

Pinion Investment Advisors, LLC, doing business as



Disclosure Brochure Dated:

April 2023

CRD#: 114556

Pinion Investment Advisors, LLC maintains its headquarters  
at: 1605 North Waterfront Parkway, Suite 200  
Wichita, Kansas 67206  
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This brochure provides information about the qualifications and business practices of Pinion Investment Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at (316) 682-8344. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information Pinion Investment Advisors, LLC is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view information on this website by searching for Pinion Investment Advisors, LLC's name or by using its CRD number: 114556.

\*Registration as an investment advisor does not imply a certain level of skill or training.

**THIS BROCHURE HAS NOT BEEN APPROVED BY THE SECURITIES EXCHANGE COMMISSION ("SEC") OR BY ANY STATE SECURITIES AUTHORITIES. REGISTRATION WITH THE SEC OR ANY STATE SECURITIES AUTHORITY DOES NOT IMPLY A CERTAIN LEVEL OF SKILL OR TRAINING.**

## **2. MATERIAL CHANGES FROM PREVIOUS VERSION**

Since our last annual amendment was filed in June 2022, the following material changes have been made:

- None

We will ensure that you receive a summary of any material changes to this and subsequent Disclosure Brochures within 120 days after our fiscal year ends. Our fiscal year ends on March 31, so you will receive the summary of material changes no later than July 31 each year. At that time, we will also offer a copy of the most current Disclosure Brochure. We may also provide other ongoing disclosure information about material changes as necessary.

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## 4. ADVISORY BUSINESS

**Ownership:** Pinion Investment Advisors, LLC, doing business as Pinion Wealth Management (“PWM” or “we” or “Firm”) is an investment advisor registered with the Securities and Exchange Commission since July 2004. We are a limited liability company formed under the laws of the State of Kansas. Our direct owner is Pinion Wealth Management, LLC which is majority owned by Pinion Wealth Holdings, LLC. In turn Pinion Wealth Holdings LLC is owned by Pinion Global, LLP, a certified public accounting firm, and HBKS Investments LLC, a holding company.

**General Description of Primary Advisory Services:** We offer personalized investment advisory services including consultations, investment policy preparation and monitoring, asset management, financial planning and referrals to third party money managers. The following are brief descriptions of our primary services. A detailed description is provided in Item 5, Fees and Compensation, so that clients and prospective clients (“clients” or “you”) can review the services and description of fees more thoroughly.

**CONSULTATIONS:** We offer consultations on any topic(s) of interest or concern to clients. These consultations are usually generic in nature and do not involve any specific investment product recommendations. We also offer consultations to corporate clients on existing benefit plans (i.e., pension, profit sharing, 401(k), etc.). These services do not involve actively managing your accounts.

**INVESTMENT POLICY PREPARATION AND MONITORING:** We also assist individuals, trusts, estates and charitable organizations to determine investment goals and needs and prepare a written Investment Policy Statement describing those goals and needs, and a policy under which they can be pursued.

**ASSET MANAGEMENT SERVICES:** We offer asset management services providing you with continuous and on-going supervision over your accounts. This means that we conduct ongoing monitoring of your account and make trades in that account when appropriate.

Pinion Wealth is an investment advisor registered with the Securities Exchange Commission (“SEC”). PWM’s main business is providing personalized investment management services. The Firm works with clients to learn their financial circumstances and create investment portfolios to fit their financial goals, then continues to monitor and manage those portfolios to keep them in line with the clients’ goals. The Firm gathers information through interviews, questionnaires and documents to understand clients’ financial situation and determine their financial goals. Information gathered includes income, retirement plans, assets, taxes, investments, insurance policies, trusts, wills, education needs, future goals, attitudes towards risk and related documents. PWM does not specialize in any given area of investments or any specific strategy.

Clients who want investment management services from Pinion Wealth enter into Investment Management Agreements (“Agreements”), which establish the terms by which the Firm will create and manage client portfolios. PWM provides clients with a copy of this disclosure brochure (“Brochure”) and a copy of the PWM Customer Relationship Summary (Form CRS) either before or at the same time the Agreement is signed. Either party may terminate the agreement upon prior written notice to the other.

**RETIREMENT PLAN SERVICES:** We offer consulting and management related services to retirement plan sponsors and to individual participants in retirement plans. These services can be both fiduciary and non-fiduciary.

**Other Financial Services:** When clients wish to retain PWM for services other than investment management services, including financial planning services, they enter into Financial Services Agreements which establish the nature of the services and the fees to be charged. Either party may terminate a Financial Services Agreement upon written notice. Termination will be effective upon receipt of such notice. Clients will be responsible for the payment of fees for services provided prior to termination. If the initial retainer fee is not enough to cover the amount due, clients will be responsible for payment of the additional fees upon receipt of a billing notice from PWM. Any collected but unearned fees will be promptly refunded to clients.

Due to the nature of some of these other services and the affiliate relationship of some of the businesses, conflicts of interests between clients and PWM may arise. As set forth herein, PWM addresses these potential conflicts by monitoring activity through its compliance department. A key goal of compliance is to make sure that client interests are protected and always come first.

**Retirement Rollovers-Potential for Conflict of Interest:** A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If registrant recommends that a client roll over their retirement plan assets into an account to be managed by Registrant, such a recommendation creates a conflict of interest if Registrant will earn new (or increase its current) compensation as a result of the rollover. Recommendations may also be made to move a brokerage based IRA to an advisory fee based IRA account. Such a recommendation creates a conflict of interest as the adviser may make increased compensation from the advisory fee account. When making any of the above recommendations, we serve as a fiduciary under the Employee Retirement Income Security Act (ERISA), or the Internal Revenue Code, or both. No client is under any obligation to rollover retirement plan assets to an account managed by PWM.

**Sub-Advisors and Separate Managed Accounts:** If requested by clients, PWM may recommend the services of other professionals for implementation purposes. Clients are under no obligation to engage the services of any recommended professional. Clients may retain discretion over such decisions and can accept or reject any recommendation. In some cases, PWM may retain sub-advisors or separate account managers to manage portions of client portfolios which would benefit from their expertise in a discrete asset class or specialized method of asset management. If PWM retains sub-advisors or separate account managers, it may be pursuant to direct sub-advisory and/or separate account management agreements with PWM. Clients may also be asked to enter into agreements with these third parties to approve their services. The Firm provides clients with a copy of the proper filings and disclosure documents of each sub-adviser and separate account manager. Generally, agreements with sub-advisers and separate account managers will have termination provisions similar to the Firm. However, certain sub-advisers and separate account managers may have different termination provisions and advisory fee refund policies, which shall be explained in their disclosure documents and their written agreements.

Sub-advisers and separate account managers will charge clients an advisory fee according to their respective filings, disclosures and written agreements. These fees may or may not be included in PWM's management fee, and may be billed in a manner different from PWM. Most often the fees charged by sub-advisers directly engaged by PWM are included in the Firm's management fees. However, when the fees charged by the sub-advisers are separate and in addition to PWM's management fees, full disclosure of the fees and billing practices will be made to clients. Fees charged by separate account managers are separate and in addition to PWM's management fee and shall be disclosed at the time of engaging the independent manager.

**Referrals to Third Party Money Managers:** We offer advisory services by referring clients to outside, or unaffiliated, money managers that are registered or exempt from registration as investment advisors. Third-party money managers are responsible for continuously monitoring client accounts and making trades in client accounts when appropriate. These fees may or may not be included in PWM's management fee, and may be billed in a manner different from PWM. Most often the fees charged by sub-advisers directly engaged by PWM included in the Firm's management fees. However, when the fees charged by the sub-advisers are separate and in addition to PWM's management fees, full disclosure of the fees and billing practices will be made to clients. Fees charged by separate account managers are separate and in addition to PWM's management fee and shall be disclosed at the time of engaging the independent manager.

**Limits Advice to Certain Types of Investments:** We provide advice with respect to the following types of investments:

- Exchange-listed securities
- Securities traded over-the-counter
- Corporate debt securities (other than commercial debt)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- Mutual fund shares
- United States government securities
- Options contracts on securities
- Private offerings
- Structured Notes

We may also provide advice on exchange traded index products such as SPIDERS, DIAMONDS, WEBS, as well as "baskets" and similar grouped securities investments. When managing assets, we may also introduce clients to investment managers who provide discretionary management of individual portfolios of equity and/or fixed income securities.

Investment advice may be offered on any investments held by the client at the start of the advisory relationship. Although we generally limit our advice to the investment products listed previously, we reserve the right to offer advice on any product that may be suitable for each client's specific circumstances, needs, goals and objectives. Please refer to **Item 8, Methods of Analysis, Investment Strategies and Risk of Loss** for more information.

**Tailor Advisor Services to Individual Needs of Clients:** Our services are always provided based on your specific needs. You have the ability to impose restrictions on your accounts, including specific investment selections and sectors. However, we will not enter into an investment advisor relationship with a prospective client whose investment objectives may be considered incompatible with our investment philosophy or strategies or where the prospective client seeks to impose unduly restrictive investment guidelines.

**Client Assets Managed by Advisor:** The amount of client's assets managed by us totaled \$326,647,044 as of March 31, 2023, with \$326,647,044 managed on a discretionary basis and \$0 managed on a non-discretionary basis.

