

Item 1: Cover Sheet

**FORM ADV PART 2A
INFORMATIONAL BROCHURE**



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This brochure provides information about the qualifications and business practices of Proactive Wealth Strategies, LLC. If you have any questions about the contents of this brochure, please contact us at 770-971-4142. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Our registration does not imply a certain level of skill or training.

Additional information about Proactive Wealth Strategies (CRD# 318872) is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2:Statement of Material Changes

In this Item it is required to discuss any material changes which have been made to the brochure. As this is the first issuance of the brochure, there are no material changes to report.

Item 3: Table of Contents

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INFORMATIONAL BROCHURE
Proactive Wealth Strategies, LLC

Item 4: Advisory Business

Proactive Wealth Strategies, LLC (PWS) is an independent registered investment advisor. The firm was founded by Cindy Derso and Craig Seligman in 2005. PWS provides comprehensive planning and investment management services to assist clients with creating a roadmap tailored to their specific needs.

Financial Planning

PWS's process starts with an introductory meeting which is spent getting to know the client and what is most important to them, where the client is now financially and what they would like their money to accomplish for them. Once the client's goals are identified, PWS constructs a plan that is tailored to the client's specific needs and works with the client to implement the steps outlined in the plan.

Portfolio Management and Asset Allocation Services

PWS performs portfolio management and asset allocation services primarily on a discretionary basis. This means that while PWS will continue an ongoing relationship with each client, being involved in various stages of their lives and decisions to be made, PWS will not seek specific approval of changes to client accounts. Because PWS takes discretion when managing accounts, clients engaging us will be asked to execute a Limited Power of Attorney (granting us the discretionary authority over the client accounts) as well as an Investment Advisory Agreement that outlines the responsibilities of both the client and PWS. In the case of assets managed by a third-party manager, PWS may, have the discretion to hire and fire the third-party manager, in which case that change would be made in keeping with client objectives but not necessarily with prior client authorization.

In limited circumstances, PWS may provide asset management services on a non-discretionary basis, which means PWS will consult with the client prior to implementing any investment recommendation. Clients should be aware that some recommendations may be time-sensitive, in which case recommendations not implemented because PWS is unable to reach a non-discretionary client may not be made on a timely basis and therefore the client's account may not perform as well as it would have had PWS been able to reach the client for a consultation on the recommendation.

PWS may provide advisory services through certain programs sponsored by LPL Financial LLC (LPL), a registered investment advisor and broker-dealer. Below is a brief description of each LPL advisory program available to PWS. For more information regarding the LPL programs, including more information on the advisory services and fees that apply, the types of investments available in the programs and the potential conflicts of interest presented by the programs please see the program account packet (which includes the account agreement and LPL Form ADV program brochure) and the Form ADV, Part 2A of LPL or the applicable program.

Optimum Market Portfolios Program (OMP)

OMP offers clients the ability to participate in a professionally managed asset allocation program using Optimum Funds shares. Under OMP, client will authorize LPL on a discretionary basis to purchase and sell Optimum Funds pursuant to investment objectives chosen by the client. PWS will assist the client in determining the suitability of OMP for the client and assist the client in setting an appropriate investment objective. PWS will have discretion to select a mutual fund asset allocation portfolio designed by LPL consistent with the client's investment objective. LPL will have discretion to purchase and sell Optimum Funds pursuant to the portfolio selected for the client. LPL will also have authority to rebalance the account.

A minimum account value of \$10,000 is required for OMP. In certain instances, LPL will permit a lower minimum account size.

Model Wealth Portfolios Program (MWP)

MWP offers clients a professionally managed mutual fund asset allocation program. PWS will obtain the necessary financial data from the client, assist the client in determining the suitability of the MWP program and assist the client in setting an appropriate investment objective. PWS will initiate the steps necessary to open an MWP account and have discretion to select a model portfolio designed by LPL's Research Department consistent with the client's stated investment objective. LPL's Research Department, a third-party portfolio strategist and/or Advisor, through its IAR, may act as a portfolio strategist responsible for selecting the mutual funds or ETFs within a model portfolio and for making changes to the mutual funds or ETFs selected.

The client will authorize LPL to act on a discretionary basis to purchase and sell mutual funds and ETFs and to liquidate previously purchased securities. The client will also authorize LPL to effect rebalancing for MWP accounts.

MWP requires a minimum asset value for a program account to be managed. The minimums vary depending on the portfolio(s) selected and the account's allocation amongst portfolios. The lowest minimum for a portfolio is \$25,000. In certain instances, a lower minimum for a portfolio is permitted.

Proactive Wealth Strategies Wrap Program

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

Additionally, because of the nature of a wrap program, wherein clients pay one fee for advisory

services as well as certain transactions, the actual fee to the firm will vary as the transaction costs charged to the program vary. This means that if transaction costs go down, either because the account is traded less or because the cost per trade goes down, the firm's fees for the same advisory services will increase. Likewise, if the costs increase, the firm's advisory compensation will decrease. In many instances, LPL makes available mutual funds in a Proactive Wealth Strategies Wrap Program account that offer various classes of shares, including shares designated as Class A Shares and shares designed for advisory programs, which can be titled, for example, as "Class I," "institutional," "investor," "retail," "service," "administrative" or "platform" share classes ("Platform Shares"). The Platform Share class offered for a particular mutual fund in the Proactive Wealth Strategies Wrap Program in many cases will not be the least expensive share class that the mutual fund makes available and was selected by LPL in certain cases because the share class pays LPL compensation for the administrative and recordkeeping services LPL provides to the mutual fund. Client should understand that another financial services firm may offer the same mutual fund at a lower overall cost to the investor than is available through the Proactive Wealth Strategies Wrap Program. In other instances, a mutual fund may offer only Class A Shares, but another similar mutual fund may be available that offers Platform Shares. Class A Shares typically pay LPL a 12b-1 fee for providing shareholder services, distribution, and marketing expenses ("brokerage-related services") to the mutual funds. Platform Shares generally are not subject to 12b-1 fees. As a result of the different expenses of the mutual fund share classes, it is generally more expensive for a client to own Class A Shares than Platform Shares. An investor in Platform Shares will pay lower fees over time and keep more of his or her investment returns than an investor who holds Class A Shares of the same fund.

PWS has a financial incentive to recommend Class A Shares in cases where both Class A and Platform Shares are available. This is a conflict of interest which might incline PWS, consciously or unconsciously, to render advice that is not disinterested. Although the client will not be charged a transaction charge for transactions, Advisor pays LPL a per transaction charge for mutual fund purchases and sales in the account. PWS generally does not pay transaction charges for Class A Share mutual fund transactions accounts, but generally does pay transaction charges for Platform Share mutual fund transactions. The cost to PWS of transaction charges generally may be a factor Advisor considers when deciding which securities to select and whether or not to place transactions in the account.

The lack of transaction charges to PWS for Class A Share purchases and sales, together with the fact that Platform Shares generally are less expensive for a client to own, presents a significant conflict of interest between PWS and the client. In short, it costs PWS less to recommend and select Class A share mutual funds than Platform shares, but Platform shares will generally outperform Class A mutual fund shares on the basis of internal cost structure alone. Clients should understand this conflict and consider the additional indirect expenses borne as a result of the mutual fund fees when negotiating and discussing with your Advisor the advisory fee for management of an account.

Use of Third-Party Managers

PWS may select certain Third-Party Managers to actively manage a portion of its clients' assets. The specific terms and conditions under which a client engages a Third-Party Manager may be set forth in a separate written agreement with the designated Third-Party Manager. In addition to this brochure, clients may also receive the written disclosure documents of the respective Third-Party Managers engaged to manage their assets. PWS evaluates a variety of information about Third Party Managers, which may include the Third-Party Managers' public disclosure documents, materials

supplied by the Third-Party Managers themselves and other third-party analyses it believes are reputable. To the extent possible, PWS seeks to assess the Third-Party Managers' investment strategies, past performance and risk results in relation to its clients' individual portfolio allocations and risk exposure. PWS also takes into consideration each Third-Party Manager's management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other factors. PWS continues to provide services relative to the discretionary selection of the Third-Party Managers. On an ongoing basis, PWS monitors the performance of those accounts being managed by Third Party Managers. PWS seeks to ensure the Third-Party Managers' strategies and target allocations remain aligned with its clients' investment objectives and overall best interests.

Assets Under Management

As of December 31, 2022 PWS has \$179,768,266 in assets under management. PWS has 898 accounts all managed on a discretionary basis.

Item 5: Fees and Compensation

A. Fees Charged

Financial Planning

Financial planning clients are charged a flat fee based upon the complexity of the planning and the unique financial situation of the client. The fee may range from \$100 to \$10,000. In the sole discretion of PWS, the fee due for financial planning services may be included in the asset management fee.

Asset Management

All investment management clients will be required to execute an Investment Management Agreement that will describe the type of management services to be provided and the fees, among other items. Clients are advised that they may pay fees that are higher or lower than fees they may pay another advisor for the same services and may in fact pay lower fees for comparable services from other sources. Clients are under no obligation at any time to engage or to continue to engage, PWS for investment services.

