit anyone associated with Counterweight PW from having an interest in a client account or participating in the profits of a client's account without the approval of the CCO.

The following acts are prohibited:

- Employing any device, scheme or artifice to defraud
- Making any untrue statement of a material fact
- Omitting to state a material fact necessary in order to make a statement, in light of the circumstances under which it is made, not misleading
- Engaging in any fraudulent or deceitful act, practice or course of business
- Engaging in any manipulative practices

Clients and prospective clients may request a copy of the Firm's Code of Ethics by contacting the CCO.

### **Personal Trading**

When appropriate, certain employee and affiliated accounts will trade in the same securities with your accounts on an aggregated basis when consistent with our obligation of best execution. When trades are aggregated, all parties will share the costs in proportion to their investment. We will retain records of the trade Order (specifying each participating account) and its allocation. Completed Orders will be allocated as specified in the initial trade order. Partially filled Orders will be allocated on a pro rata basis. Any exceptions will be explained on the order.

Counterweight PW has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of “Access Persons.” The policy requires that an Access Person of the firm provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming an Access Person. Additionally, each Access Person must provide the Chief Compliance Officer or his/her designee with a written report of the Access Person’s current securities holdings at least once each twelve (12) month period thereafter on a date the Adviser selects; provided, however that at any time that the Adviser has only one Access Person, he or she shall not be required to submit any securities report described above.

We have established the following restrictions in order to ensure our fiduciary responsibilities regarding insider trading are met:

- No securities for our personal portfolio(s) shall be bought or sold where this decision is substantially derived, in whole or in part, from the role of IARs of Counterweight PW, unless the information is also available to the investing public on reasonable inquiry. In no case shall we put our own interests ahead of yours.

## **Privacy Statement**

We are committed to safeguarding your confidential information and hold all personal information provided to us in the strictest confidence. These records include all personal information that we collect from you or receive from other firms in connection with any of the financial services they provide. We also require other firms with whom we deal to restrict the use of your information. Our Privacy Policy is available upon request.

## **Conflicts of Interest**

When appropriate, Counterweight PW’s IARs employ the same strategy for their personal investment accounts as they do for our clients. However, IARs are restricted from placing their orders in a way to benefit from the purchase or sale of a security.

We act in a fiduciary capacity. If a conflict of interest arises between us and you, we shall make every effort to resolve the conflict in your favor. When conflicts of interest may arise in the allocation of investment opportunities among the accounts that we advise, we will seek to allocate investment opportunities according to what we believe is appropriate for each account. We strive to do what is equitable and in the best interests of all the accounts we advise.

## **Item 12 – Brokerage Practices**

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### **Factors Used to Select Custodians**

In recommending a custodian/broker-dealer, we look for a company that offers relatively low transaction fees, access to desired securities, trading platforms, and support services.



## **Soft Dollars**

We have not entered into any soft dollars agreements with broker-dealers, custodians or third-party money managers. Fidelity provides us with certain brokerage and research products and services that qualify as "brokerage or research services" under the rules. These research products and/or services will assist the IAR in its investment decision making process. Such research generally will be used to service all of our clients, but brokerage commissions paid by the client is used to pay for research that is not used in managing the client's account. The account may pay to a broker-dealer a commission greater than another qualified broker-dealer might charge to effect the same transaction where the IAR determines in good faith that the commission is reasonable in relation to the value of the brokerage and research services received.

Because these benefits could be considered to provide a benefit to the adviser that might cause the client to pay more than the lowest available commission without receiving the most benefit, they are considered a conflict of interest in recommending or directing custodial and third-party managerial services. Counterweight PW mitigates these conflicts of interest through strong oversight of this arrangement by the Chief Compliance Officer, in order to ensure the benefits serve the best interests of the client.

There may other benefits from recommending Fidelity such as software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Other services may include, but are not limited to, performance reporting, financial planning, contact management systems, third-party research, publications, access to educational conferences, roundtables and webinars, practice management resources, access to consultants and other third-party service providers who provide a wide array of business-related services and technology with whom Counterweight PW may contract directly. Under certain circumstances, Counterweight PW will receive seminar expense reimbursements from product sponsors which can be based on the sales of products to their clients.

## **Economic Benefits**

### ***The Custodian and Brokers We Use***

Counterweight PW does not maintain custody of your assets that we manage. Your assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. We require that our clients use IWMS/Fidelity Brokerage Services ("Fidelity"), a FINRA-registered broker-dealer, member SIPC, as the qualified custodian. We are independently owned and operated and not affiliated with Fidelity. Fidelity will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we require that you use Fidelity as custodian/broker, you will decide whether to do so and open your account with Fidelity by entering into an account agreement directly with them. If you do not wish to place your assets with Fidelity, then we cannot manage your account. Not all advisers require

their clients to use a particular broker-dealer or other custodian selected by the advisor. Even though your account is maintained at Fidelity, we can still use other brokers to execute trades for your account, as described in the next paragraph.