**Unaffiliated Private Investment Funds:** Pinion Wealth may also provide investment advice regarding unaffiliated private investment

funds. PWM, on a non-discretionary basis, may recommend that certain accredited and qualified clients consider an investment in unaffiliated private investment funds. PWM's role relative to the private investment funds shall be limited to its initial and ongoing due diligence and investment monitoring services. If a client determines to become a private fund investor, the amount of assets invested in the fund(s) shall be included as part of "assets under management" for purposes of PWM calculating its investment advisory fee. PWM's clients are under absolutely no obligation to consider or make an investment in a private investment fund(s).

PLEASE NOTE: Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike liquid investments that a client may own, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that he/she is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment. PLEASE ALSO NOTE: VALUATION. In the event that PWM references private investment funds owned by the client on any supplemental account reports prepared by PWM, the value(s) for all private investment funds owned by the client shall reflect the most recent valuation provided by the fund sponsor. If no subsequent valuation post-purchase is provided by the Fund Sponsor, then the valuation shall reflect the initial purchase price (and/or a value as of a previous date), or the current value(s) (either the initial purchase price and/or the most recent valuation provided by the fund sponsor). If the valuation reflects initial purchase price (and/or a value as of a previous date), the current value(s) (to the extent ascertainable) could be significantly more or less than original purchase price. The client's advisory fee shall be based upon reflected fund value(s).

**Subadvisor – GoalVest Advisory.** PWM has entered into a subadvisory agreement with GoalVest Advisory whereby clients may be referred by PWM to GoalVest to have their accounts, or a portion thereof, managed by GoalVest. Such referrals may be made by PWM on a discretionary basis. Upon the referral, GoalVest will manage certain types of client assets on a discretionary basis, and consistent with the client profile as provided by the client and PWM. GoalVest may also recommend, on a non-discretionary basis, that a client invest assets in one or more private investment funds affiliated with GoalVest. The decision to invest in a private investment fund affiliated with GoalVest is made by the client, who enters into subscription agreements directly with the private investment funds. The GoalVest affiliated private investment funds will charge management fees, and one or more of the affiliated private investment funds may also charge performance fees based on a percentage of the growth of the value of the investment. When a client has assets being managed by GoalVest, and has assets invested in private investment funds affiliated with GoalVest, then GoalVest will not charge an investment management fee for assets held in the private investment funds. Unless stated otherwise in the relevant contracts, the fees charged by GoalVest for its management services, as well as management fees charged by private investment funds, will be included in the fee charged by PWM. However, any incentive fees charged by private investment funds are separate from PWM and/or GoalVest management fees, and are charged directly to the client and may be applied against the value of the client's investment with the private investment fund. The terms and conditions for participation in the GoalVest affiliated private investment funds, including management and incentive fees, conflicts of interest, and risk factors, are set forth in their offering documents. Note: GoalVest may invest a portion of client assets in initial public offerings of securities (IPOs). Positions consisting of IPOs may take up to a few months before they appear on your custodial statements, meaning that for a period of time your custodial statement may not fully and accurately reflect the IPO positions in your account(s). *PWM's clients are under absolutely no obligation to consider or make an investment in any private investment fund(s), including the GoalVest affiliated private investment funds. For further discussion of the various and enhanced risks involved in investing in any private investment fund or alternative investment, please see "Unaffiliated Private Investment Funds".*

## 5. FEES AND COMMISSIONS

In addition to the information provide in **Item 4, Advisory Business**, this section provides additional details regarding our services along with descriptions of each service's fees and compensation arrangements.

**Financial Consulting:** You may contract with us for consultation services on any topic(s) of interest or concern to you. These consultations may be generic in nature and may not involve our investment advisor representative ("representative") recommending specific investment products to you. You and our representative jointly determine how many meetings are required to complete the requested consultations.

Fees for these services can be charged as a percentage of assets under advisement or as a fixed fee. Percentage fees range from 0.0% to 2.25% and are negotiable based upon the complexity of the client's situation, the actual services requested, the representative providing the services and expenses likely to be incurred. Fees are calculated based on the balance of the assets as of the date services commence and payable upon completion of the consultations.

Fixed fees for consultation services range from \$500 to \$10,000 and are negotiable based upon the complexity of the client's situation, the actual services requested, the representative providing the services and expenses likely to be incurred. A retainer of up to 50% of the fee may be required at the time the client agreement is signed with the remainder due and payable upon completion of the requested services. Our representative discloses the fixed fee charge to clients prior to any services being provided.

Clients can elect to have the fee deducted from their account or billed directly. If clients elect to have the fee automatically deducted from an existing account, they are required to provide the custodian with written authorization to deduct the fees from the account and pay the fees to Advisor. We provide the custodian with a fee notification statement. If clients elect to be billed directly, fees are due upon receipt of our billing notice.

Services terminate upon completion of the requested consultations. Either party can terminate the services at any time by providing written notice to the other which is effective upon receiving such notice. If services are terminated within five business days of signing the agreement for services, services are terminated without penalty. Upon termination, clients are responsible for the time expended up to the date termination is received. Any unearned prepaid fees are refunded on a prorated basis based on the time expended up to the date of termination. If the prorated fee is in excess of the paid retainer, the amount remaining due is payable immediately. We provide you with a billing statement detailing the prorated fee, the unearned prepaid fees refunded or the charge remaining due.

**Investment Policy Preparation and Monitoring:** We may also assist individuals, trusts, estates and charitable organizations to determine investment needs and goals. Our representative prepares a written Investment Policy Statement describing those needs and goals and also describing a policy under which the goals might be pursued. The Investment Policy Statement also lists the criteria for selecting investment vehicles and the procedures and timing interval for monitoring investment performance.

We review various investments to determine which ones may be appropriate to implement on your behalf. The investments reviewed consist primarily of mutual funds, both index and actively managed. The number of investments recommended is determined by you and based on your Investment Policy Statement.

We monitor your investments based on the procedures and timing intervals described in the Investment Policy Statement and make recommendations to you concerning the account. Our recommendations are based on market condition, your needs and other factors. You have sole discretion whether to follow all, any or none of the recommendations. You are also solely responsible for implementing transactions in the account. Neither we nor our representative implement any purchases or sales in your accounts.

Fees for these services can be charged as a percentage of assets under advisement or as a fixed fee. Percentage fees range from 0.0% to 2.25% and are negotiable based upon the complexity of the client's situation, the actual services requested, the representative providing the services and expenses likely to be incurred. Fees are calculated based on the balance of the assets as of the date services commence and are payable upon completion of the requested services.

Fixed fees for these services range from \$500 to \$10,000 and are negotiable based upon the complexity of the client's situation, the actual services requested, the representative providing the services and expenses likely to be incurred. A retainer of up to 50% of the fee may be required at the time the client agreement is signed with the remainder due and payable upon completion of the requested services. Our representative discloses the fixed fee charge to clients prior to any services being provided.

Clients can elect to have the fee deducted from their account or billed directly. If clients elect to have the fee automatically deducted from an existing account, they are required to provide the custodian with written authorization to deduct the fees from the account and pay the fees to the Advisor. We provide the custodian with a fee notification statement. If clients elect to be billed directly, fees are due upon receipt of our billing notice.

Either party can terminate the services at any time by providing written notice to the other which is effective upon receiving such notice. If services are terminated within five business days of signing the agreement for services, services are terminated without penalty. Upon termination, clients are responsible for the time expended up to the date termination is received. Any unearned prepaid fees are refunded on a prorated basis based on the time expended up to the date of termination. If the prorated fee is in excess of the paid retainer, the amount remaining due is payable immediately. We provide you with a billing statement detailing the prorated fee, the unearned prepaid fees refunded or the charge remaining due.

**Commission and Fee Offset:** In addition to providing advisory services, our representatives may also be registered representatives of a broker dealer and may also be insurance agents. Therefore, they can earn fees when providing advisory services and also earn commissions when selling securities and/or insurance products. Some representatives have received, and may continue to receive insurance business benefits based on sale amounts determined by the insurance carrier.

You can select any broker/dealer or insurance agent you wish to implement transactions. If you elect to have our representatives implement transactions, they may waive or reduce the amount of the financial consulting fee charged by the amount of the commissions received. Any reduction is at the discretion of the representatives and does not exceed 100% of the commission received. Any reduction is disclosed to you prior to services being provided.

You may also elect to implement the advice of our representatives through one or more of the other advisory programs disclosed in this Disclosure Brochure. In this case, the representatives may waive or reduce the amount of the financial consulting fee as a result of additional on-going fees being earned. Any reduction is at the discretion of the representatives and is disclosed to you prior to services being provided.

**General Seminars:** We provide seminars to the public on various topics related to advisory services, insurance products or financial consulting topics. These are general, informational and educational seminars and do not address the individualized investment needs of attendees. For seminars of a more technical nature, a fee of up to \$250 per individual/couple per day is due at the time reservations are made. Attendees can cancel their reservation and receive a full refund of the advance fee. Or, if persons have reserved a spot and have not canceled but do not actually attend the seminar, we provide a full refund of the fees paid in advance.

