



PRENTICE WEALTH MANAGEMENT, LLC

## FORM ADV PART 2A

### FIRM BROCHURE

May 12, 2025

[www.prenticewealth.com](http://www.prenticewealth.com)

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This Part 2A of Form ADV (“Brochure”) provides information about the qualifications and business practices of Prentice Wealth Management, LLC (“PWM” or the “Firm”). If you have any questions about the contents of this Brochure, please contact us at (585) 218-0001 or [wprentice@prenticewealth.com](mailto:wprentice@prenticewealth.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. Registration does not imply a certain level of skill or training.

Additional information about PWM is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## ITEM 2: MATERIAL CHANGES

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Since our last annual amendment filing on February 4, 2025, there have been no material changes to report.

## FULL BROCHURE AVAILABLE

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We will provide a new version of the Brochure as necessary when updates or new information are added, at any time, without charge. To request a complete copy of our Brochure, contact us by telephone at (585) 218-0001 or by email to [wprentice@prenticewealth.com](mailto:wprentice@prenticewealth.com).

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## ITEM 4: ADVISORY BUSINESS

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### A. FIRM DESCRIPTION

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Prentice Wealth Management, LLC (“PWM” or the “Firm”) is a New York limited liability company that was founded in 2012. PWM is based in Rochester, NY and is registered as a registered investment advisor with the Securities and Exchange Commission (“SEC”). PWM is owned by William Prentice and Shawn Tesoro. The Firm provides investment management, model subscription, financial planning, and divorce planning services. Our clients are individuals, high net worth individuals, pension and profit-sharing plans, trusts, charitable organizations, and small businesses.

### B. TYPES OF ADVISORY SERVICES

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#### INVESTMENT MANAGEMENT SERVICES

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##### **Asset Management**

Our firm provides discretionary asset management services to our clients, based on the client’s specific needs, objectives, and risk tolerance. Portfolios are designed to meet a particular investment goal that is determined to be suitable based on the client’s circumstances. We are authorized to perform various functions without the client’s approval, such as the determining the type, amount, and timing of the securities to be bought or sold for the client. Our firm provides continuous monitoring of the client’s securities holding and ongoing re-balancing.

Prior to engaging our firm to provide any investment advisory services, we require a written investment management agreement (“IMA”) signed by the client. The IMA outlines the terms of the client relationship, including the services and fees the client pays to our firm. Upon signing the IMA, we will gather the client’s financial information and work with them to identify their risk tolerance. The information gathered during this process will be used to develop the client’s investment strategy. The client’s financial advisor identifies the appropriate portfolio construction and specifies any restrictions expressed by the client with respect to their investments. A written evaluation of each client’s initial situation is provided to the client, often in the form of a net worth statement.

Our firm’s asset management services include but are not limited to: (i) developing a personal investment policy; (ii) developing and implementing an investment strategy; (iii) investment selection; (iv) asset allocation services; and (v) regular portfolio monitoring.

For clients that desire or require more specialized asset management strategies, the Firm will utilize custom portfolios offered through its Knightbridge Capital Management Program (the “Program”), as further described below. Clients utilizing portfolios offered through the Program are charged an additional management fee based upon the applicable custom portfolio (“Portfolio Fee”).

### **Knightbridge Capital Management (“KbC”) Program**

PWM sponsors five (5) portfolio types through the Program. The portfolios include the Cash Management Portfolios, Allocation Model Portfolios, Quantitative Model Portfolios, Separately Managed Account Portfolios and Custom Portfolios:

- **Cash Management Portfolios:** This portfolio seeks to provide stability of principle with a modest amount of interest income. The portfolio will generally be invested in a combination of CDs, money market instruments and/or short-term fixed income securities (either directly or indirectly through mutual funds or exchange-traded funds).  
\*Note – clients utilizing the Cash Management Portfolios are only charged the Portfolio Fee. They are not assessed our firm’s standard asset management fee.
- **Allocation Model Portfolios:** These portfolios seek to provide broadly diversified, asset allocated portfolios built on the fundamentals known as Modern Portfolio Theory. These portfolios are generally invested in exchange traded funds and/or mutual funds that provide pooled exposure to various classes and subclasses of securities. While these portfolios are strategic in nature the portfolio management team has latitude to invest opportunistically and/or defensively based on market conditions. These portfolios are available in the following risk allocations: Ultra Aggressive, Aggressive, Moderate, Conservative and Ultra Conservative.
- **Quantitative Model Portfolios:** These portfolios are formulaic, algorithmic or rules based and seek to provide exposures or outcomes. The portfolio offerings include:
  - Alpha Quant – This portfolio uses exchange-traded funds to combine a beta-rotation equity strategy with a risk-rotation fixed income strategy. Under normal conditions the portfolio will have equity exposure between 35% and 65% equity and 65% and 35% fixed income and cash/money market funds. Portfolio weightings can change weekly throughout the year; a top-level reset to target is performed once per annum on or about December 31<sup>st</sup>.
  - Alpha Income – This portfolio is invested in a diversified assembly of equity and fixed income exchange-traded funds and/or mutual funds that are combined to deliver a target yield. This portfolio is rebalanced periodically to maintain the targeted yield.
- **Separately Managed Account (“SMA”) Portfolios:** These portfolios seek to use fundamental, technical and/or rules-based management to achieve desired market exposure. These portfolios will generally consist of investments in stocks, bonds, exchange-traded funds and/or mutual funds. These portfolios are designed to be modular and can be implemented on a standalone basis or in combination with a fixed income allocation to achieve the desired risk level. These portfolio offerings include:

- Alpha Tax – This portfolio utilizes a rules-based methodology to populate the equity allocation. This allocation is designed to have an essentially similar beta to the total US equity market while attempting to mitigate the impact of taxes on portfolio returns (known as tax drag). Generally, it is comprised of individual equities however, mutual funds, exchange-traded funds, and options may be used as needed in the management of the portfolio. This portfolio can be used as a standalone portfolio or combined with fixed income securities to achieve the desired risk level. This portfolio is not suitable for tax-deferred accounts.
- Alpha Qualified – This portfolio utilizes a rules-based methodology to populate the equity allocation. This allocation is comprised of individual equities and augmented with equity diversifiers (i.e. – global and/or foreign markets, specific sectors, etc.) in the form of exchange-traded funds or mutual funds. The portfolio will generally contain individual equities and exchange-traded funds however, it may also hold mutual funds, options and fixed income securities as needed in the management of the portfolio. This portfolio can be used as a standalone equity portfolio or combined with fixed income securities to achieve the desired risk level. This portfolio is not suitable for taxable accounts.
- Alpha Leaders – This portfolio invests in a diversified basket of individual equity securities deemed through our proprietary screening process to be the leading companies within their respective S&P sectors. This large cap core portfolio strategy is designed to provide exposure to the broad US equity market. This portfolio can be used as a standalone equity portfolio or combined with fixed income securities to achieve the desired risk level.
- Alpha ESG – This portfolio utilizes a rules-based methodology to populate the equity allocation. This allocation is generally comprised of individual equities that have been filtered and refined based on our proprietary ESG (Environmental, Social and Governance) framework. The portfolio will generally hold individual equities; however, it may also hold exchange-traded funds, mutual funds, options, and fixed income securities as necessary in the management of the portfolio. This portfolio can be used as a standalone equity portfolio or combined with fixed income securities to achieve the desired risk level.
- Alpha Market – This portfolio may invest in companies of any size through an active fundamental process. This multi-cap core portfolio strategy is designed to provide exposure to the broad US equity market. This portfolio can be used as a standalone equity portfolio or combined with fixed income securities to achieve the desired risk level.
- Alpha Dividend – This portfolio invests in dividend paying large-cap companies that are screened through an active fundamental process. The

portfolio strategy is designed to provide exposure to the US equity market with a targeted dividend yield greater than that of the broader equity market. This portfolio can be used as a standalone equity portfolio or combined with fixed income securities to achieve the desired risk level.