PWS asset management fees are as follows:

<u>Assets Under Management</u>	<u>Advisory Fee %</u>
\$10,000 - \$250,000	1.50%
\$250,001 - \$500,000	1.40%
\$500,001 - \$750,000	1.35%
\$750,001 - \$1,000,000	1.25%
\$1,000,001 - \$3,000,000	1.00%
\$3,000,001 - \$5,000,000	0.90%
\$5,000,001 and above	0.80%

Fees are negotiable and may be higher or lower than this range, based on the nature of the account, and the origin of the client. Factors affecting fee percentages include if the account is actively or passively managed, the size of the account, complexity of asset structures, the non-management services provided to the client, and any other unique factors that may exist. All clients, but especially those with smaller accounts, should be advised they may receive similar services from other professionals for higher or lower overall costs.

Because there are different fees charged for account that are managed on an active basis versus a passive basis, PWS does have conflict of interest where PWS has an incentive to allocation assets to active management because due to the higher fees charged. PWS mitigates this risk by disclosing it to the public.

PWS may provide advisory services through certain programs sponsored by LPL Financial LLC (LPL), a registered investment advisor and broker-dealer. Below is a brief description of each LPL advisory program available to PWS. For more information regarding the LPL programs, including more information on the advisory services and fees that apply, the types of investments available in the programs and the potential conflicts of interest presented by the programs please see the program account packet (which includes the account agreement and LPL Form ADV program brochure) and the Form ADV, Part 2A of LPL or the applicable program.

Optimum Market Portfolios Program (OMP)

OMP offers clients the ability to participate in a professionally managed asset allocation program using Optimum Funds shares. Under OMP, client will authorize LPL on a discretionary basis to purchase and sell Optimum Funds pursuant to investment objectives chosen by the client. PWS will assist the client in determining the suitability of OMP for the client and assist the client in setting an appropriate investment objective. PWS will have discretion to select a mutual fund asset allocation portfolio designed by LPL consistent with the client's investment objective. LPL will have discretion to purchase and sell Optimum Funds pursuant to the portfolio selected for the client. LPL will also have authority to rebalance the account.

A minimum account value of \$10,000 is required for OMP. In certain instances, LPL will permit a lower minimum account size.

Model Wealth Portfolios Program (MWP)

MWP offers clients a professionally managed mutual fund asset allocation program. PWS will obtain the necessary financial data from the client, assist the client in determining the suitability of the MWP program and assist the client in setting an appropriate investment objective. PWS will initiate the steps necessary to open an MWP account and have discretion to select a model portfolio designed by LPL's Research Department consistent with the client's stated investment objective. LPL's Research Department, a third-party portfolio strategist and/or Advisor, through its IAR, may act as a portfolio strategist responsible for selecting the mutual funds or ETFs within a model portfolio and for making changes to the mutual funds or ETFs selected.

The client will authorize LPL to act on a discretionary basis to purchase and sell mutual funds and ETFs and to liquidate previously purchased securities. The client will also authorize LPL to effect rebalancing for MWP accounts.

MWP requires a minimum asset value for a program account to be managed. The minimums vary depending on the portfolio(s) selected and the account's allocation amongst portfolios. The lowest minimum for a portfolio is \$25,000. In certain instances, a lower minimum for a portfolio is permitted.

The individuals that are licensed as registered representatives of LPL Financial are subject to regulations that restrict them from conducting securities transactions away from LPL Financial without written authorization from LPL Financial. Clients should, therefore, be aware that for accounts where LPL Financial serves as the custodian, PWS is limited to offering services and investment vehicles that are approved by LPL Financial and may be prohibited from offering services and investment vehicles that may be available through other broker/dealers and custodians.

Certain investment adviser representatives of PWS are also associated with LPL Financial as broker-dealer registered representatives ("Dually Registered Persons"). In their capacity as registered representatives of LPL Financial, certain Dually Registered Persons may earn commissions for the sale of securities or investment products that they recommend for brokerage clients. They do not earn commissions on the sale of securities or investment products recommended or purchased in advisory accounts through PWS. Clients have the option of purchasing many of the securities and investment products we make available to you through another broker-dealer or investment adviser. However, when purchasing these securities and investment products away from PWS, you will not receive the benefit of the advice and other services we provide.

B. Fee Payment

Asset Management:

For clients whose assets are managed by the firm, investment advisory fees will be debited directly from each client's account. The advisory fee is paid quarterly, in advance, and the value used for the fee calculation is the net value as of the last market day of the previous quarter, including any cash in the client's account. For example, if your annual fee is 1.00%, each quarter we will multiply the value of your account by 1.00%, then divide by the number of days in that year (90 days per quarter) and multiply that number by days in the quarter to calculate our fee. To the extent there is cash in your account, it will be included in the value for the purpose of calculating fees only if the cash is part of an investment strategy. Once the calculation is made, we will instruct your account custodian to deduct the fee from your account and remit it to PWS.

Clients whose fees are directly debited will provide written authorization to debit advisory fees from their accounts held by a qualified custodian chosen by the client. PWS is to invoice the qualified custodian for fees. Each quarter, the client will receive a statement from their account custodian showing all transactions in their account, including the fee. PWS encourages clients to carefully review the statements and confirmations sent to them by their custodian, and to compare the information on reports prepared by PWS against the information in the statements provided directly from the custodian. Please alert PWS of any discrepancies.

The account fee charged to the client for each LPL advisory program is negotiable, subject to the following maximum account fees:

OMP	2.50%
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MWP

2.65%*

* The MWP account fee consists of an LPL program fee, a strategist fee (if applicable) and an advisor fee of up to 2.00%. Accounts remaining under the legacy fee structure may be charged one aggregate account fee, for which the maximum account fee is 2.50%. See the MWP program brochure for more information.

PWS receives compensation as a result of a client's participation in an LPL program. Depending on, among other things, the type and size of the account, type of securities held in the account, changes in its value over time, the ability to negotiate fees or commissions, the historical or expected size or number of transactions, and the number and range of supplementary advisory and client-related services provided to the client, the amount of this compensation may be more or less than what the PWS would receive if the client participated in other programs, whether through LPL or another sponsor, or paid separately for investment advice, brokerage and other services.

The account fee may be higher than the fees charged by other investment advisors for similar services.

Clients should consider the level and complexity of the advisory services to be provided when negotiating the account fee (or the advisor fee portion of the account fee, as applicable) with PWS. With regard to accounts utilizing third-party portfolio managers under aggregate, all-in-one account fee structures (including the legacy MWP fee structure), because the portion of the account fee retained by PWS varies depending on the portfolio strategist fee associated with a portfolio, PWS has a financial incentive to select one portfolio instead of another portfolio.

Please refer to the relevant LPL Form ADV program brochure for a more detailed discussion of conflicts of interest.

C. Other Fees

There are a number of other fees that can be associated with holding and investing in securities. Expenses of a mutual fund or ETF will not be included in management fees, as they are deducted from the value of the shares by the manager. When selecting mutual funds that have multiple share classes for recommendation to clients, PWS will take into account the internal fees and expenses associated with each share class, and it is PWS's policy to choose the lowest-cost share class available, absent circumstances that dictate otherwise. For complete discussion of expenses related to each mutual fund or ETF, you should read a copy of the prospectus issued by that fund. PWS can provide or direct you to a copy of the prospectus for any fund that we recommend to you.

Please make sure to read Item 12 of this informational brochure, where we discuss broker-dealer and custodial issues.

D. *Pro-rata* Fees

If a client becomes a client during a quarter, they will pay a management fee for the number of days left in that quarter. If clients terminate the relationship during a quarter, they will be entitled to a refund of any management fees for the remainder of the quarter they may have prepaid. Once the notice of termination is received, PWS will assess pro-rated fees for the number of days between the

end of the prior billing period and the date of termination to be paid in whatever way a client direct (check, wire). PWS will cease to perform services, including processing trades and distributions, upon termination. Assets not transferred from terminated accounts within 30 (thirty) days of termination may be “de-linked”, meaning they will no longer be visible to PWS and will become a retail account with the custodian.

E. Compensation for the Sale of Securities.

Certain investment adviser representatives of PWS are also associated with LPL as broker-dealer registered representatives (“Dually Registered Persons”). In their capacity as registered representatives of LPL, certain Dually Registered Persons may earn commissions for the sale of securities or investment products that they recommend for brokerage clients. They do not earn commissions on the sale of securities or investment products recommended or purchased in advisory accounts through PWS. Clients have the option of purchasing many of the securities and investment products we make available to you through another broker-dealer or investment adviser. However, when purchasing these securities and investment products away from PWS, you will not receive the benefit of the advice and other services we provide.

As a registered representative, they may sell mutual funds and receive 12(b)-1 fees in addition to commissions. The 12(b)-1 fees, named after a section of the *Investment Company Act of 1940*, are annual marketing or distribution fees and considered an operational or administrative expense. The fees are included as a part of the mutual fund’s total expense ratio and paid from fund assets. Therefore, the fees come indirectly from your account. Every mutual fund prospectus includes a description of the fund’s fees and expenses. Receiving 12(b)-1 fees represents an incentive for a registered representative to recommend funds with 12(b)-1 fees or with higher 12(b)-1 fees than funds with no fees or lower fees. This is also a potential conflict of interest. Our representatives will only recommend mutual funds to clients if those funds are suitable for you and appropriate to help fulfill your objectives.