**Asset Management:** Some of our clients elect to engage us to provide fee-based asset management services where we are responsible for making all investment recommendations and also for making changes to the managed account. If you elect to engage us for this service, we implement an individualized investment program for your account(s). We provide various investment strategies through our management services; a specific investment strategy and investment policy is crafted for you and focuses on your specific goals and objectives. When managing assets, we may also utilize model portfolios or allocation strategies provided by sub-advisors we retain, institutional investment strategists and/or introduce you to investment managers who provide discretionary management of individual portfolios. Asset management services are separate from and in addition to the consultation and monitoring services previously discussed.

To provide these services, we need to obtain certain information from you to determine your financial situation and investment objectives. You are requested to notify us whether your financial situation or investment objectives have changed or if you want to impose and/or modify any reasonable restrictions on management of your accounts. At least annually, we seek to contact you to determine whether your financial situation or investment objectives have changed, or if you want to impose and/or modify any reasonable restrictions on your managed accounts. We are always reasonably available to consult with you relative to the status of your accounts. You have the ability to impose reasonable restrictions on the management of your accounts, including the ability to instruct us not to purchase or sell certain securities. Your beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian, but rather represents a direct and beneficial interest in the securities which comprise your account. A separate account is maintained for you with the custodian, and you retain the right of ownership of the account (e.g., the right to withdraw securities or cash, exercise or delegate proxy voting and receive transaction confirmations).

It is important that you understand we manage investments for other clients and may give them advice or take actions for them or for our personal accounts that is different from the advice we provide to you or actions we take for you. We are not obligated to buy, sell or recommend to you any security or other investment that we may buy, sell or recommend for any other clients or for our own accounts.

Conflicts may arise in allocating investment opportunities among accounts that we manage. We strive to allocate investment opportunities for your account(s) and other accounts we advise equitably and consistent with the best interests of all accounts involved. However, there is no assurance that a particular investment opportunity that comes to our attention is allocated in any particular manner. If we obtain material, non-public information about a security or its issuer that we may not lawfully use or disclose, we have absolutely no obligation to disclose the information to you or any other client or use it for any client's benefit.

**Model Portfolios:** The Firm may allocate investment management assets of its client accounts, on a discretionary basis, among one or more of its Model Portfolio programs (which range from conservative through moderate and aggressive) as described in the Investment Management Agreement and/or a client suitability profile. The Model Portfolio programs are designed to comply with the requirements of Rule 3a-4 of the Investment Company Act of 1940. Rule 3a-4 provides similarly managed investment programs, with a non-exclusive safe harbor from the definition of an investment company. In accordance with Rule 3a-4, the following disclosure is specifically applicable to PWM's management of client assets:

1. **Initial Interview** – at the opening of the account, PWM, through its designated representatives, shall obtain from the client information sufficient to determine the client's financial situation and investment objectives;
2. **Individual Treatment** – the client's account is managed on the basis of the client's financial situation and investment objectives;
3. **Annual Notice** – at least annually the Firm will contact and seek to meet with the client to determine whether the client's financial situation or investment objectives have changed, or if then client wants to impose and/or modify any reasonable restrictions on the management of his/her/its account;

4. **Annual Contact** – at least annually, the Firm shall contact the client to determine whether the client’s financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of his/her/its account.
5. **Consultation Available** – the Firm shall be reasonably available to consult with the client relative to the status of the client’s account;
6. **Quarterly Account Statement from Custodian** – the client shall be provided with a report at least quarterly for the account for the preceding period;
7. **Ability to Impose Restrictions** – the client shall have the ability to impose reasonable restrictions on the management of the account, including the ability to instruct the Firm not to purchase certain mutual funds;
8. **No Pooling** – the client’s beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian, but rather represents a direct and beneficial interest in the securities which comprise the client’s account;
9. **Separate Account** - a separate account is maintained for the client with the Custodian; and
10. **Ownership** – each client retains indicia of ownership of the account (e.g. right to withdraw securities or cash, exercise or delegate proxy voting, and receive transaction confirmations).

PWM’s annual investment management fee may be higher or lower than that charged by other investment advisers offering similar services/programs. PWM’s investment programs may involve above-average portfolio turnover which could negatively impact the net after-tax gain experienced by an individual client in a taxable account.

Pursuant to the PWM investment management agreements, when we are retained to provide investment management services, clients are charged a fee based on a percentage of assets under management. The management fees are based on several factors such as the nature of the assets, the services provided, and the amount of assets being managed. Generally, the percentage fee decreases as the amount of assets under management increases. Fees may be negotiated in limited circumstances.

The fee is prorated and paid quarterly in advance based upon the market value of the assets on the last day of the previous quarter. In most cases, Fees are either invoiced or debited from client accounts based on written permission to custodians.

The fee for the initial quarter is pro-rated starting on the date you open an account with a custodian. The initial fee shall be based on the market value of the account assets on the first month-end after the agreement is signed and billable assets are posted to the custodian account.

If the agreement is terminated, the management fee will be pro-rated for the quarter in which the cancellation notice was given and any unearned fees will be refunded to the clients.

**Pinion Wealth Management Program:** When contracting with us for asset management services, we may recommend that you open an account through The Pinion Wealth Management Program (PWM Program). The PWM Program is sponsored by AssetMark Inc. (“AssetMark”), an investment advisor registered with the Securities and Exchange Commission. The PWM Program has two components. The first is an Asset Allocation System that allows us to manage accounts made up of model portfolios provided by a number of institutional investment strategists. These model portfolios are based on the information, research, asset allocation methodology and investment strategies of the investment strategists. If you decide to hire us for this service, we develop an individualized investment program for your account(s). Various investment strategies are provided through this service; however, a specific investment strategy and investment policy is crafted for you focusing on your specific goals and objectives.

The second component is the Private Managed Account Program through which we introduce you to third party investment managers who provide discretionary management of individual portfolios of equity and/or fixed income securities. In this situation, we are not responsible for making specific decisions regarding the investments held in your account and are not responsible for making trades in your account. The independent investment strategists selected have no direct relationship with our representatives or you, make no analysis of your circumstances or objectives and do not tailor their model portfolios to your specific needs.

We are always responsible for assisting you with identifying your risk tolerance and investment objectives. We recommend managers and help determine appropriate investment strategies in relation to your stated investment objectives and risk tolerance. You specifically direct the account to be invested in accordance with the chosen model portfolio. When you select a model portfolio, you also need to direct the account to be automatically rebalanced to reflect any adjustment in the model portfolio by the investment strategist. This results in the purchase and sale of certain mutual funds or transfers between variable annuity sub-accounts without further authorization by you at such time as the investment strategist changes the composition of the selected model portfolio.

Although the third-party investment managers are responsible for making all investment decisions, we are available to answer questions you may have regarding your account and we act as the communication conduit between you and the investment manager.

While we review the performance of numerous third-party investment managers, we are only able to select the investment managers approved by AssetMark and thus available on the PWM Program platform. The minimum investment required for PWM Program Asset Allocation System accounts is generally \$50,000 and \$250,000 for Private Managed accounts. Exceptions may be granted to the minimums at our discretion and at the discretion of AssetMark. When granting exceptions, we consider your current and historical relationship with us, other assets you may have with us and the probability of additional deposits to reach the minimum.

You are advised that there may be other third-party managed programs, not recommended by us, that are suitable for you and that may be more or less costly than arrangements recommended by us. No guarantees are made that your financial goals or objectives are achieved by a third-party investment advisor recommended by us. Further, no guarantees of performance are offered by us.

Your maximum advisory fee does not exceed 2.25% per year. The actual advisory fees charged will be specified in your Client Agreement and will be paid quarterly in advance based on average daily value of assets under management during the previous quarter. Fees are billed based upon the actual number of days asset management services are provided during a calendar quarter. Fees and compensation for using the AssetMark Platform are provided in more detail in the AssetMark Platform Disclosure Brochure. The fees applicable to each Account on the AssetMark Platform may include:

1. Financial Advisor Fee,
2. Combined Platform Fee, which may include the Custody Fee and any Strategist or Manager Supplemental Fee, if applicable, and

Other fees for special services may also be charged, for example wire fees. The Client should consider all applicable fees. If a decision is made to change the Strategist or Manager it may result in a change in the Combined Platform Fee. Discretionary Manager Fee schedules are included in the Client Billing Authorization or the Appendix A to the Client Service Agreement which must be executed to utilize the AssetMark Platform. The AssetMark Form ADV Disclosure Brochure is given to you at or prior to the time an account is established.

AssetMark is responsible for collecting all fees paid by you through these programs and journaling our portion of the Advisory fee. The fee paid to us includes an amount re-allowed to AssetMark, investment strategists and others as the PWM Program fee. Custodial fees may be charged separately from the AssetMark fees you are charged.