- Alpha Beta Market – This portfolio marries both active and passive constituents in an effort to provide exposure to the broad equity markets. The active part of the portfolio utilizes a proprietary fundamental process to invest in companies of any size. This multi-cap core portfolio strategy is designed to provide exposure to the broad US equity market in both active and passive forms. The portfolio can be used as a standalone equity portfolio or combined with fixed income securities to achieve the desired risk level.
- Alpha Beta Dividend – This portfolio marries both active and passive constituents in an effort to provide exposure to dividend paying large-cap equities. The active portion of the portfolio invests in large-cap companies that pay a dividend screened through an active fundamental process. The portfolio strategy is designed to provide exposure to dividend paying US equities in both active and passive forms while delivering a targeted dividend yield greater than that of the broader equity market. This portfolio can be used as a standalone equity portfolio or combined with fixed income securities to achieve the desired risk level.
- **Custom Portfolios:** These portfolios are available upon request and based on the specific needs of a client. These portfolios may invest in stocks, bonds, mutual funds, exchange-traded funds, options, or other securities that are deemed necessary to fulfill the specific objectives as outlined by the client.

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#### KBC SUBSCRIPTION SERVICES

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KbC Subscription Services provides portfolio management services in model form only to advisors and financial planning professionals looking to outsource their investment management needs. KbC does not custody any assets or trade these accounts as this is the full responsibility of the subscribing firm.

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#### PENSION AND PROFIT-SHARING PLAN CONSULTING SERVICES

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We offer pension consulting services to employee benefit plans and their fiduciaries based upon the needs of the plan and the services requested by the plan sponsor or named fiduciary. In general, these services may include an existing plan review and analysis, education services to plan participants, investment performance monitoring, and/or ongoing consulting. These pension consulting services will generally be non-discretionary and advisory in nature. The ultimate decision to act on behalf of the plan shall remain with the plan sponsor or other named fiduciary.

We may also assist with participant enrollment meetings and provide investment-related educational seminars to plan participants on such topics as:

- Diversification
- Asset allocation
- Risk tolerance
- Time horizon

Our educational seminars may include other investment-related topics specific to the particular plan. We may also provide additional types of pension consulting services to plans on an individually negotiated basis. All services, whether discussed above or customized for the plan based upon requirements from the plan fiduciaries (which may include additional plan-level or participant-level services) shall be detailed in a written agreement and be consistent with the parameters set forth in the plan documents.

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### FINANCIAL PLANNING SERVICES

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We provide our clients with an in-depth analysis of their current financial situation, as well as detailed recommendations relating to the client's financial goals. These services are provided on a non-discretionary basis. Financial planning services do not involve the active management of client accounts, but instead focus on a client's overall financial situation. Financial planning can be described as helping individual to determine and set their long-term financial goals through investments, tax planning, asset allocation, risk management, retirement planning, and other areas. The role of the financial planner is to find ways to help the client understand their overall financial situation and help the client set financial objectives.

Our financial planning service may include the following:

- |   |                                |
|---|--------------------------------|
| • Retirement Planning                   | • Estate and Legacy Planning   |
| • Eldercare/Medicaid Planning           | • Tax Planning                 |
| • Asset Allocation/ Portfolio Appraisal | • College Funding              |
| • Risk Management/Insurance Analysis    | • Cash Flow Management         |
| • Debt Optimization                     | • Employee Benefits Evaluation |
| • Tax Preparation and Filing            | • Divorce Financial Analysis   |

Planning or consulting service clients are required to sign a Financial Planning and Consulting Service Agreement with the Firm. This agreement outlines the nature and level of financial planning and/or consulting services to be provided, without requiring the direct management of the client's assets.

For financial planning clients, information regarding a client's personal and financial situation and objectives is collected by the advisor through a confidential interview process. This data is analyzed and a written financial plan, with specific recommendations, is presented to clients if and when appropriate to do so.



The financial plan may include, but is not limited to a net worth statement, a cash flow statement, a review of investment accounts including reviewing past asset allocations, providing asset repositioning recommendations, strategic tax planning, education planning with funding recommendations, a review of retirement accounts and plans including recommendations and one or more retirement scenarios, a review of insurance policies and recommendations for changes, if necessary and an estate planning review and recommendations.

Neither the Firm, nor any of its representatives, serves as an attorney or accountant and no portion of the Firm's services should be construed as legal or tax advice. To the extent requested by the client, the Firm may recommend the services of other professionals for certain non-investment implementation purposes (e.g., attorneys, accountants,). The client is under no obligation to engage the services of any such recommended professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from the Firm.