Item 6: Performance-Based Fees

PWS will not charge performance-based fees.

Item 7: Types of Clients

Clients advised include individuals, families, and trusts. PWS does not have an account minimum to start or maintain an investment advisory relationship.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

It is important for you to know and remember that all investments carry risks. Investing in securities involves risk of loss that clients should be prepared to bear.

Strategies and Methods of Analysis

PWS manages client assets using a predominantly top-down approach. PWS pulls from a large universe of investments and drills down into securities for use in client portfolios utilizing performance related factors for actively and passively managed portfolios.

Investment Allocations & Investment Programs

Each client's portfolio will be invested according to that client's investment objectives, which are ascertained through the financial planning process or through a review of the existing plan. Once PWS ascertains the client's objectives for the client's portfolio, PWS develops a set of asset allocation guidelines that will aide in executing the proper allocation strategy between accounts. Utilizing a performance-based analysis, PWS will base conclusions on predominantly publicly available research, such as regulatory filings, press releases, competitor analyses, and in some cases research we receive from our custodian or other market analyses.

The investment programs are not investment products. Clients may have different needs than others within the same investment program. Accordingly, not all clients in each investment program will have the exact same percentages of each underlying investment.

The investment strategies that PWS recommends are based on the needs of the client and are unique to each client. As a result, the asset allocation guidelines for one client may be similar to or different from another client.

PWS may periodically recommend changes to the investment strategies and client portfolios to meet the guidelines of the asset allocation for the program or an individual client's objectives. It is important to remember that because market conditions can vary greatly, asset allocation guidelines are not necessarily strict rules. Rather, PWS reviews accounts individually, and may deviate from the guidelines as PWS believes necessary.

When PWS makes changes to an investment strategy, these changes may not be made simultaneously. Rather, some accounts may be modified before others. This may result in accounts being traded earlier inadvertently having an advantage over accounts traded later.

Additionally, as assets are transitioned from a client's prior advisors to PWS, clients may hold legacy securities and may place restrictions on individual security types. Legacy securities are those that a client owned prior to or separate from its PWS portfolio. If a client transitions mutual fund shares to PWS that are not the lowest-cost share class, and PWS is not recommending disposing of the security altogether, PWS will attempt to convert such mutual fund share classes into the lowest-cost share classes the client is eligible for, taking into account any adverse tax consequences associated with such conversion.

Third Party Managers

In some instances, PWS can utilize other managers to assist in the management of client assets. These managers are selected by PWS after a process whereby PWS evaluates each manager's investment performance, operations, and offerings to determine if the manager would be a fit for

PWS clients. This process continues on an ongoing basis, throughout the time the client works with the third-party manager. Prior to referring any client to another manager, PWS will confirm that such manager is registered, or exempt from registration, as an investment adviser.

Risk of Loss

There are always risks to investing. **Clients should be aware that all investments carry various types of risk including the potential loss of principal that clients should be prepared to bear.** It is impossible to name all possible types of risks. Among the risks are the following:

- **Political Risks.** Most investments have a global component, even domestic stocks. Political events anywhere in the world may have unforeseen consequences to markets around the world.
- **General Market Risks.** Markets can, as a whole, go up or down on various news releases or for no understandable reason at all. This sometimes means that the price of specific securities could go up or down without real reason and may take some time to recover any lost value. Adding additional securities does not help to minimize this risk since all securities may be affected by market fluctuations.
- **Currency Risk.** When investing in another country using another currency, the changes in the value of the currency can change the value of your security value in your portfolio.
- **Regulatory Risk.** Changes in laws and regulations from any government can change the value of a given company and its accompanying securities. Certain industries are more susceptible to government regulation. Changes in zoning, tax structure or laws impact the return on these investments.
- **Tax Risks Related to Short Term Trading:** Clients should note that PWS may engage in short-term trading transactions. These transactions may result in short term gains or losses for federal and state tax purposes, which may be taxed at a higher rate than long term strategies. PWS endeavors to invest client assets in a tax efficient manner, but all clients are advised to consult with their tax professionals regarding the transactions in client accounts.
- **Purchasing Power Risk.** Purchasing power risk is the risk that your investment's value will decline as the price of goods rises (inflation). The investment's value itself does not decline, but its relative value does, which is the same thing. Inflation can happen for a variety of complex reasons, including a growing economy and a rising money supply.
- **Business Risk.** This can be thought of as certainty or uncertainty of income. Management comes under business risk. Cyclical companies (like automobile companies) have more business risk because of the less steady income stream. On the other hand, fast food chains tend to have steadier income streams and therefore, less business risk.
- **Financial Risk.** The amount of debt or leverage determines the financial risk of a company.
- **Default Risk.** This risk pertains to the ability of a company to service their debt. Ratings provided by several rating services help to identify those companies with more risk. Obligations of the U.S. government are said to be free of default risk.
- **Margin Risk.** "Margin" is a tool used to maximize returns on a given investment by using securities in a client account as collateral for a loan from the custodian to the client. The proceeds of that loan are then used to buy more securities. Margin carries a higher degree of risk than investing without margin.
- **Short Sales.** "Short sales" are a way to implement a trade in a security PWS feels is overvalued. In a "long" trade, the investor is hoping the security increases in price. Thus, in a long trade, the amount of the investor's loss (without margin) is the amount paid for the security. In a short sale,

the investor is hoping the security decreases in price. However, unlike a long trade where the price of the security can only go from the purchase price to zero, in a short sale, the price of the security can go infinitely upwards. Thus, in a short sale, the potential for loss is unlimited and unknown, where the potential for loss in a long trade is limited and knowable. PWS utilizes short sales only when the client's risk tolerances permit.

- **Risks specific to private placements, sub-advisors and other managers.** If we invest some of your assets with another advisor, including a private placement, there are additional risks. These include risks that the other manager is not as qualified as we believe them to be, that the investments they use are not as liquid as we would normally use in your portfolio, or that their risk management guidelines are more liberal than we would normally employ.

- **Information Risk.** All investment professionals rely on research in order to make conclusions about investment options. This research is always a mix of both internal (proprietary) and external (provided by third parties) data and analyses. Even an adviser who says they rely solely on proprietary research must still collect data from third parties. This data, or outside research is chosen for its perceived reliability, but there is no guarantee that the data or research will be completely accurate. Failure in data accuracy or research will translate to a compromised ability by the adviser to reach satisfactory investment conclusions.

- **Small Companies.** Some investment opportunities in the marketplace involve smaller issuers. These companies may be starting up or are historically small. While these companies sometimes have potential for outsized returns, they also have the potential for losses because the reasons the company is small are also risks to the company's future. For example, a company's management may lack experience, or the company's capital for growth may be restricted. These small companies also tend to trade less frequently than larger companies, which can add to the risks associated with their securities because the ability to sell them at an appropriate price may be limited compared to the markets as a whole. Not only do these companies have investment risk, if a client is invested in such small companies and requests immediate or short-term liquidity, these securities may require a significant discount to value in order to be sold in a shorter time frame.

- **Concentration Risk.** While PWS selects individual securities, including mutual funds, for client portfolios based on an individualized assessment of each security, this evaluation comes without an overlay of general economic or sector specific issue analysis. This means that a client's equity portfolio may be concentrated in a specific sector, geography, or sub-sector (among other types of potential concentrations), so that if an unexpected event occurs that affects that specific sector or geography, for example, the client's equity portfolio may be affected negatively, including significant losses.

- **Transition risk.** As assets are transitioned from a client's prior advisers to PWS there may be securities and other investments that do not fit within the asset allocation strategy selected for the client. Accordingly, these investments will need to be sold in order to reposition the portfolio into the asset allocation strategy selected by PWS. However, this transition process may take some time to accomplish. Some investments may not be unwound for a lengthy period of time for a variety of reasons that may include unwarranted low share prices, restrictions on trading, contractual restrictions on liquidity, or market-related liquidity concerns. In some cases, there may be securities or investments that are never able to be sold. The inability to transition a client's holdings into recommendations of PWS may adversely affect the client's account values, as PWS's recommendations may not be able to be fully implemented.

- **Restriction Risk.** Clients may at all times place reasonable restrictions on the management of their accounts. However, placing these restrictions may make managing the accounts more difficult, thus lowering the potential for returns.