**Retirement Plan Services:** Advisor offers retirement plan services to retirement plan sponsors and to individual participants in retirement plans. Our services can include, but are not limited to, the following services:

### Non-Discretionary Advisory Services

- **Assessment of Investments.** Conduct an initial and/or periodic review of plan investments and investment options including, without limitation, investment performance, fund expenses and style drift for investments offered by the plan to participants; provide suggestions to the plan fiduciary from time to time as deemed warranted by the Advisor's representative for other investment options for the plan to make available to its participants (which decision remains the sole and exclusive decision of the plan fiduciary and/or their delegate).
- **Participant Investment Advice.** Will seek to meet at least annually with plan participants to deliver investment advice based upon the plan participant's individual financial situation, investment objectives and tax status pursuant to the terms set forth in an Eligible Investment Advice Arrangement Advisor and the plan fiduciary which will qualify for exemptive relief from the prohibited transaction rules provided under ERISA Section 408(b) (14) and (g). Advisor's representative prepares recommendations regarding the appropriate amount of contributions and choice of investments, which plan participants may implement at their sole discretion.

Advisor acknowledges that in performing the non-discretionary services listed above that it is acting as a "fiduciary" as such term is defined under Section 3(21) (A)(ii) of the Employee Retirement Income Security Act of 1974 ("ERISA") for purposes of providing non-discretionary investment advice only. Advisor acts in a manner consistent with the requirements of a fiduciary under ERISA if, based upon the facts and circumstances, such services cause Advisor to be a fiduciary as a matter of law. However, in providing the non-discretionary advisory services, Advisor (a) has no responsibility and does not (i) exercise any discretionary authority or discretionary control respecting management of the client's retirement plan, (ii) exercise any authority or control respecting management or disposition of assets of the client's retirement plan or (iii) have any discretionary authority or discretionary responsibility in the administration of the client's retirement plan or the interpretation of retirement plan documents, (b) is not an "investment manager" as defined in Section 3(38) of ERISA and does not have the power to manage, acquire or dispose of any plan assets and (c) is not the "administrator" of the client's retirement plan as defined in ERISA.

### Discretionary Advisory Services

- **Default Investment Alternative Management.** Develop and actively manage qualified default investment alternative(s) ("QDIA"), as defined in DOL Reg. Section 2550.404c-5(e)(4)(i), to allocate the assets of plan participant accounts to achieve varying degrees of long term appreciation and capital preservation through a mix of equity and fixed income exposures, offered through investment alternatives available under the plan, based upon the plan participants' age, target retirement date or life expectancy.
- **Investment Manager to Plan.** Meet with the plan fiduciary and/or their delegate to select approved asset classes, and maintain model portfolios on a discretionary basis, including the investing, rebalancing of assets, changing of the asset allocations, or changing the underlying model portfolios. Recommend, maintain and periodically update the list of mutual funds to the plan for inclusion as investment options available to plan participants. The plan fiduciary appoints Advisor as an "investment manager." Advisor will exercise this authority in accordance with objectives set forth by the plan fiduciary may amended from time to time and in accordance with additional written guidelines and/or investment policies provided by the plan fiduciary. Otherwise, the plan fiduciary must only approve changes to the asset classes. Unless otherwise directed by the plan fiduciary, Advisor will arrange for the execution of securities transactions for the

Plan through brokers or dealers that Advisor reasonably believes will provide the best execution.

If you elect to utilize any of Advisor's discretionary advisory services, then Advisor is acting as an investment manager to the plan, as defined by ERISA Section 3(38), with respect to our discretionary advisory services, and Advisor hereby acknowledges that it is a fiduciary with respect to its discretionary advisory services.

### Non-Fiduciary Services

- **Participant Education and Communication.** Advisor conducts initial and/or periodic enrollment and informational meetings with plan participants and provides general investment education. In accordance with the Department of Labor's Interpretative Bulletin 96-1, Advisor may provide plan participants with information about the plan, general financial and investment information and information and materials relating to asset allocation models available through the plan. Advisor may also provide plan participants with interactive investment materials to assist plan participants in assessing their future retirement income needs and the impact of different asset allocations on retirement income. Advisor does not render individualized investment advice to plan participants and will not be held to a fiduciary standard for these services.
- **Strategic Planning and Investment Policy Services.** Advisor meets with the plan fiduciary to gather information regarding the plan's investment policies and objectives and assist the plan fiduciary in developing a written Investment Policy Statement ("IPS"). This assistance may include using a template developed by a third-party. Alternatively, if the plan has an existing IPS, Advisor reviews the existing IPS and assists the plan fiduciary in determining whether the plan is performing consistent with the IPS and/or whether the IPS needs to be revised, based on an analysis of the plan's asset class and risk tolerance guidelines, liquidity requirements, and performance goals of the plan, using information provided by the plan fiduciary. Advisor does not render individualized investment advice to the plan for these services and, thus, will not be held to a fiduciary standard with respect to such services. The plan fiduciary retains sole discretion to implement the objectives of the Investment Policy Statement, and neither Advisor nor its representative can guarantee that the plan will achieve its investment objectives.
- **Plan Establishment/Conversion.** Advisor assists the plan fiduciary in researching and evaluating the plan sponsor's needs to facilitate the plan fiduciary's selection of a well-suited plan. Advisor's primary role is to advise retirement plan providers ("RPP"), which make the investment options available to the plan or deliver the investments on a platform and which can address services separately or which may offer bundled and integrated delivery of retirement plan support. Advisor assists the plan sponsor and/or plan fiduciary in identifying different types of retirement plans, plan documents, and other materials and services necessary to establish, maintain or convert a retirement plan. Advisor does not render individualized investment advice to the plan when providing these services and, thus, will not be held to a fiduciary standard with respect to any services rendered. Advisor meets with the plan fiduciary to assist with plan conversion to alternate vendors. Advisor may also assist in the preparation of Request for Proposals ("RFPs") from prospective new vendors and may assist the plan fiduciary in reviewing and comparing responses to RFPs. Advisor does not render individualized investment advice to the plan for services rendered hereunder and, thus, will not be held to a fiduciary standard with respect to such services. The plan fiduciary retains sole discretion as to whether to replace existing vendors and/or contract with new vendors.
- **Plan Review.** Advisor meets with the plan fiduciary and conducts a review of the IPS and plan review and offers recommendations to the plan fiduciary regarding plan operation and documentation. Advisor does not provide legal advice to the plan fiduciary and the plan fiduciary is encouraged to have legal counsel review all plan documentation. Advisor does not render individualized investment advice to the plan for services rendered hereunder and, thus, will not be held to a fiduciary standard with respect to such services.

- **Plan Fee and Cost Review.** Advisor meets with the plan fiduciary and conducts a periodic review, using a third-party tool, of fees and costs charged to plan by other service providers to assist the plan fiduciary in discharging its duty to monitoring the reasonableness of fees and costs paid by the plan. Advisor does not render individualized investment advice to the plan for services rendered hereunder and, thus, will not be held to a fiduciary standard with respect to such services.
- **Third Party Service Provider Liaison.** Advisor and its representative act as liaison for the plan and the plan fiduciary, on an as needed basis, when dealing with the trustee, custodian, plan actuary, tax, legal, accounting or other third-party service providers to plan. Advisor does not render individualized investment advice to the plan for services rendered hereunder and, thus, will not be held to a fiduciary standard with respect to such services. The plan fiduciary retains sole discretion as to whether to hire and/or terminate such third-party providers.

Although an investment adviser is considered a fiduciary under the Investment Advisers Act of 1940 and required to meet the fiduciary duties as defined by the Advisers Act, the services listed here as non-fiduciary should not be considered fiduciary services for the purposes of ERISA since Advisor is not acting as a fiduciary to the plan as the term “fiduciary” is defined in Section 3(21)(A)(ii) of ERISA.

Either party can terminate the services at any time by providing written notice to the other which is effective upon receiving such notice. If services are terminated within five business days of signing the agreement for services, services are terminated without penalty. Upon termination, clients are responsible for the time expended to the date termination is received. Any unearned prepaid fees are refunded on a prorated basis based on the time expended to the date of termination. If the prorated fee is in excess of the paid retainer, the amount remaining due is payable immediately. We provide you with a billing statement detailing the prorated fee, the unearned prepaid fees refunded or the charge remaining due. Upon termination of the agreement for services, Advisor has no further obligation to recommend or take any action with regard to the plan.

**Compensation:** Fees for these services can be charged as a percentage of benefit plan assets or as a fixed fee. Percentage fees range from 0.0% to 2.25% annually and are negotiable based upon the complexity of the client’s situation, the actual services requested, the representative providing the services and expenses likely to be incurred. We also take into consideration special situations or conflicts of interest where charging a fee is prohibited under ERISA laws. Clients are billed quarterly in advance and fees are calculated based on the value of the plan assets at the beginning of the billing quarter. Accounts established mid-quarter are pro-rated based on the number of days services are provided during the initial billing period, and based on the value of assets on the first month end after services begin.

Fixed fees range from \$500 to \$10,000 and are negotiable based upon the complexity of the client’s situation, the actual services requested, the representative providing the services and expenses likely to be incurred. A retainer of up to 50% of the fee may be required at the time the client agreement is signed with the remainder due and payable upon completion of the requested services. Our representative discloses the fixed fee charge to clients prior to any services being provided.

Clients can elect to have the fee deducted from their account or billed directly. If clients elect to have the fee automatically deducted from an existing account, they are required to provide the custodian with written authorization to deduct the fees from the account and pay the fees to Advisor. We provide the custodian with a fee notification statement. If clients elect to be billed directly, fees are due upon receipt of our billing notice.