### ***How We Select Brokers/Custodians***

We seek to select a custodian/broker who will hold your assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others, these:

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- capability to execute, clear and settle trades (buy and sell securities for your account)
- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- breadth of investment products made available (stocks, bonds, mutual funds, exchange traded funds (ETFs), etc.)
- availability of investment research and tools that assist us in making investment decisions
- quality of services
- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- reputation, financial strength and stability of the provider
- their prior service to us and our other clients
- availability of other products and services that benefit us, as discussed below (see “Products and Services Available to Us from Fidelity”)

### ***Your Custody and Brokerage Costs***

For our clients’ accounts it maintains, Fidelity generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Fidelity account. In addition to commissions Fidelity charges you a flat dollar amount as a “prime broker” or “trade away” fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Fidelity account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Fidelity execute most trades for your account.

### ***Products and Services Available to Us from Fidelity***

Fidelity serves independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage – trading, custody, reporting and related services – many of which are not

typically available to Fidelity retail customers. Fidelity also makes available various support services. Some of those services help us manage or administer our clients' accounts while others help us manage and grow our business. Fidelity's support services are generally available on an unsolicited basis (we don't have to request them) and at no charge to us. Here is a more detailed description of Fidelity's support services:

- Services that Benefit You. Fidelity's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Fidelity include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Fidelity's services described in this paragraph generally benefit you and your account.
- Services that May Not Directly Benefit You. Fidelity also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Fidelity's own and that of third parties. We may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at Fidelity. In addition to investment research, Fidelity also makes available software and other technology that:
  - provide access to client account data (such as duplicate trade confirmations and account statements)
  - facilitate trade execution and allocate aggregated trade orders for multiple client accounts
  - provide pricing and other market data
  - facilitate payment of our fees from our clients' accounts and
  - assist with back-office functions, recordkeeping and client reporting.
- Services that Generally Benefit Only Us. Fidelity also offers other services intended to help us manage and further develop our business enterprise. These services include:
  - educational conferences and events
  - technology, compliance, legal, and business consulting
  - publications and conferences on practice management and business succession and
  - access to employee benefits providers, human capital consultants and insurance providers.

Fidelity may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Fidelity may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Fidelity may also provide us with other benefits such as occasional business entertainment of our personnel.

### ***Our Interest in Fidelity's Services***

The availability of these services from Fidelity benefits us because we do not have to produce or purchase them. These services are not contingent upon us committing any specific amount of business to Fidelity in trading commissions or assets in custody. The receipt of these services may give us an incentive to require that you maintain your account with Fidelity based on our interest in receiving Fidelity's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Fidelity as custodian and broker is in the best interests of our clients. It is primarily supported by the scope, quality and price of Fidelity's services (based on the factors discussed above – see "How We Select Brokers/Custodians") and not Fidelity's services that benefit only us.

### **Best Execution**

We have an obligation to seek best execution for you. In seeking best execution, the determinative factor is not the lowest possible commission cost but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, reputation and responsiveness. Therefore, we will seek competitive commission rates, but we may not obtain the lowest possible commission rates for account transactions.

### **Brokerage for Client Referrals**

In selecting and/or recommending broker-dealers, we do not take into consideration whether or not we will receive client referrals from the broker-dealer or third-party.

### **Directed Brokerage**

We do not permit directed brokerage. We will require you to use the custodian of our choosing as the custodial firm.

### **Trading**

Transactions for each client account generally will be affected independently unless we decide to purchase or sell the same securities for several clients at approximately the same time. When appropriate, and if we have the ability through our custodian, we will (but are not obligated to) combine or "batch" such Orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among our clients' differences in prices and commission or other transaction costs. Under this procedure, transactions will be price-averaged and allocated among our clients in proportion to the purchase and sale orders placed for each client account on any given day.

### **ERISA**

As it relates to ERISA Plan business, the Adviser does not conduct transactional business and, consequently, the Adviser does not currently engage brokers in any transactional capacity.

### **Best Execution**

The Adviser does not trade in any Plan participant accounts.

## **Trading**

The Adviser does not trade in individual Plan participant accounts.

## **Item 13 – Review of Accounts**

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### **Reviews**

Reviews are conducted at least annually or as agreed to by us. Reviews will be conducted by our Chief Compliance Officer, Nick Murphy. You may request more frequent reviews and may set thresholds for triggering events that would cause a review to take place. Generally, we will monitor changes and shifts in the economy, changes to the management and structure of a mutual fund or company in which client assets are invested, and market shifts and corrections.