- **Risks Related to Investment Term & Liquidity.** Securities do not follow a straight line up in value. All securities will have periods of time when the current price of the security is not an accurate measure of its value. If you require us to liquidate your portfolio during one of these periods, you will not realize as much value as you would have had the investment had the opportunity to regain its value. Further, some investments are made with the intention of the investment appreciating over an extended period of time. Liquidating these investments prior to their intended time horizon may result in losses.
- **REITs:** PWS may recommend that portions of client portfolios be allocated to real estate investment trusts, otherwise known as “REITs”. A REIT is an entity, typically a trust or corporation that accepts investments from a number of investors, pools the money, and then uses that money to invest in real estate through either actual property purchases or mortgage loans. While there are some benefits to owning REITs, which include potential tax benefits, income and the relatively low barrier to invest in real estate as compared to directly investing in real estate, REITs also have some increased risks as compared to more traditional investments such as stocks, bonds, and mutual funds. First, real estate investing can be highly volatile. Second, the specific REIT chosen may have a focus such as commercial real estate or real estate in a given location. Such investment focus can be beneficial if the properties are successful but lose significant principal if the properties are not successful. REITs may also employ significant leverage for the purpose of purchasing more investments with fewer investment dollars, which can enhance returns but also enhances the risk of loss. The success of a REIT is highly dependent upon the manager of the REIT. Clients should ensure they understand the role of the REIT in their portfolio.
- **MLPs:** PWS may recommend that portions of client portfolios be allocated to master limited partnerships, otherwise known as “MLPs”. An MLP is a publicly traded entity that is designed to provide tax benefits for the investor. In order to preserve these benefits, the MLP must derive most, if not all, of its income from real estate, natural resources and commodities. While MLPs may add diversification and tax favored treatment to a client’s portfolio, they also carry significant risks beyond more traditional investments such as stocks, bonds and mutual funds. One such risk is management risk-the success of the MLP is dependent upon the manager’s experience and judgment in selecting investments for the MLP. Another risk is the governance structure, which means the rules under which the entity is run. The investors are the limited partners of the MLP, with an affiliate of the manager typically the general partner. This means the manager has all of the control in running the entity, as opposed to an equity investment where shareholders vote on such matters as board composition. There is also a significant amount of risk with the underlying real estate, resources or commodities investments. Clients should ask PWS any questions regarding the role of MLPs in their portfolio.
- **BDCs (Business Development Companies):** Business Development Companies (BDCs) are a specific subset of investment companies that receive preferential tax treatment provided they meet certain investment restrictions and other regulatory requirements. Because BDCs are managed by third parties and are frequently chosen for the perceived strength of their managers, the investment thesis, and tax treatment, the risks associated with a BDC investment generally follow directly from the manager, in that the manager ultimately controls the investments, and can adversely impact the tax treatment of the vehicle. Additional risks exist and may be specific to the particular BDC. Accordingly, investors should carefully review the BDC’s prospectus and any addendums thereto.
- **Excess Cash Balance Risk:** Client accounts may have cash balances in excess of \$250,000, which is the insurance limit of the Federal Deposit Insurance Corporation. For cash balances in excess of that amount, there is an enhanced risk that operation related counterparty risk related to the account custodian could cause losses in the account. We mitigate this risk by carrying cash balances in amounts either subject to protection or as limited as you, the client, directs. You may elect to

participate in a “cash sweep” program through your account custodian which automatically moves excess cash from your investment account into a cash account and then invests that cash into cash-based investments, such as money market funds. We do not receive compensation of any kinds for facilitating your participation in such cash sweep accounts.

Item 9: Disciplinary Information

There are no disciplinary items to report.

Item 10: Other Financial Industry Activities and Affiliations

A. Broker-dealer

Certain employees of PWS are Dually Registered Persons. LPL Financial is a broker-dealer that is independently owned and operated and is not affiliated with PWS. Please refer to Item 12 for a discussion of the benefits PWS may receive from LPL Financial and the conflicts of interest associated with receipt of such benefits.

As discussed previously, certain associated persons of the PWS are registered representatives of LPL Financial. As a result of this relationship, LPL Financial may have access to certain confidential information (e.g., financial information, investment objectives, transactions and holdings) about PWS’s clients, even if client does not establish any account through LPL. If you would like a copy of the LPL Financial privacy policy, please contact PWS at 770-971-4142.

B. Futures Commission Merchant/Commodity Trading Advisor

Neither the principal of PWS, nor any related persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

C. Relationship with Related Persons

Certain of PWS’s professionals in their individual capacities, are licensed insurance agents with various insurance companies, and in such capacity, may recommend, on a fully disclosed basis, the purchase of certain insurance products. A conflict of interest exists to the extent that PWS or its representatives recommend the purchase of insurance products where PWS or its representatives receive insurance commissions or other additional compensation, rather than on a client’s needs. The receipt of additional fees or commissions for insurance is therefore a conflict of interest, and clients should be aware of this conflict when considering whether to engage PWS to implement any insurance recommendations. PWS attempts to mitigate this conflict of interest by disclosing the conflict to clients and informing the clients that they are always free to purchase insurance products or estate planning through other agents that are not affiliated with PWS, or to determine not to purchase the insurance product at all. PWS also attempts to mitigate the conflict of interest by requiring employees to acknowledge in the firm’s

Code of Ethics, their individual fiduciary duty to the clients of PWS, which requires that employees put the interests of clients ahead of their own. Commissions from the sale of insurance products will not be used as a credit against or to offset advisory fees.

D. Recommendations of Other Advisers

As discussed in Item 8, PWS may recommend the use of one or more third party managers.

Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

- A. A copy of our Code of Ethics is available upon request. Our Code of Ethics includes discussions of our fiduciary duty to clients, political contributions, gifts, entertainment, and trading guidelines.
- B. Not applicable. PWS does not recommend to clients that they invest in any security in which PWS, or any principal thereof has any financial interest.
- C. On occasion, an employee of PWS may purchase for his or her own account securities which are also recommended for clients. Our Code of Ethics details rules for employees regarding personal trading and avoiding conflicts of interest related to trading in one's own account. To avoid placing a trade before a client (in the case of a purchase) or after a client (in the case of a sale), all employee trades are reviewed by the Compliance Officer. All employee trades must either take place in the same block as a client trade or sufficiently apart in time from the client trade, so the employee receives no added benefit. Employee statements are reviewed to confirm compliance with the trading procedures.
- D. On occasion, an employee of PWS may purchase for his or her own account securities which are also recommended for clients at the same time the clients purchase the securities. Our Code of Ethics details rules for employees regarding personal trading and avoiding conflicts of interest related to trading in one's own account. To avoid placing a trade before a client (in the case of a purchase) or after a client (in the case of a sale), all employee trades are reviewed by the Compliance Officer. All employee trades must either take place in the same block as a client trade or sufficiently apart in time from the client trade, so the employee receives no added benefit. Employee statements are reviewed to confirm compliance with the trading procedures.

Item 12: Brokerage Practices

- A. Recommendation of Broker-Dealer
- B. Aggregating Trades

Commission costs per client may be lower on a particular trade if all clients in whose accounts the trade is to be made are executed at the same time. This is called aggregating trades. Instead

of placing a number of trades for the same security for each account, we will, when appropriate, executed one trade for all accounts and then allocate the trades to each account after execution. If an aggregate trade is not fully executed, the securities will be allocated to client accounts on a *pro rata* basis, except where doing so would create an unintended adverse consequence (For example, if a *pro rata* division would result in a client receiving a fraction of a share, or a position in the account of less than 1%.)

PWS does not allow clients to direct brokerage. "Directing" brokerage means choosing to maintain all or some of their assets with a broker-dealer that is not recommended by PWS. PWS may be unable to achieve most favorable execution of client transactions if clients choose to direct brokerage. This may cost clients' money because without the ability to direct brokerage PWS may not be able to aggregate orders to reduce transactions costs resulting in higher brokerage commissions and less favorable prices.

Item 13: Review of Accounts

All accounts and corresponding financial plans will be managed on an ongoing basis, with formal reviews with the client on at least an annual basis. However, it is expected that market conditions, changes in a particular client's account, or changes to a client's circumstances will trigger a review of accounts.

The annual report in writing provided by PWS is intended to review asset allocation. All clients will receive statements and confirmations of trades directly from the custodian. Please refer to Item 15 regarding Custody.

Item 14: Client Referrals and Other Compensation

A. Economic Benefit Provided by Third Parties for Advice Rendered to Client.

PWS and/or its Dually Registered Persons are incented to join and remain affiliated with LPL Financial and to recommend that clients establish accounts with LPL Financial through the provision of Transition Assistance (discussed in Item 12 above). LPL also provides other compensation to PWS and its Dually Registered Persons, including but not limited to, bonus payments, repayable and forgivable loans, stock awards and other benefits.

The receipt of any such compensation creates a financial incentive for your representative to recommend LPL Financial as custodian for the assets in your advisory account. We encourage you to discuss any such conflicts of interest with your representative before making a decision to custody your assets at LPL Financial.

B. Compensation to Non-Advisory Personnel for Client Referrals.

If a client is introduced to PWS by either an unaffiliated or an affiliated solicitor, PWS may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-1 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. Unaffiliated or affiliated solicitors will be licensed in accordance with applicable state laws. Any

such referral fee shall be paid solely from PWS's investment management fee and shall not result in any additional charge to the client. If the client is introduced to PWS by an unaffiliated solicitor, the solicitor, at the time of the solicitation, shall disclose to the referred client the nature of the solicitor relationship, provide a copy of PWS's ADV and disclose the conflict of interest where the solicitor will receive compensation for the referral.