Brokerage commissions and/or transaction ticket fees charged by the custodian are billed directly to clients by the custodian. We do not receive any portion of such brokerage commissions or transaction fees from the custodian or clients. In addition, clients may incur certain charges imposed by third parties other than Advisor in connection with investments made through the plan including, but not limited to, 12(b)-1 fees and surrender charges, variable annuity fees and surrender charges, and qualified retirement plan fees. Service fees charged by Advisor are separate and distinct from the fees and expenses charged by investment company securities that may be recommended to clients. A description of these fees and expenses are available in each investment company security’s prospectus.

Advisor believes that its annual fee is reasonable in relation to: (1) services provided and (2) the fees charged by other investment advisors offering similar services/programs. However, our fee may be higher or lower than that charged by other investment advisors offering similar services and programs. In addition to our compensation, clients also incur charges imposed at the mutual fund level (e.g., advisory fees and other fund expenses) and charges imposed by the plan custodian and third-party administrator (if applicable to ERISA related accounts).

Advisor does not reasonably expect to receive any other compensation, direct or indirect, for its services. If we receive any other compensation for such services, we (i) offset that compensation against our stated fees and (ii) disclose the amount of such compensation, the services rendered for such compensation and the payer of such compensation to you.

**Additional Information:** Advisor discloses to you, to the extent required by ERISA Regulation Section 2550.408b-2(c), any change to the information that we are required to disclose under ERISA Regulation Section 2550.408b-2(c)(1)(iv) as soon as practicable, but no later than sixty (60) days from the date on which we are informed of the change (unless such disclosure is precluded due to extraordinary circumstances beyond our control, in which case the information will be disclosed as soon as practicable).

In accordance with ERISA Regulation Section 2550.408b-2(c)(vi)(A), we will disclose within thirty (30) days following receipt of a written request from the responsible plan fiduciary or plan administrator (unless such disclosure is precluded due to extraordinary circumstances beyond our control, in which case the information will be disclosed as soon as practicable) all information related to the Qualified Retirement Plan Agreement and any compensation or fees received in connection with the Agreement that is required for the plan to comply with the reporting and disclosure requirements of Title 1 of ERISA and the regulations, forms and schedules issued thereunder.

If we make an unintentional error or omission in disclosing the information required under ERISA Regulation Section 2550.408b-2(c)(1)(iv) or (vi), we will disclose to you the correct information as soon as practicable, but no later than thirty (30) days from the date on which we learn of such error or omission.

**Additional Compensation:** You have sole discretion about whether or not to contract for our services. In addition, you have sole discretion about whether or not to implement any non-discretionary recommendations made by our representatives. If you do decide to implement recommendations, you are responsible for taking any actions or implementing any transactions required. You are free to select any broker/dealer and/or insurance agent to implement our recommendations.

Our representatives may also be independently licensed as insurance agents and sell insurance products to any client. They can earn commissions when selling insurance products in this separate capacity. This is a potential conflict of interest, since any commissions earned could be in addition to advisory fees earned in their capacity as an investment advisor representative. Please see **Item 10, Other Financial Activities and Affiliations**, and Item 12, Brokerage Practices, for additional discussion on these conflicts of interest.

From time to time, we may receive expense reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors may underwrite costs incurred for marketing such as advertising, publishing and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for whom sales have been made or it is anticipated sales will be made. Both we and our representatives endeavor at all times to put your interests first as a part of our fiduciary duty. However, you should be aware that receiving additional compensation through nominal sales awards, expense reimbursements, etc. creates a conflict of interest that may impact the judgment of our representatives when making advisory recommendations.

**Comparable Services:** We believe our fees for advisory services are reasonable with respect to the services provided and the fees charged by other investment advisors offering similar services. However, lower fees for comparable services may be available from other sources.

**Securities Commission Transactions.** In the event that the client desires, the client can engage certain of the Firm's representatives, in their individual capacities, as registered representatives of Purshe Kaplan Sterling Investments, Inc. ("PKS"), a FINRA member broker-dealer, to implement investment recommendations on a commission basis. In the event the client chooses to purchase investment products through PKS, PKS will charge brokerage commissions to effect securities transactions, a portion of which commissions PKS shall pay to the Firm's representatives, as applicable. The brokerage commissions charged by PKS may be higher or lower than those charged by other broker-dealers. In addition, PKS, as well as the Firm's IARs, relative to commission mutual fund purchases, may also receive additional ongoing 12b-1 trailing commission compensation directly from the mutual fund company during the period that the client maintains the mutual fund investment. The Firm's affiliate and/or the Firm's IARs (in their capacity as PKS registered representatives) may also receive from PKS fees in connection with referrals of clients to investment bankers for purposes of raising capital through the sale of securities or selling ownership interests in companies.

**Conflict of Interest:** The recommendation that a client purchase a commission product through PKS or use a particular investment banker presents a conflict of interest, as the receipt of commissions or investment banking referral related fees may provide an incentive to recommend investment products or investment bankers based on commissions or fees to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from the Firm's IARs or use an investment banker referred by the Firm's IARs. **The Firm's Chief Compliance Officer, Sheri Meyer, remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

**PLEASE NOTE:** Clients may purchase investment products recommended by the Firm through other, third-party broker dealers or agents.

The Firm receives less than 50% of its revenue from advisory clients as a result of commissions or other compensation for the sale of investment products the Firm recommends to its clients.

Except as provided elsewhere in this Brochure, when the Firm's representatives sell an investment product on a commission basis, the Firm does not charge an advisory fee in addition to the commissions paid by the client for such product. When providing services on an advisory fee basis, the Firm's representatives do not also receive commission compensation for such advisory services (except for any ongoing 12b-1 trailing commission compensation that may be received as previously discussed). However, a client may engage the Firm to provide investment management services on an advisory fee basis and separate from such advisory services purchase an investment product from the Firm's representatives on a separate commission basis.

## Item 6 – Performance-Based Fees and Side-By-Side Management

Performance-based fees are defined as fees based on a share of capital gains on or capital appreciation of the assets held in a client's account. We do not receive performance-based fees.

## Item 7 – Types of Clients

We provide investment advice to:

- Individuals (including high-net worth individuals)
- Pension and profit sharing plans
- Trusts, estates, or charitable organizations
- Corporations or business entities other than those listed above

**Minimum Investment Amounts Required:** PWM does not have a minimum investment amount for its advisory services. However, some of the separate programs or third-party services offered by PWM may have minimum investment amounts.

In the PWM Program, the minimum investment required for Asset Allocation System accounts is generally \$50,000 and \$250,000 for Private Managed Accounts. Exceptions may be granted to these minimums at our discretion as well as the discretion of AssetMark.

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

**Methods of Analysis:** We use fundamental, technical, charting and cyclical analysis when considering investment strategies and recommendations for clients.

**FUNDAMENTAL:** Fundamental analysis is a method of evaluating a company or security by attempting to measure its intrinsic value. In other words, fundamental analysts try to determine its true value by looking at all aspects of the business, including both tangible factors (e.g., machinery, buildings, land, etc.) and intangible factors (e.g., patents, trademarks, “brand” names, etc.). Fundamental analysis also involves examining related economic factors (e.g., overall economy and industry conditions, etc.), financial factors (e.g., company debt, interest rates, management salaries and bonuses, etc.), qualitative factors (e.g., management expertise, industry cycles, labor relations, etc.), and quantitative factors (e.g., debt-to-equity and price-to-equity ratios).

The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). This method of security analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

**TECHNICAL:** This method of evaluating securities analyzes statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

**CHARTING:** Charting is a technical analysis that charts the patterns of stocks, bonds and commodities to help determine buy and sell recommendations for clients. It is a way of gathering and processing price and volume information in a security by applying mathematical equations and plotting the resulting data onto graphs in order to predict future price movements. A graphical historical record assists the analyst in spotting the effect of key events on a security's price, its performance over a period of time and whether it is trading near its high, near its low or in between. Chartists believe that recurring patterns of trading, commonly referred to as indicators, can help them forecast future price movements.

**CYCLICAL:** Cyclical analysis looks at recurring periods of expansion and contraction that can impact a company's profitability and cash flow. Cyclical stocks tend to rise quickly when the economy turns up and fall quickly when the economy turns down (i.e., housing, automobiles, telecommunications, paper, etc.). Non-cyclical industries (i.e., food, insurance, drugs, health care, etc.) are not as directly impacted by economic changes.

**Consideration of All Potential Investments, Tools and Strategies:** PWM reserves the right to advise clients on any other type of investment deemed appropriate based on stated client goals and objectives. PWM may give advice on any type of investment already held in client portfolios at the start of the advisory relationship, or on any investment for which clients request advice.

**Analysis Risks:** There are risks in using any kind of analysis. Fundamental analysis takes a long-term approach to analyzing markets, often looking at data over a number of years. The data reviewed is released over years (e.g., quarterly financial statements). Technical analysis uses a shorter timeframe - often weeks or days. The price and volume data reviewed is released on a daily basis. Therefore, fundamental analysis could mean a gain is not realized until a security's market price rises to its believe to be "correct" value over the long run - perhaps several years.