### **Reports**

We do not provide any additional statements to clients; the only statements clients will receive are those provided by the custodian(s).

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

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We do not receive any economic benefit from someone who is not a client for providing investment advice or other advisory services to our clients. We currently engage the services of a solicitor(s) and pay compensation to them if they refer clients to us. Prior to paying such referral fees, we will ensure compliance with all local and federal securities regulation prior to paying such compensation.

We receive an economic benefit from Fidelity in the form of the support products and services it makes available to us and other independent investment advisors that have their clients maintain accounts at Fidelity. These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12 – Brokerage Practices). The availability to us of Fidelity's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

## **Item 15 – Custody**

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We do not have physical custody of any accounts or assets. Under government regulations, we are deemed to have custody of your assets if you authorize us to instruct Fidelity to deduct our advisory fees directly from your account. Fidelity maintains actual custody of your assets. You will receive account statements directly from Fidelity at least quarterly. They will be sent to the email or postal mailing address

you provided to Fidelity. You should carefully review those statements promptly when you receive them. We also urge you to compare Fidelity's account statements to any portfolio reports you receive from us.

## **Qualified Retirement Plan Custody**

We do not have actual or constructive custody of any client's account. We do not have the ability to deduct fees directly from the plan accounts.

If authorized by the Plan Sponsor, the Adviser has the ability to debit fees directly from the Plan Sponsor's bank account through the submission of a billing file to the plan custodian, however, the Adviser does not have authority to possess or take actual custody of clients' funds or securities. Plan Sponsors and plan participants should receive at least quarterly statements from the recordkeeper, and Plan Sponsors and participants should carefully review such statements.

## **Standing Letter of Authorization**

Counterweight PW is deemed to have custody of client funds or securities as a result of maintaining standing letters of authorization (SLOA) for the purpose of distributing funds from a client's account. For those accounts in which we have the ability to initiate distributions from a client's account, via journal, ACH or wire to a third-party, which is an account held in the name of someone other than the client, we will ensure the following conditions have been met in order for us to be in compliance with SEC Custody Rules and ensure the safe keeping of our client's funds:

1. The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third-party's name, and either the third-party's address or the third-party's account number at a custodian to which the transfer should be directed.
2. The client authorizes the investment adviser, in writing, either on the qualified custodian's form or separately, to direct transfers to the third-party either on a specified schedule or from time to time.
3. 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.
4. The client has the ability to terminate or change the instruction to the client's qualified custodian.
5. 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.
6. 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.
7. The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

## Item 16 – Investment Discretion

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We manage assets on a discretionary basis. If you provide discretion authority, which will be evidenced via the written, discretionary agreement between the client and the Adviser, we will have the authority to determine the following without your consent:

- Securities to be bought or sold for your account
- Amount of securities to be bought or sold for your account

In all cases this discretion is exercised in a manner consistent with your stated investment objectives for your account and in accordance with any restrictions placed on the account(s).

When active asset management services are provided on a discretionary basis the client will enter into a separate custodial agreement with the custodian. The custodian agreement will include a limited power of attorney to trade in the client's account(s) which authorizes the custodian to take instructions from us regarding all investment decisions for your account.

### Qualified Retirement Plan Advisory Services

Our recommendations regarding our 3(21)-qualified retirement plan consulting services are made on a non-discretionary basis. The plan sponsor retains the decision-making authority over the plan. When recommending securities, we observe the investment policies, limitations, and restrictions set by the plan and plan sponsor. Our investment decisions regarding our 3(38)-qualified retirement plan consulting services are made on a discretionary basis.

In performing discretionary management services, the Adviser is acting as an “investment manager” (as that term is defined in Section 3(38) of ERISA) and as a fiduciary to the Plan and shall act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims.

## Item 17 – Voting Client Securities

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As a matter of Firm policy and practice, we do not have any authority to and do not vote proxies on behalf of advisory clients. You retain the responsibility for receiving and voting proxies for any and all securities maintained in your portfolios. We will not provide advice to you regarding your voting of proxies. The custodian will forward you copies of all proxies and shareholder communications relating to your account assets.

## Item 18 – Financial Information

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We are required to provide you with certain financial information or disclosures about our financial condition. We have no financial commitment that would impair our ability to meet any contractual and fiduciary commitments to you, our client. We have not been the subject of any bankruptcy proceedings. In no event shall we charge advisory fees that are both in excess of twelve hundred dollars and more than six months in advance of advisory services rendered.