Item 15: Custody

There are two avenues through which PWS has custody of client funds; by directly debiting its fees from client accounts pursuant to applicable agreements granting such right, and potentially by permitting clients to issue standing letters of authorization ("SLOAs"). SLOAs permit a client to issue one document that directs PWS to make distributions out of the client's account(s). Clients will receive statements directly from the account custodian, and copies of all trade confirmations directly from the account custodian.

Clients whose fees are directly debited will provide written authorization to debit advisory fees from their accounts held by the qualified custodian. Each month, the client will receive a statement from their account custodian showing all transactions in their account, including the fee. We encourage clients to carefully review the statements and confirmations sent to them by their custodian, and to compare the information on reports prepared by PWS against the information in the statements provided directly from the custodian. Please alert us of any discrepancies.

In addition to the account custodian's custody procedures, clients issuing SLOAs will be requested to confirm, in writing, that the accounts to which funds are distributed are parties unrelated to PWS or the account custodian.

As discussed previously, certain associated persons of the PWS are registered representatives of LPL Financial. As a result of this relationship, LPL Financial may have access to certain confidential information (e.g., financial information, investment objectives, transactions and holdings) about PWS's clients, even if client does not establish any account through LPL. If you would like a copy of the LPL Financial privacy policy, please contact PWS at 770-971-4142.

Item 16: Investment Discretion

When PWS is engaged to provide asset management services on a discretionary basis, PWS will monitor client accounts to ensure that they are meeting the client's asset allocation requirements. If any changes are needed to the client's investments, PWS will make the changes. These changes may involve selling a security or group of investments and buying others or keeping the proceeds in cash. The client may at any time place restrictions on the types of investments PWS may use on the client's behalf, or on the allocations to each security type. The client may receive at their request written or electronic confirmations from the account custodian after any changes are made to the account. The client will also receive statements at least quarterly from the account custodian. Clients engaging PWS on a discretionary basis will be asked to execute a Limited Power of Attorney (granting PWS the discretionary authority over the client accounts) as well as an Investment Advisory Agreement that outlines the responsibilities of both the client and PWS.

Item 17: Voting Client Securities

Copies of our Proxy Voting Policies are available upon request. From time to time, shareholders of stocks, mutual funds, exchange traded funds or other securities may be permitted to vote on various types of corporate actions. Examples of these actions include mergers, tender offers, or board elections. Clients are required to vote proxies related to their investments, or to choose not to vote their proxies. PWS will not accept authority to vote client securities. Clients will receive their proxies directly from the custodian for the client account. PWS will not give clients advice on how to vote proxies.

Item 18: Financial Information

PWS does not require the prepayment of fees more than six (6) months or more in advance and therefore has not provided a balance sheet with this brochure. There are no material financial circumstances or conditions that would reasonably be expected to impair our ability to meet PWS's contractual obligations to clients.

Item 1: Cover Sheet

**FORM ADV PART 2A APPENDIX
WRAP FEE PROGRAM BROCHURE**



533 Johnson Ferry Road
Bldg. C Ste. 100
Marietta, GA 30068

770-971-4142

July 18, 2023

This brochure provides information about the qualifications and business practices of Proactive Wealth Strategies, LLC. If you have any questions about the contents of this brochure, please contact us at 770-971-4142. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Our registration does not imply a certain level of skill or training.

Additional information about Proactive Wealth Strategies (CRD# 318872) is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2:Statement of Material Changes

In this Item it is required to discuss any material changes which have been made to the brochure. As this is the first issuance of the brochure, there are no material changes to report.

Item 3: Table of Contents

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WRAP FEE PROGRAM BROCHURE
Proactive Wealth Strategies, LLC

Item 4: Services, Fees, and Compensation

Proactive Wealth Strategies (PWS) is an independent registered investment advisor. The firm was founded by Cindy Derso and Craig Seligman in 2005. PWS provides comprehensive planning and investment management services to assist clients with creating a roadmap tailored to their specific needs.

A. Description of the Program

PWS performs portfolio management and asset allocation services primarily on a discretionary basis. This means that while PWS will continue an ongoing relationship with each client, being involved in various stages of their lives and decisions to be made, PWS will not seek specific approval of changes to client accounts. Because PWS takes discretion when managing accounts, clients engaging us will be asked to execute a Limited Power of Attorney (granting us the discretionary authority over the client accounts) as well as an Investment Advisory Agreement that outlines the responsibilities of both the client and PWS. In the case of assets managed by a third-party manager, PWS may, have the discretion to hire and fire the third-party manager, in which case that change would be made in keeping with client objectives but not necessarily with prior client authorization.

In limited circumstances, PWS may provide asset management services on a non-discretionary basis, which means PWS will consult with the client prior to implementing any investment recommendation. Clients should be aware that some recommendations may be time-sensitive, in which case recommendations not implemented because PWS is unable to reach a non-discretionary client may not be made on a timely basis and therefore the client's account may not perform as well as it would have had PWS been able to reach the client for a consultation on the recommendation.

PWS may provide advisory services through certain programs sponsored by LPL Financial LLC (LPL), a registered investment advisor and broker-dealer. Below is a brief description of each LPL advisory program available to PWS. For more information regarding the LPL programs, including more information on the advisory services and fees that apply, the types of investments available in the programs and the potential conflicts of interest presented by the programs please see the program account packet (which includes the account agreement and LPL Form ADV program brochure) and the Form ADV, Part 2A of LPL or the applicable program.

Optimum Market Portfolios Program (OMP)

OMP offers clients the ability to participate in a professionally managed asset allocation program using Optimum Funds shares. Under OMP, client will authorize LPL on a discretionary basis to purchase and sell Optimum Funds pursuant to investment objectives chosen by the client. PWS will assist the client in determining the suitability of OMP for the client and assist the client in setting an appropriate investment objective. PWS will have discretion to select a mutual fund asset allocation portfolio designed by LPL consistent with the client's investment objective. LPL will have discretion

to purchase and sell Optimum Funds pursuant to the portfolio selected for the client. LPL will also have authority to rebalance the account.

A minimum account value of \$10,000 is required for OMP. In certain instances, LPL will permit a lower minimum account size.

Model Wealth Portfolios Program (MWP)

MWP offers clients a professionally managed mutual fund asset allocation program. PWS will obtain the necessary financial data from the client, assist the client in determining the suitability of the MWP program and assist the client in setting an appropriate investment objective. PWS will initiate the steps necessary to open an MWP account and have discretion to select a model portfolio designed by LPL's Research Department consistent with the client's stated investment objective. LPL's Research Department, a third-party portfolio strategist and/or Advisor, through its IAR, may act as a portfolio strategist responsible for selecting the mutual funds or ETFs within a model portfolio and for making changes to the mutual funds or ETFs selected.

The client will authorize LPL to act on a discretionary basis to purchase and sell mutual funds and ETFs and to liquidate previously purchased securities. The client will also authorize LPL to effect rebalancing for MWP accounts.

MWP requires a minimum asset value for a program account to be managed. The minimums vary depending on the portfolio(s) selected and the account's allocation amongst portfolios. The lowest minimum for a portfolio is \$25,000. In certain instances, a lower minimum for a portfolio is permitted.

Proactive Wealth Strategies Wrap Program

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

Additionally, because of the nature of a wrap program, wherein clients pay one fee for advisory services as well as certain transactions, the actual fee to the firm will vary as the transaction costs charged to the program vary. This means that if transaction costs go down, either because the account is traded less or because the cost per trade goes down, the firm's fees for the same advisory services will increase. Likewise, if the costs increase, the firm's advisory compensation will decrease.

In many instances, LPL makes available mutual funds in a Proactive Wealth Strategies Wrap Program account that offer various classes of shares, including shares designated as Class A Shares and shares designed for advisory programs, which can be titled, for example, as "Class I," "institutional,"

“investor,” “retail,” “service,” “administrative” or “platform” share classes (“Platform Shares”). The Platform Share class offered for a particular mutual fund in the Proactive Wealth Strategies Wrap Program in many cases will not be the least expensive share class that the mutual fund makes available and was selected by LPL in certain cases because the share class pays LPL compensation for the administrative and recordkeeping services LPL provides to the mutual fund. Client should understand that another financial services firm may offer the same mutual fund at a lower overall cost to the investor than is available through the Proactive Wealth Strategies Wrap Program. In other instances, a mutual fund may offer only Class A Shares, but another similar mutual fund may be available that offers Platform Shares. Class A Shares typically pay LPL a 12b-1 fee for providing shareholder services, distribution, and marketing expenses (“brokerage-related services”) to the mutual funds. Platform Shares generally are not subject to 12b-1 fees. As a result of the different expenses of the mutual fund share classes, it is generally more expensive for a client to own Class A Shares than Platform Shares. An investor in Platform Shares will pay lower fees over time and keep more of his or her investment returns than an investor who holds Class A Shares of the same fund.

PWS has a financial incentive to recommend Class A Shares in cases where both Class A and Platform Shares are available. This is a conflict of interest which might incline PWS, consciously or unconsciously, to render advice that is not disinterested. Although the client will not be charged a transaction charge for transactions, Advisor pays LPL a per transaction charge for mutual fund purchases and sales in the account. PWS generally does not pay transaction charges for Class A Share mutual fund transactions accounts, but generally does pay transaction charges for Platform Share mutual fund transactions. The cost to PWS of transaction charges generally may be a factor Advisor considers when deciding which securities to select and whether or not to place transactions in the account.