As a general statement, technical analysis is used for a trade while fundamental analysis is used for an investment. It could also be said that traders buy assets they believe they can sell to someone else at a greater price while investors buy assets they believe will increase in value. The frequency of trading securities using technical analysis could have both a positive or negative impact and could also lead to increased brokerage and transaction costs, thus lowering performance. The less frequent trading practices of fundamental analysis could also have a positive or negative impact on a client's portfolio value, but likely has reduced brokerage and transaction costs.

Cyclical and charting analysts look for patterns to help identify the direction the market is going at any given time. However, patterns and expected ranges or time frames may not occur as anticipated due to any number of factors (i.e., natural disasters, political upheaval, etc.).

### **Investment Strategies:**

When implementing investment advice, our investment strategies include:

- Long term purchases (securities held at least a year)
- Short term purchases (securities sold within a year)

- Trading (securities sold within 30 days)
- Margin transactions (Investor pays for part of the purchase and borrows the rest from a brokerage firm; e.g., investor buys \$5,000 worth of stock in a margin account by paying for \$2,500 and borrowing \$2,500 from a brokerage firm. Clients cannot borrow stock from PWM.)
- Option writing (Including covered options, uncovered options or spreading strategies.) (Note: options are contracts giving the purchaser the right to buy or sell a security, such as stocks, at a fixed price within a specific period of time.)

We also use model asset allocation portfolio programs provided by a number of sub-advisors, institutional investment managers and strategists.

We gather information from financial newspapers and magazines, research materials prepared by others, corporate rating services, annual reports, prospectus and other filings with the Securities and Exchange Commission and company press releases.

**Risk of Loss:** Investing in securities involves a risk of loss that you should be prepared to bear, including loss of your original principal. You should also be aware that past performance of any security is not necessarily indicative of future results. Therefore, you should not assume that future performance of any specific investment or investment strategy will be profitable. We do not provide any representation or guarantee that your goals will be achieved. Further, depending on the different types of investments, there may be varying degrees of risk:

- **Market Risk.** Either the market as a whole, or the value of an individual company, goes down, resulting in a decrease in the value of client investments. This is referred to as systemic risk.
- **Equity (Stock) Market Risk.** Common stocks are susceptible to fluctuations and to volatile increases/decreases in value as their issuers' confidence in or perceptions of the market change. Investors holding common stock (or common stock equivalents) of any issuer are generally exposed to greater risk than if they hold preferred stock or debt obligations of the issuer.
- **Company Risk.** There is always a certain level of company or industry specific risk when investing in stock positions. This is referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that a company may perform poorly or that its value may be reduced based on factors specific to it or its industry (e.g., employee strike, unfavorable media attention).
- **Options Risk.** Options on securities may be subject to greater fluctuations in value than investing in the underlying securities. Purchasing and writing put or call options are highly specialized activities and involve greater than ordinary investment risk. Puts and calls are the right to sell or buy a specified amount of an underlying asset at a set price within a set time.
- **Fixed Income Risk.** Investing in bonds involves the risk that the issuer will default on the bond and be unable to make payments. In addition, individuals depending on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- **ETF and Mutual Fund Risk.** ETF and mutual fund investments bear additional expenses based on a pro-rata share of operating expenses, including potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities held by the ETF or mutual fund. Clients also incur brokerage costs when purchasing ETFs.

- **Management Risk.** Your investments also vary with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our strategies do not produce the expected returns, the value of your investments will decrease.

When you purchase securities, you may pay for the securities in full or borrow part of the purchase price from your account custodian or clearing firm. If you borrow part of the purchase price then you are engaging in margin transactions and there is risk involved with this. The securities held in your margin account are collateral for the custodian or clearing firm that loaned you the money. If those securities decline in value, then the value of the collateral supporting your loan also declines. As a result, the brokerage firm is required to take action in order to maintain the necessary level of equity in your account. The brokerage firm may issue a margin call and/or sell other assets in your account.

It is important that you fully understand the risks involved in trading securities on margin, including:

- You can lose more funds than you deposit in your margin account
- The account custodian or clearing firm can force the sale of securities or other assets in your account
- The account custodian or clearing firm can sell your securities or other assets without contacting you
- You are not entitled to choose which securities or other assets in your margin account may be liquidated or sold to meet a margin call
- The account custodian or clearing firm may move securities held in your cash account to your margin account and pledge the transferred securities
- The account custodian or clearing firm can increase its “house” maintenance margin requirements at any time and are not required to provide you advance written notice
- You are not entitled to an extension of time on a margin call

**Recommended Securities:** We do not recommend any specific or proprietary security to clients. Instead, we recommend any product that may be suitable for each client relative to their specific circumstances and needs.

**Schwab Managed Accounts:** We may utilize account management services available through the Schwab Managed Accounts platform that offers a selection of options including separately managed accounts, multi-strategy portfolios, asset management programs, and unified managed accounts. PWM uses these options on the Schwab platform to implement the clients’ selected allocation and investment strategy. Once selected, we can monitor the portfolios and manager choices, as well as change the selections on a discretionary basis, to meet clients’ needs.

Separate and apart from PWM’s management fee, Schwab will charge clients a fee according to Schwab’s filings, disclosures, and any written agreements with clients.

If the Agreement is terminated, PWM’s management fee will be pro-rated as set forth above. However, certain sub-advisers and separate account managers may have different termination provisions and advisory fee refund policies, which shall be disclosed in their Form ADV brochure or equivalent disclosure document and their written advisory or management agreements.

**PLEASE NOTE:** Some entities which provide or market the investment products listed above including, but not limited to, mutual fund companies, broker dealers, custodians, investment advisors, and insurance companies have in the past provided, and may continue in the future to provide, PWM with benefits and/ or certain support services and/or products that may assist the Firm in managing and administering client accounts. Others do not directly provide such assistance, but rather assist the Firm to manage and further develop its business enterprise.

In particular, PWM may receive discounted or free attendance and paid expenses for seminars or conferences sponsored by these entities which give PWM relevant information regarding industry practices, industry services, regulatory matters, market conditions, or investments. **PLEASE NOTE:** The receipt of these benefits creates a conflict of interests in that they create the incentive to use the products or services offered by the entity providing the benefits.

## Item 9 – Disciplinary Information

We have no legal or disciplinary events that are material to your evaluation of our business or the integrity of our management. Therefore, this item is not applicable to our Disclosure Brochure.

## Item 10 – Other Financial Industry Activities and Affiliations

We are an independent registered investment advisor and only provide investment advisory services. We are not engaged in any other business activities and offer no other services except those described in this Disclosure Brochure. However, while we do not sell products or services other than investment advice, we do have affiliated entities involved in various activities. In addition, our representatives may sell other products or provide services outside of their role as investment advisor representatives with us.

**Broker/Dealer:** KCOE Capital Advisors, LLC is a limited use broker/dealer registered with FINRA and is under common ownership with PWM. Some of our representatives and/or management personnel may also be registered representatives with KCOE Capital Advisors, LLC in order to provide limited securities services through this entity. No new brokerage accounts are established with KCOE Capital Advisors, LLC.

**Securities Sales:** Our advisory representatives are also registered representatives of Purshe Kaplan Sterling Investments (PKS), a full-service broker/dealer and member of FINRA/SIPC. When placing securities transactions through PKS in their capacities as registered representatives, they may earn sales commissions. PKS is not affiliated with KCOE Capital Advisors, LLC or PWM. You can engage our representatives in this separate capacity to render securities brokerage services under a commission arrangement. Our representatives may have a financial incentive to recommend using a certain product or service. This is a conflict of interest because they could receive commissions in their capacity as a registered representative and could also receive advisory fees in their capacity as an investment advisor representative.

You are under no obligation to use the services of our representatives in this separate capacity or to use PKS and can select any broker/dealer you wish to implement securities transactions. If you select our representatives to implement securities transactions in their separate capacity as registered representatives, they must use PKS. Prior to effecting any transactions, you are required to enter into a new account agreement with PKS. The commissions charged by PKS may be higher or lower than those charged by other broker/dealers. In addition, the registered representatives may also receive additional ongoing 12(b)-1 fees for mutual fund purchases from the mutual fund company during the period that you maintain the mutual fund investment.

**Accounting Business:** Pinion Global, LLP, a certified public accounting firm, is an indirect owner of PWM. Clients needing accounting services may be referred to Pinion Global, LLP, but are under no obligation to utilize the services of the firm. If the client elects to use Pinion Global, LLP for accounting and/or consulting services, the fees charged for accounting and/or consulting work will be separate from the fees charged for advisory services provided by PWM.

**Pension Consultant:** Pinion Global, LLP is a regional certified public accounting firm and an indirect owner of PWM. Part of the services offered by it are the design and administration of qualified and non-qualified employee benefit plans. PWM may also be retained to provide services related to employee benefit plans as described in more detail elsewhere in this disclosure brochure.

**Insurance Sales:** Pinion Insurance Agency, LLC is a licensed insurance entity in several states and is under common ownership with PWM. Some of our representatives may also be licensed to sell insurance products through Pinion Insurance Agency, LLC, as well as through other insurance companies. Commissions may be earned when selling insurance products in this separate capacity.