The lack of transaction charges to PWS for Class A Share purchases and sales, together with the fact that Platform Shares generally are less expensive for a client to own, presents a significant conflict of interest between PWS and the client. In short, it costs PWS less to recommend and select Class A share mutual funds than Platform shares, but Platform shares will generally outperform Class A mutual fund shares on the basis of internal cost structure alone. Clients should understand this conflict and consider the additional indirect expenses borne as a result of the mutual fund fees when negotiating and discussing with your Advisor the advisory fee for management of an account.

Use of Third-Party Managers

PWS may select certain Third-Party Managers to actively manage a portion of its clients’ assets. The specific terms and conditions under which a client engages a Third-Party Manager may be set forth in a separate written agreement with the designated Third-Party Manager. In addition to this brochure, clients may also receive the written disclosure documents of the respective Third-Party Managers engaged to manage their assets. PWS evaluates a variety of information about Third Party Managers, which may include the Third-Party Managers’ public disclosure documents, materials supplied by the Third-Party Managers themselves and other third-party analyses it believes are reputable. To the extent possible, PWS seeks to assess the Third-Party Managers’ investment strategies, past performance and risk results in relation to its clients’ individual portfolio allocations and risk exposure. PWS also takes into consideration each Third-Party Manager’s management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other factors. PWS continues to provide services relative to the discretionary selection of the Third-Party Managers. On an ongoing basis, PWS monitors the performance of those accounts being managed

by Third Party Managers. PWS seeks to ensure the Third-Party Managers' strategies and target allocations remain aligned with its clients' investment objectives and overall best interests.

Financial Planning

PWS's process starts with an introductory meeting which is spent getting to know the client and what is most important to them, where the client is now financially and what they would like their money to accomplish for them. Once the client's goals are identified, PWS constructs a plan that is tailored to the client's specific needs and works with the client to implement the steps outlined in the plan.

Assets Under Management

As of December 31, 2022 PWS has \$179,768,266 in assets under management. PWS has 898 accounts all managed on a discretionary basis.

B. Fees and Compensation

Financial Planning Fees

Financial planning clients are charged a flat fee based upon the complexity of the planning and the unique financial situation of the client. The fee may range from \$100 to \$10,000. In the sole discretion of PWS, the fee due for financial planning services may be included in the asset management fee.

Our Wrap Fees

All investment management clients will be required to execute an Investment Management Agreement that will describe the type of management services to be provided and the fees, among other items. Clients are advised that they may pay fees that are higher or lower than fees they may pay another advisor for the same services and may in fact pay lower fees for comparable services from other sources. Clients are under no obligation at any time to engage or to continue to engage, **PWS** for investment services.

PWS asset management fees are as follows:

<u>Assets Under Management</u>	<u>Advisory Fee %</u>
\$10,000 - \$250,000	1.50%
\$250,001 - \$500,000	1.40%
\$500,001 - \$750,000	1.35%
\$750,001 - \$1,000,000	1.25%
\$1,000,001 - \$3,000,000	1.00%
\$3,000,001 - \$5,000,000	0.90%
\$5,000,001 and above	0.80%

Fees are negotiable and may be higher or lower than this range, based on the nature of the account, and the origin of the client. Factors affecting fee percentages include if the account is actively or passively managed, the size of the account, complexity of asset structures, the non-management services provided to the client, and any other unique factors that may exist. All clients, but especially those with smaller accounts, should be advised they may receive similar services from other professionals for higher or lower overall costs. Financial planning fees are included in the asset management fee.

Because there are different fees charged for account that are managed on an active basis versus a passive basis, PWS does have conflict of interest where PWS has an incentive to allocation assets to active management because due to the higher fees charged. PWS mitigates this risk by disclosing it to the public.

PWS may provide advisory services through certain programs sponsored by LPL Financial LLC (LPL), a registered investment advisor and broker-dealer. Below is a brief description of each LPL advisory program available to PWS. For more information regarding the LPL programs, including more information on the advisory services and fees that apply, the types of investments available in the programs and the potential conflicts of interest presented by the programs please see the program account packet (which includes the account agreement and LPL Form ADV program brochure) and the Form ADV, Part 2A of LPL or the applicable program.

Optimum Market Portfolios Program (OMP)

OMP offers clients the ability to participate in a professionally managed asset allocation program using Optimum Funds shares. Under OMP, client will authorize LPL on a discretionary basis to purchase and sell Optimum Funds pursuant to investment objectives chosen by the client. PWS will assist the client in determining the suitability of OMP for the client and assist the client in setting an appropriate investment objective. PWS will have discretion to select a mutual fund asset allocation portfolio designed by LPL consistent with the client's investment objective. LPL will have discretion to purchase and sell Optimum Funds pursuant to the portfolio selected for the client. LPL will also have authority to rebalance the account.

A minimum account value of \$10,000 is required for OMP. In certain instances, LPL will permit a lower minimum account size.

Model Wealth Portfolios Program (MWP)

MWP offers clients a professionally managed mutual fund asset allocation program. PWS will obtain the necessary financial data from the client, assist the client in determining the suitability of the MWP program and assist the client in setting an appropriate investment objective. PWS will initiate the steps necessary to open an MWP account and have discretion to select a model portfolio designed by LPL's Research Department consistent with the client's stated investment objective. LPL's Research Department, a third-party portfolio strategist and/or Advisor, through its IAR, may act as a portfolio strategist responsible for selecting the mutual funds or ETFs within a model portfolio and for making changes to the mutual funds or ETFs selected.

The client will authorize LPL to act on a discretionary basis to purchase and sell mutual funds and ETFs and to liquidate previously purchased securities. The client will also authorize LPL to effect

rebalancing for MWP accounts.

MWP requires a minimum asset value for a program account to be managed. The minimums vary depending on the portfolio(s) selected and the account's allocation amongst portfolios. The lowest minimum for a portfolio is \$25,000. In certain instances, a lower minimum for a portfolio is permitted.

The individuals that are licensed as registered representatives of LPL Financial are subject to regulations that restrict them from conducting securities transactions away from LPL Financial without written authorization from LPL Financial. Clients should, therefore, be aware that for accounts where LPL Financial serves as the custodian, PWS is limited to offering services and investment vehicles that are approved by LPL Financial and may be prohibited from offering services and investment vehicles that may be available through other broker/dealers and custodians.

Certain investment adviser representatives of PWS are also associated with LPL Financial as broker-dealer registered representatives ("Dually Registered Persons"). In their capacity as registered representatives of LPL Financial, certain Dually Registered Persons may earn commissions for the sale of securities or investment products that they recommend for brokerage clients. They do not earn commissions on the sale of securities or investment products recommended or purchased in advisory accounts through PWS. Clients have the option of purchasing many of the securities and investment products we make available to you through another broker-dealer or investment adviser. However, when purchasing these securities and investment products away from PWS, you will not receive the benefit of the advice and other services we provide.

Pro-rata Fees

If a client becomes a client during a quarter, they will pay a management fee for the number of days left in that quarter. If clients terminate the relationship during a quarter, they will be entitled to a refund of any management fees for the remainder of the quarter they may have prepaid. Once the notice of termination is received, PWS will assess pro-rated fees for the number of days between the end of the prior billing period and the date of termination to be paid in whatever way a client direct (check, wire). PWS will cease to perform services, including processing trades and distributions, upon termination. Assets not transferred from terminated accounts within 30 (thirty) days of termination may be "de-linked", meaning they will no longer be visible to PWS and will become a retail account with the custodian.

Item 5: Account Requirement and Type of Clients

Clients advised include individuals, families, and trusts. PWS does not have an account minimum to start or maintain an investment advisory relationship.

Item 6: Portfolio Manager Selection and Evaluation

The wrap fee program offered by PWS is sponsored by LPL Financial. The only fees covered under the wrap fee program are transaction fees associated with the purchase and sale of securities in an account managed by PWS as well as asset-based fees. All client accounts managed by PWS, including wrap fee program clients, are managed with similar processes, although account recommendations may differ.

Methods of Analysis, Investment Strategies and Risk of Loss

It is important for you to know and remember that all investments carry risks. **Investing in securities involves risk of loss that clients should be prepared to bear.**

Strategies and Methods of Analysis

PWS manages client assets using a predominantly top-down approach. PWS pulls from a large universe of investments and drills down into securities for use in client portfolios utilizing performance related factors for actively and passively managed portfolios.

Investment Allocations & Investment Programs

Each client's portfolio will be invested according to that client's investment objectives, which are ascertained through the financial planning process or through a review of the existing plan. Once PWS ascertains the client's objectives for each account, PWS develops a set of asset allocation guidelines that will aid in executing the proper allocation strategy. Utilizing a performance-based analysis, PWS will base conclusions on predominantly publicly available research, such as regulatory filings, press releases, competitor analyses, and in some cases research we receive from our custodian or other market analyses.

The investment programs are not investment products. Clients may have different needs than others within the same investment program. Accordingly, not all clients in each investment program will have the exact same percentages of each underlying investment.

The investment strategies that PWS recommends are based on the needs of the client and are unique to each client. As a result, the asset allocation guidelines for one client may be similar to or different from another client.

PWS may periodically recommend changes to the investment strategies and client portfolios to meet the guidelines of the asset allocation for the program or an individual client's objectives. It is important to remember that because market conditions can vary greatly, asset allocation guidelines are not necessarily strict rules. Rather, PWS reviews accounts individually, and may deviate from the guidelines as PWS believes necessary.

When PWS makes changes to an investment strategy, these changes may not be made simultaneously. Rather, some accounts may be modified before others. This may result in accounts being traded earlier inadvertently having an advantage over accounts traded later.

Additionally, as assets are transitioned from a client's prior advisors to PWS, clients may hold legacy securities and may place restrictions on individual security types. Legacy securities are those that a client owned prior to or separate from its PWS portfolio. If a client transitions mutual fund shares to PWS that are not the lowest-cost share class, and PWS is not recommending disposing of the security altogether, PWS will attempt to convert such mutual fund share classes into the lowest-cost share classes the client is eligible for, taking into account any adverse tax consequences associated with such conversion.

Third Party Managers

In some instances, PWS can utilize other managers to assist in the management of client assets. These managers are selected by PWS after a process whereby PWS evaluates each manager's investment performance, operations, and offerings to determine if the manager would be a fit for PWS clients. This process continues on an ongoing basis, throughout the time the client works with the third party manager. Prior to referring any client to another manager, PWS will confirm that such manager is registered, or exempt from registration, as an investment adviser.

Risk of Loss

There are always risks to investing. **Clients should be aware that all investments carry various types of risk including the potential loss of principal that clients should be prepared to bear.** It is impossible to name all possible types of risks. Among the risks are the following:

- **Political Risks.** Most investments have a global component, even domestic stocks. Political events anywhere in the world may have unforeseen consequences to markets around the world.
- **General Market Risks.** Markets can, as a whole, go up or down on various news releases or for no understandable reason at all. This sometimes means that the price of specific securities could go up or down without real reason and may take some time to recover any lost value. Adding additional securities does not help to minimize this risk since all securities may be affected by market fluctuations.
- **Currency Risk.** When investing in another country using another currency, the changes in the value of the currency can change the value of your security value in your portfolio.
- **Regulatory Risk.** Changes in laws and regulations from any government can change the value of a given company and its accompanying securities. Certain industries are more susceptible to government regulation. Changes in zoning, tax structure or laws impact the return on these investments.
- **Tax Risks Related to Short Term Trading:** Clients should note that PWS may engage in short-term trading transactions. These transactions may result in short term gains or losses for federal and state tax purposes, which may be taxed at a higher rate than long term strategies. PWS endeavors to invest client assets in a tax efficient manner, but all clients are advised to consult with their tax professionals regarding the transactions in client accounts.
- **Purchasing Power Risk.** Purchasing power risk is the risk that your investment's value will decline as the price of goods rises (inflation). The investment's value itself does not decline, but its relative value does, which is the same thing. Inflation can happen for a variety of complex reasons, including a growing economy and a rising money supply.
- **Business Risk.** This can be thought of as certainty or uncertainty of income. Management comes under business risk. Cyclical companies (like automobile companies) have more business risk because of the less steady income stream. On the other hand, fast food chains tend to have steadier income streams and therefore, less business risk.
- **Financial Risk.** The amount of debt or leverage determines the financial risk of a company.
- **Default Risk.** This risk pertains to the ability of a company to service their debt. Ratings provided by several rating services help to identify those companies with more risk. Obligations of the U.S. government are said to be free of default risk.
- **Margin Risk.** "Margin" is a tool used to maximize returns on a given investment by using

securities in a client account as collateral for a loan from the custodian to the client. The proceeds of that loan are then used to buy more securities. Margin carries a higher degree of risk than investing without margin.

- **Short Sales.** “Short sales” are a way to implement a trade in a security PWS feels is overvalued. In a “long” trade, the investor is hoping the security increases in price. Thus, in a long trade, the amount of the investor’s loss (without margin) is the amount paid for the security. In a short sale, the investor is hoping the security decreases in price. However, unlike a long trade where the price of the security can only go from the purchase price to zero, in a short sale, the price of the security can go infinitely upwards. Thus, in a short sale, the potential for loss is unlimited and unknown, where the potential for loss in a long trade is limited and knowable. PWS utilizes short sales only when the client’s risk tolerances permit.

- **Risks specific to private placements, sub-advisors and other managers.** If we invest some of your assets with another advisor, including a private placement, there are additional risks. These include risks that the other manager is not as qualified as we believe them to be, that the investments they use are not as liquid as we would normally use in your portfolio, or that their risk management guidelines are more liberal than we would normally employ.

- **Information Risk.** All investment professionals rely on research in order to make conclusions about investment options. This research is always a mix of both internal (proprietary) and external (provided by third parties) data and analyses. Even an adviser who says they rely solely on proprietary research must still collect data from third parties. This data, or outside research is chosen for its perceived reliability, but there is no guarantee that the data or research will be completely accurate. Failure in data accuracy or research will translate to a compromised ability by the adviser to reach satisfactory investment conclusions.

- **Small Companies.** Some investment opportunities in the marketplace involve smaller issuers. These companies may be starting up or are historically small. While these companies sometimes have potential for outsized returns, they also have the potential for losses because the reasons the company is small are also risks to the company’s future. For example, a company’s management may lack experience, or the company’s capital for growth may be restricted. These small companies also tend to trade less frequently than larger companies, which can add to the risks associated with their securities because the ability to sell them at an appropriate price may be limited compared to the markets as a whole. Not only do these companies have investment risk, if a client is invested in such small companies and requests immediate or short-term liquidity, these securities may require a significant discount to value in order to be sold in a shorter time frame.

- **Concentration Risk.** While PWS selects individual securities, including mutual funds, for client portfolios based on an individualized assessment of each security, this evaluation comes without an overlay of general economic or sector specific issue analysis. This means that a client’s equity portfolio may be concentrated in a specific sector, geography, or sub-sector (among other types of potential concentrations), so that if an unexpected event occurs that affects that specific sector or geography, for example, the client’s equity portfolio may be affected negatively, including significant losses.

- **Transition risk.** As assets are transitioned from a client’s prior advisers to PWS there may be securities and other investments that do not fit within the asset allocation strategy selected for the client. Accordingly, these investments will need to be sold in order to reposition the portfolio into the asset allocation strategy selected by PWS. However, this transition process may take some time to accomplish. Some investments may not be unwound for a lengthy period of time for a variety of reasons that may include unwarranted low share prices, restrictions on trading, contractual restrictions on liquidity, or market-related liquidity concerns. In some cases, there may be securities

or investments that are never able to be sold. The inability to transition a client's holdings into recommendations of PWS may adversely affect the client's account values, as PWS's recommendations may not be able to be fully implemented.

- **Restriction Risk.** Clients may at all times place reasonable restrictions on the management of their accounts. However, placing these restrictions may make managing the accounts more difficult, thus lowering the potential for returns.

- **Risks Related to Investment Term & Liquidity.** Securities do not follow a straight line up in value. All securities will have periods of time when the current price of the security is not an accurate measure of its value. If you require us to liquidate your portfolio during one of these periods, you will not realize as much value as you would have had the investment had the opportunity to regain its value. Further, some investments are made with the intention of the investment appreciating over an extended period of time. Liquidating these investments prior to their intended time horizon may result in losses.

- **REITs:** PWS may recommend that portions of client portfolios be allocated to real estate investment trusts, otherwise known as "REITs". A REIT is an entity, typically a trust or corporation that accepts investments from a number of investors, pools the money, and then uses that money to invest in real estate through either actual property purchases or mortgage loans. While there are some benefits to owning REITs, which include potential tax benefits, income and the relatively low barrier to invest in real estate as compared to directly investing in real estate, REITs also have some increased risks as compared to more traditional investments such as stocks, bonds, and mutual funds. First, real estate investing can be highly volatile. Second, the specific REIT chosen may have a focus such as commercial real estate or real estate in a given location. Such investment focus can be beneficial if the properties are successful but lose significant principal if the properties are not successful. REITs may also employ significant leverage for the purpose of purchasing more investments with fewer investment dollars, which can enhance returns but also enhances the risk of loss. The success of a REIT is highly dependent upon the manager of the REIT. Clients should ensure they understand the role of the REIT in their portfolio.

- **MLPs:** PWS may recommend that portions of client portfolios be allocated to master limited partnerships, otherwise known as "MLPs". An MLP is a publicly traded entity that is designed to provide tax benefits for the investor. In order to preserve these benefits, the MLP must derive most, if not all, of its income from real estate, natural resources and commodities. While MLPs may add diversification and tax favored treatment to a client's portfolio, they also carry significant risks beyond more traditional investments such as stocks, bonds and mutual funds. One such risk is management risk-the success of the MLP is dependent upon the manager's experience and judgment in selecting investments for the MLP. Another risk is the governance structure, which means the rules under which the entity is run. The investors are the limited partners of the MLP, with an affiliate of the manager typically the general partner. This means the manager has all of the control in running the entity, as opposed to an equity investment where shareholders vote on such matters as board composition. There is also a significant amount of risk with the underlying real estate, resources or commodities investments. Clients should ask PWS any questions regarding the role of MLPs in their portfolio.