**Third-Party Money Managers:** As described in **Item 5, Fees and Compensation**, we have formed relationships with independent, third-party money managers. We may recommend clients work directly with third-party money managers. When we refer clients to a third-party money manager, we receive a portion of the fee charged by the third-party money manager. Therefore, we have a conflict of interest because we only recommend third party money managers that agree to compensate us by paying us a portion of the fees billed to your account managed by the third-party money manager.

**Affiliate Registered Investment Advisors:** PWM is affiliated with HBK Sorce Advisory LLC d.b.a. HBKS® Wealth Advisors, an SEC registered investment adviser, and its affiliated entities (collectively “HBKS”). The HBKS entities are third-parties which operate separately from PWM but are subject to common ownership and/or control with PWM through HBKS Investments LLC. HBKS provides consulting and sub-advisory services to PWM but has no overlapping clients with PWM. PWM’s retention of HBKS to provide consulting and sub-advisory services creates a conflict of interest due to the common ownership.

## Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading

**Code of Ethics Summary:** According to the Investment Advisers Act of 1940, an investment advisor is considered a fiduciary. As a fiduciary, it is an investment advisor’s responsibility to provide fair and full disclosure of all material facts. In addition, an investment advisor has a duty of utmost good faith to act solely in the best interest of each of its clients. We and our representatives have a fiduciary duty to all clients. We have established a Code of Ethics which all representatives must read. They must then execute an acknowledgment agreeing that they understand and agree to comply with our Code of Ethics. Our fiduciary duty to clients is considered the core underlying principle for our Code of Ethics and represents the expected basis for all dealings with clients. We have the responsibility to make sure that the interests of clients are placed ahead of our own or our representatives’ investment interests. All advisory representatives will conduct business in an honest, ethical and fair manner. All advisory representatives will comply with all federal and state securities laws at all times. We provide full disclosure of all material facts and potential conflicts of interest to clients prior to services being conducted. All advisory representatives have a responsibility to avoid, to the extent reasonable, any circumstances that might negatively affect or appear to affect their duty of complete loyalty to clients. This section is only intended to provide current clients and potential clients with a description of our Code of Ethics. If current clients or potential clients wish to review our Code of Ethics in its entirety, a copy may be requested from any representative and a copy will be provided promptly.

Some of our representatives are also Certified Financial Planners™ (CFP®) and abide by the Code of Ethics and Responsibility of the Certified Financial Planner™ Board of Standards, Inc. The Code of Ethics and Responsibility requires CFP® certificants to not only comply with all applicable laws and regulations but to also act in an ethical and professional responsible manner in all professional services and activities, and to act in the client's best interests. The principles guiding CFP® certificants are:

- Integrity
- Objectivity
- Competence (in providing services and maintaining knowledge and skills to do so)
- Fairness (to clients, principals, partners and employers and disclosing any conflicts of interest in providing services)
- Confidentiality (keeping all client information confidential without the specific client consent unless in response to legal process or in defense of charges of wrongdoing or civil dispute)
- Professionalism
- Diligence

You can obtain a copy of the CFP® Code of Ethics and Responsibility Code by requesting a copy from us.

**Participation in Client Transactions and Personal Trading:** Either we or individuals associated with us may buy or sell securities for our personal use that are identical to those recommended to a client. In addition, related persons may have an interest or position in a certain security which may also be recommended to a client.

It is our express policy that no person employed by us may purchase or sell any security ahead of a transaction being implemented for an advisory account. This policy is designed to prevent such employees from benefiting from transactions placed on behalf of advisory accounts.

As these situations represent a conflict of interest, we have established the following restrictions in order to ensure our fiduciary responsibilities:

- An officer or employee of PWM will not buy or sell securities for his or her personal portfolio(s) where that decision is substantially derived, in whole or in part, by reason of his or her possession of material non-public information. No person will prefer his or her own interest to that of the advisory client.
- We maintain a list of all securities holdings for ourselves and for anyone associated with us having access to advisory recommendations. These holdings are reviewed on a regular basis by an appropriate officer/individual of PWM.
- All clients are fully informed that certain individuals may receive separate compensation when effecting certain transactions during the implementation process.
- We require that all of our officers or employees act in accordance with all applicable federal and state regulations governing registered investment advisory practices.
- Any individual not observing the above restrictions may be subject to termination or other sanctions.

We are and will continue to be in compliance with The Insider Trading and Securities Fraud Enforcement Act of 1988.

## Item 12 – Brokerage Practices

**Purshe Kaplan Sterling Investments - Securities Commission Transactions.** In the event that the client desires, the client can engage certain of PWM's representatives, in their individual capacities, as registered representatives of Purshe Kaplan Sterling Investments, Inc. ("PKS"), a FINRA member broker-dealer, to implement investment recommendations on a commission basis. In the event the client chooses to purchase investment products through PKS, PKS will charge brokerage commissions to effect securities transactions, a portion of which commissions PKS shall pay to PWM's representatives, as applicable. The brokerage commissions charged by PKS may be higher or lower than those charged by other broker-dealers. In addition, PKS, as well as PWM IARs, relative to commission mutual fund purchases, may also receive additional ongoing 12b-1 trailing commission compensation directly from the mutual fund company during the period that the client maintains the mutual fund investment.

KCOE Capital Advisors, LLC and/or PWM IARs (in their capacity as PKS registered representatives) may also receive from PKS fees in connection with referrals of clients to investment bankers for purposes of raising capital through the sale of securities or selling ownership interests in companies.

**Conflict of Interest:** The recommendation that a client purchase a commission product through PKS or use a particular investment banker presents a conflict of interest, as the receipt of commissions or investment banking referral related fees may provide an incentive to recommend investment products or investment bankers based on commissions or fees to be received, rather than on a particular client's need. No client is under any obligation to purchase any commission products from PWM's IARs. **PLEASE NOTE:** Clients may purchase investment products recommended by PWM through other, non-affiliated broker dealers or agents.

The Firm receives less than 50% of its revenue from advisory clients as a result of commissions or other compensation for the sale of brokerage products the Firm recommends to its clients.

Except as provided elsewhere in this Brochure, when PWM's representatives sell an investment product on a commission basis, the Firm does not charge an advisory fee in addition to the commissions paid by the client for such product. When providing services on an advisory fee basis, the Firm's representatives do not also receive commission compensation for such advisory services (except for any ongoing 12b-1 trailing commission compensation that may be received as previously discussed). However, a client may engage the Firm to provide investment management services on an advisory fee basis and separate from such advisory services purchase an investment product from PWM's representatives on a separate commission basis.

If clients own variable annuities and want PWM to manage the investment sub-accounts, the Firm will include the market value of the annuity in assets under management. This fee will be charged even if clients paid a commission when the annuities were purchased, including commissions to PWM representatives in their capacity as registered representatives of a broker dealer. The advisory fee charged by the Firm is separate and in addition to the commission received by the representative who sold the variable annuity.

**Best Execution:** In the event that the client requests that the Firm recommend a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct the Firm to use a specific broker-dealer/custodian), PWM may recommend that investment management accounts be maintained at Charles Schwab or AssetMark Trust. When engaging PWM to provide investment management services, the client will be required to enter into a formal Agreement with PWM setting forth the terms and conditions under which PWM shall manage the client's assets, and a separate custodial/clearing agreement with each designated custodian.

**Research and Additional Benefits:** Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, PWM receives from Schwab or another broker-dealer/custodian without cost and/or at a discount, support services and/or products, certain of which assist the Firm to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by the Firm are investment-related research, pricing information, market data, software and other technology that provides access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, educational events, marketing support, computer hardware and/or software, and/or other products used by PWM in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products received may assist the Firm in managing and administering client accounts. Others do not directly provide such assistance, but rather assist the Firm to manage and further develop its business enterprise. In particular, PWM has received in the past, and may continue to receive, discounted or free attendance at seminars or conferences sponsored by custodians, broker dealers or service providers which give PWM relevant information regarding industry practices, industry services, regulatory matters, market conditions, or investments.

PWM's clients do not pay more for investment transactions effected and/or assets maintained at various custodians as a result of this arrangement.

When the Firm receives these products and services they will be used generally for all Firm business, not just for those accounts which paid commissions to the broker/dealer who provided the products or services. Other products and services received do not directly provide such client assistance, but rather assist PWM to manage and further develop its business enterprise.

**PLEASE NOTE:** The receipt of these benefits creates a conflict of interests in that they create the incentive to use the products or services offered by the entity providing the benefits

While we do not allow directed brokerage, we must still use reasonable diligence to make certain that best execution is obtained for clients when implementing any transactions. Best execution does not necessarily mean that clients receive the lowest possible commission costs but that the qualitative execution is best. In other words, all conditions surrounding the transaction execution is in the best interests of clients. When considering best execution, our associated persons look at a number of factors besides prices and rates including, but not limited to:

- Execution capabilities (e.g., market expertise, ease/reliability/timeliness of execution, responsiveness, integration with existing systems of the PWM, ease of monitoring investments)
- Products and services offered (e.g., investment programs, back office services, technology, regulatory compliance assistance, research and analytic services)
- Financial strength, stability and responsibility
- Reputation and integrity
- Ability to maintain confidentiality

We exercise reasonable due diligence to make certain that best execution is obtained for all clients when implementing any transaction by considering the back office services, technology and pricing of services offered. We perform periodic reviews to determine that the relationship with the custodian and/or PKS and National Financial Services, LLC are still in the best interests of clients.