- **BDCs (Business Development Companies):** Business Development Companies (BDCs) are a specific subset of investment companies that receive preferential tax treatment provided they meet certain investment restrictions and other regulatory requirements. Because BDCs are managed by third parties and are frequently chosen for the perceived strength of their managers, the investment thesis, and tax treatment, the risks associated with a BDC investment generally follow directly from the manager, in that the manager ultimately controls the investments, and can adversely impact the tax treatment of the vehicle. Additional risks exist and may be specific to the particular BDC.

Accordingly, investors should carefully review the BDC's prospectus and any addendums thereto.

- **Excess Cash Balance Risk:** Client accounts may have cash balances in excess of \$250,000, which is the insurance limit of the Federal Deposit Insurance Corporation. For cash balances in excess of that amount, there is an enhanced risk that operation related counterparty risk related to the account custodian could cause losses in the account. We mitigate this risk by carrying cash balances in amounts either subject to protection or as limited as you, the client, directs. You may elect to participate in a "cash sweep" program through your account custodian which automatically moves excess cash from your investment account into a cash account and then invests that cash into cash-based investments, such as money market funds. We do not receive compensation of any kinds for facilitating your participation in such cash sweep accounts.

Item 7: Client Information provided to Portfolio Managers

Periodically we may need to provide certain financial information about clients to a portfolio manager. This requirement may be necessary when working with an investment that has certain net worth or income requirements. This information may be supplied to the portfolio manager each year as necessary. The information is only provided to establish financial suitability/wherewithal for the specific investment.

Item 8: Client Contact with Portfolio Managers

Clients may contact PWS at any time.

Item 9: Additional Information

A. Disciplinary Information

Neither the firm nor any of its employees or principals has any disciplinary information to report.

B. Other Financial Industry Activities and Affiliations

Broker-dealer

Certain employees of PWS are Dually Registered Persons. LPL Financial is a broker-dealer that is independently owned and operated and is not affiliated with PWS. Please refer to Item 12 for a discussion of the benefits PWS may receive from LPL Financial and the conflicts of interest associated with receipt of such benefits.

As discussed previously, certain associated persons of the PWS are registered representatives of LPL Financial. As a result of this relationship, LPL Financial may have access to certain confidential information (e.g., financial information, investment objectives, transactions and holdings) about PWS's clients, even if client does not establish any account through LPL. If you would like a copy of the LPL Financial privacy policy, please contact PWS at 770-971-4142.

Futures Commission Merchant/Commodity Trading Advisor

Neither members of management, nor any related persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

Relationship with Related Persons

Certain of PWS's professionals in their individual capacities, are licensed insurance agents with various insurance companies, and in such capacity, may recommend, on a fully disclosed basis, the purchase of certain insurance products. A conflict of interest exists to the extent that PWS or its representatives recommend the purchase of insurance products where PWS or its representatives receive insurance commissions or other additional compensation, rather than on a client's needs. The receipt of additional fees or commissions for insurance is therefore a conflict of interest, and clients should be aware of this conflict when considering whether to engage PWS to implement any insurance recommendations. PWS attempts to mitigate this conflict of interest by disclosing the conflict to clients and informing the clients that they are always free to purchase insurance products or estate planning through other agents that are not affiliated with PWS, or to determine not to purchase the insurance product at all. PWS also attempts to mitigate the conflict of interest by requiring employees to acknowledge in the firm's Code of Ethics, their individual fiduciary duty to the clients of PWS, which requires that employees put the interests of clients ahead of their own. Commissions from the sale of insurance products will not be used as a credit against or to offset advisory fees.

Recommendations of other Advisers

As discussed in Item 8 of the Informational Brochure above, PWS may recommend the use of one or more third party managers.

C. Code of Ethics, Participation and Interest in Client Transactions and Personal Trading

- A. A copy of our Code of Ethics is available upon request. Our Code of Ethics includes discussions of our fiduciary duty to clients, political contributions, gifts, entertainment, and trading guidelines.
- B. Not applicable. PWS does not recommend to clients that they invest in any security in which PWS, or any principal thereof has any financial interest.
- C. On occasion, an employee of PWS may purchase for his or her own account securities which are also recommended for clients. Our Code of Ethics details rules for employees regarding personal trading and avoiding conflicts of interest related to trading in one's own account. To avoid placing a trade before a client (in the case of a purchase) or after a client (in the case of a sale), all employee trades must be reviewed by the Compliance Officer. All employee trades must either take place in the same block as a client trade or sufficiently apart in time from the client trade, so the employee receives no added benefit. Employee statements are reviewed to confirm compliance with the trading procedures.
- D. On occasion, an employee of PWS may purchase for his or her own account securities which are also recommended for clients at the same time the clients purchase the securities. Our Code of Ethics details rules for employees regarding personal trading and avoiding conflicts of interest related to trading in one's own account. To avoid placing a trade before a client (in the case of a purchase) or after a client (in the case of a sale), all employee trades must be reviewed by the Compliance Officer. All employee trades must either take place in the same block as a client

trade or sufficiently apart in time from the client trade, so the employee receives no added benefit. Employee statements are reviewed to confirm compliance with the trading procedures.

D. Review of Accounts

All accounts will be reviewed on at least an annual basis. However, it is expected that market conditions, changes in a particular client's account, or changes to a client's circumstances will trigger a review of accounts.

All clients will receive statements and confirmations of trades directly from the custodian. Please refer to Item 15 of the Informational Brochure regarding Custody.

E. Client Referrals and Other Compensation

A. Economic Benefit Provided by Third Parties for Advice Rendered to Client.

PWS receives support services and/or products from LPL Financial, many of which assist PWS to better monitor and service program accounts maintained at LPL Financial; however, some of the services and products benefit PWS and not client accounts. These support services and/or products may be received without cost, at a discount, and/or at a negotiated rate, and may include the following:

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

LPL Financial may provide these services and products directly or may arrange for third party vendors to provide the services or products to PWS. In the case of third-party vendors, LPL Financial may pay for some or all of the third party's fees.

These support services are provided to PWS based on the overall relationship between PWS and LPL Financial. It is not the result of soft dollar arrangements or any other express arrangements with LPL Financial that involves the execution of client transactions as a condition to the receipt of services. PWS will continue to receive the services regardless of the volume of client transactions executed with LPL Financial. Clients do not pay more for services as a result of this arrangement. There is no corresponding commitment made by PWS to LPL or any other entity to invest any specific amount or percentage of client assets in any specific securities as a result of the arrangement. However, because PWS receives these benefits from LPL Financial, there is a potential conflict of interest. The receipt of these products and services presents a financial incentive for PWS to recommend that its clients use LPL Financial's custodial platform rather than another custodian's platform.

LPL Financial makes available to PWS various products and services designed to assist PWS in managing and administering client accounts. Many of these products and services may be used to service all or a substantial number of PWS's accounts, including accounts not held with LPL Financial. These include software and other technology that provide access to client account data (such as trade confirmation and account statements); facilitate trade execution (and aggregation and allocation of trade orders for multiple client accounts); provide research, pricing information and other market data; facilitate payment of PWS's fees from its clients' accounts; and assist with back-office functions; recordkeeping and client reporting.

LPL Financial also makes available to PWS other services intended to help PWS manage and further develop its business. Some of these services assist PWS to better monitor and service program accounts maintained at LPL Financial, however, many of these services benefit only PWS, for example, services that assist PWS in growing its business. These support services and/or products may be provided without cost, at a discount, and/or at a negotiated rate, and include practice management-related publications; consulting services; attendance at conferences and seminars, meetings, and other educational and/or social events; marketing support; and other products and services used by PWS in furtherance of the operation and development of its investment advisory business.

Where such services are provided by a third-party vendor, LPL Financial will either make a payment to PWS to cover the cost of such services, reimburse PWS for the cost associated with the services, or pay the third-party vendor directly on behalf of PWS.

The products and services described above are provided to PWS as part of its overall relationship with LPL Financial. While as a fiduciary PWS endeavors to act in its clients' best interests, the receipt of these benefits creates a conflict of interest because PWS's recommendation that clients custody their assets at LPL Financial is based in part on the benefit to PWS of the availability of the foregoing products and services and not solely on the nature, cost or quality of custody or brokerage services provided by LPL Financial. PWS's receipt of some of these benefits may be based on the amount of advisory assets custodied on the LPL Financial platform.

F. Compensation to Non-Advisory Personnel for Client Referrals

PWS does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

G. Financial Information

PWS does not require the prepayment of fees more than six (6) months or more in advance and therefore has not provided a balance sheet with this brochure.

There are no material financial circumstances or conditions that would reasonably be expected to impair our ability to meet our contractual obligations to our clients.