**Soft Dollar:** Investment Advisors may direct portfolio brokerage commissions to a particular broker/dealer in return for services and research used in making investment decisions in client accounts. The commissions used to acquire these services and research are known as “soft dollars.” Section 28(e) of the Securities Exchange Act of 1934 provides a “safe harbor” that allows an investment advisor to pay more than the lowest available commission for brokerage and research services if it determines in good faith that the commission paid was reasonable in relation to the brokerage and research services provided.

These products and services may be used for both research and non-research purposes and allows us to supplement, at no cost, our own research and analysis activities. These products and services can include, but are not limited to:

- Reports, publications and data on matters such as the economy, industries, sectors and individual companies or issuers, statistical information, account and law interpretations, political analyses, legal developments affecting portfolio securities, technical market actions, credit analyses, risk management and analyses of corporate responsibility issues
- On-line news services and financial and market database services
- Information management systems integrating quotation and trading, performance management, accounting, recordkeeping and document retrieval and other administrative matters
- Meetings, seminars, workshops and conferences with representatives of issuers, program sponsors and/or other analysts and specialists

Research obtained with soft dollars is not necessarily utilized for the specific account that generated the soft dollars. We do not attempt to allocate the relative costs or benefits of research among clients because we believe that, in the aggregate, the research we receive benefits all clients and assists us in fulfilling our overall duty to clients.

These arrangements may create a conflict of interest to the extent that we would have to pay for some or all of the research and/or services with “hard dollars” if we were unable to obtain the research and services in exchange for commissions in connection with client transactions. Client trades are always implemented based on the goals and objectives of the client and not on any research, products or other incentives available.

At this time, PWM has no soft dollar arrangements.

**Handling of Trade Errors:** We have implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with our fiduciary duty, it is our policy to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client is responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client is made whole and we absorb any loss resulting from the trade error if we caused the error. If the error is caused by the broker/dealer, the broker/dealer is responsible for covering all trade error costs. If an investment gain results from the correcting trade, the gain remains in the client’s account unless the same error involved other client account(s) that should also receive the gains. It is not permissible for all clients to retain the gain. We may also confer with clients to determine if they should forego the gain (e.g., due to tax reasons). We never benefit or profit from trade errors.

**Block Trades:** We may elect to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading, or block trading and may be used when we believe such action may prove advantageous to clients. If and when we aggregate client orders, allocating securities among client accounts is done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently. Under this procedure, transactions are averaged as to price and are allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day. If and when we determine to aggregate client orders for the purchase or sale of securities, including securities in which our associated persons may invest, we do so in accordance with the parameters set forth in the SEC No-Action Letter, SMC Capital, Inc. Neither we nor our associated persons receive any additional compensation or remuneration as a result of blocking trades.

## Item 13 – Review of Accounts

**Account Reviews:** PWM has a fiduciary duty to provide services consistent with the client's best interest. As part of its investment advisory services, PWM will review client portfolios on an ongoing basis to determine if any changes are necessary. Each representative reviews his or her client accounts but may be assisted by other PWM personnel. The calendar is the main triggering factor in these reviews, but reviews may also be performed pursuant to a change in your circumstances, your request, unusual market activity or material economic and/or political events. These reviews are intended to ascertain that the account remains structured in accordance with your investment objectives.

Financial consulting services terminate upon completion of the requested services and so no reviews are conducted. However, we recommend that you have periodic reviews and updates to your financial situation. If you elect to have these reviews and updates, a new client agreement may be required and additional fees may be charged. PWM Program accounts and accounts at third party money managers are reviewed at least quarterly.

**Account Reports:** You receive confirmations and/or statements at least quarterly from the investment company, broker/dealer, custodian clearing firm and/or money manager at which your account is maintained.

If you participate in the PWM Program you receive quarterly account statements and may receive monthly transaction ledgers and quarterly reports showing the investment performance of your account from AssetMark.

In addition, we may provide a quarterly report which can include any of the following: a complete listing of securities held, an asset allocation report, an activity report, cost information, gains and losses and an internal rate of return. These reports are provided to all managed accounts at no additional charge.

## Item 14 – Client Referrals and Other Compensation

**Client Referrals:** Although we do not currently have any formal relationships in place, we may enter into agreements with unaffiliated solicitors (Referring Parties) to refer clients to us. If a client is referred to us by a solicitor, the solicitor provides the client with a copy of our Disclosure Brochure as required by Rule 204-3 of the Investment Advisers Act of 1940 and current marketing rules. The client also receives a copy of the solicitor disclosure statement containing the information set forth in Rule 206(4)-1 of the Investment Advisers Act of 1940. If a referred client enters into an investment advisory agreement with us, a referral fee is paid to the solicitor. The referral relationship will not result in clients being charged any fees over and above the normal advisory fees charged for the advisory services provided.

The referral agreements between us and the solicitors are in compliance with regulations as set out in 17 CFR §275.206(4)-1, the Rules under the Investment Advisers Act of 1940, and current marketing rules.

**Other Compensation:** Please see Item 5, Fees and Compensation, Item 10, Other Financial Industry Activities and Affiliations and Item 12, Brokerage Practices, for additional discussion about solicitor/referral fees from third party managers, other compensation and non-economic benefits.

**Other Benefits:** PWM may enter into an agreement with Schwab whereby PWM receives a discount on the cost of using Schwab's PortfolioCenter® service. PWM undertakes no additional obligations to receive this discount. **PLEASE NOTE:** Because PWM receives an economic benefit from this agreement, PWM has a conflict of interest in recommending to clients that they use Schwab as custodian. PWM clients do not pay more for trades or assets held at Schwab due to this arrangement. PWM is not obligated to recommend Schwab as the custodian for its clients, or otherwise require that clients use Schwab as their custodian. Clients may direct PWM not to use Schwab as custodian for their accounts. **The Firm's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above conflict of interest.**

## Item 15 – Custody

Custody, as it applies to investment advisors, has been defined as having access or control over client funds and/or securities, but does not include the ability to execute transactions in client accounts. Custody is not limited to physically holding client funds and securities. If an investment advisor has the ability to access or control client funds or securities, either directly or through its affiliates, the investment advisor is deemed to have custody for purposes of the Investment Advisers Act of 1940 and must ensure proper procedures are implemented. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody. We are deemed to have custody of client funds and securities whenever we are given the authority to have fees deducted directly from client accounts. Our procedures do not result in our maintaining custody of client funds and securities.

For accounts where we are deemed to have custody, we have established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the creation of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from us. When clients have questions about their account statements, they should contact us or the qualified custodian preparing the statement.

## Item 16 – Investment Discretion

In addition to having trading authority on your accounts, asset management services can be provided on a discretionary or non-discretionary basis. If provided on a discretionary basis, we make all decisions to buy, sell or hold securities, cash or other investments in the managed account in our sole discretion without consulting with you before implementing any transactions. You must provide us with written authorization to exercise this discretionary authority.

When discretionary authority is granted, it is limited. We do not have access to your funds and/or securities with the exception of having advisory fees deducted from your account and paid to us by the account custodian. Any fee deduction is done pursuant to your prior written authorization provided to the account custodian. You have the ability to place reasonable restrictions on the types of investments that may be purchased in an account. You may also place reasonable limitations on the discretionary power granted to us so long as the limitations are specifically set forth or included as an attachment to the client agreement.

If management services are provided on a non-discretionary basis, we always contact you before implementing any transactions in an account. You may accept or reject our investment recommendations, including (1) the security being recommended, (2) the number of shares or units and (3) whether to buy or sell. Once these factors are agreed upon, we are responsible for making decisions regarding the timing of the purchase or sale and the price at which it is bought or sold. You should know that if you are not able to be reached or are slow to respond to our request, it can have an adverse impact on the timing of implementing trades and we may not achieve the optimal trading price.

In the PWM Asset Allocation Program, we offer you model portfolios composed by a group of independent investment strategists. The independent investment strategists have no direct relationship with our representatives or you, make no analysis of your circumstances or objectives and do not tailor the model portfolios to your specific needs. Our representatives assist you in selecting the model portfolio(s) that best suit the client's objectives. You then specifically direct the account to be invested in accordance with the chosen model portfolio. When you select the model portfolio, you further direct that the account be automatically adjusted to reflect any adjustment in the model portfolio by the investment strategist. This authorization results in the purchase and sale of certain mutual funds or transfers between variable annuity sub-accounts without further authorization by you at such time as the investment strategist changes the composition of the selected model portfolio. Our representatives have no authority to cause any purchase or sale of securities in your account, to change the model portfolio or to direct the account to be invested in any manner other than as previously authorized by you.

In the PWM Private Managed Account Program, the investment managers provide discretionary management of the equity and/ or fixed income securities. We have no authority over those accounts.

## **Item 17 – Voting Client Securities**

Neither we nor our representatives vote proxies on your behalf. You should read through the information provided with the proxy document and make a determination based on the information provided. You are solely responsible for all proxy voting decisions.

## **Item 18 – Financial Information**

This item is not applicable to our brochure. We do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. Finally, we have not been the subject of a bankruptcy petition at any time.