An inherent conflict exists between the interests of PWM and the interests of the client. The client is under no obligation to act upon PWM's recommendations. Should the client elect to act on any recommendation made by PWM, the client is under no obligation to affect the transaction through the Firm.

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### THIRD-PARTY INVESTMENT ADVISOR PROGRAMS

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Third Party Investment Advisory (TPIA) programs are offered through PWM for use by the Firm to manage client assets. These programs are sponsored by the TPIAs and are offered through selling agreements, solicitor/referral arrangements and other types of agreements between PWM and the TPIAs. Many of these TPIAs sponsor a broad range of investment programs.

PWM's management and due diligence personnel review these TPIAs. Dependent on the agreement between PWM and the TPIA and based on the information provided by the client, the Firm will recommend, select, or assist the client in selecting a TPIA who offers products and services that demonstrate an investment philosophy and style that align with the needs of the client. The Firm assists the client in determining their risk tolerance, investment goals, and other relevant guidelines based upon detailed financial information provided by the client. There can be no guarantee that the client's goals or investment objectives will be achieved by any specific program. Clients should always refer to the TPIA's Form ADV Part 2, or equivalent brochure, for a full description of their products and services and all related terms, conditions fees and expenses.

The Firm will provide initial and continuing education and information regarding the program selected. The firm will also explain rebalancing guidelines utilized within the program and meet with the client periodically to discuss changes to the client's financial circumstances. Clients should always refer to the TPIA's Form ADV Part 2, or equivalent brochure, for a full description of the terms and conditions of their services and fees. Each client is provided a copy of applicable disclosure documents and Form ADV Part 2 prior to, or at the time of entering, into an advisory contract

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## DIVORCE CONSULTING SERVICES

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PWM provides financial advice and litigation support as well as court documentation for couples undergoing divorce or separation. Additionally, those advisers who are also enrolled agents will fully evaluate the tax implications and the financial impact of various settlement options for dividing marital property and retirement accounts.

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## INSURANCE CONSULTING

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PWM provides insurance reviews/analyses, education, and insurance solutions through its unaffiliated relationship with DPL Financial Partners, LLC (“DPL”).

DPL provides an insurance consultancy services platform to SEC-registered investment advisers (“RIAs”) that have clients with a current or future need for insurance products. DPL offers RIAs memberships to its platform for a fixed annual fee. Through its licensed insurance agents who are also registered representatives of The Leaders Group, Inc. (“The Leaders Group”), an unaffiliated SEC-registered broker-dealer and FINRA member, DPL offers members a variety of services relating to fee-based insurance products. These services include, among others, providing members with analyses of their current methodology for evaluating client insurance needs, educating and acting as a resource to members regarding insurance products generally and specific insurance products owned by their clients or that their clients are considering purchasing, and providing members access to and product marketing support regarding fee-based products that insurers have agreed to offer to members’ clients through DPL’s platform.

For providing platform services to RIAs, DPL receives service fees from the insurers that offer their fee-based products through the platform. These service fees are based on the insurance premiums received by the insurers, which are separate from the fee PWM pays.

DPL is licensed as an insurance producer in jurisdictions where required to perform platform services. DPL’s representatives are also licensed as insurance producers, appointed as insurance agents of the insurers offering their products through the platform, and registered representatives of The Leaders Group.

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## C. TAILORED RELATIONSHIPS

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PWM offers the same suite of services to all its clients. When applicable, this service may include retirement planning, investment planning, planning of major purchases, education planning, distribution planning, income, and survivor income planning, net worth analysis, and other needs such as disability, long-term care, estate planning and coordination of funding, etc. When applicable, specific client financial plans and their implementation are dependent upon each client’s current situation (income, tax levels, and risk tolerance levels). Recommendation developed by your investment adviser representative are based upon his or her professional judgement. The Firm cannot guarantee the results of any of the recommendations made.

Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs.

#### D. WRAP FEE PROGRAMS

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**PWM does not participate in and is not a sponsor of wrap fee programs.** However, some of the TPIAs selected may participate in or sponsor a wrap fee program. In these cases, the client will receive a copy of the third-party money manager's Form ADV, Part 2, Appendix 1.

Wrap Fee Programs are arrangements between broker-dealers, investment advisers, banks and other financial institutions, and affiliated and unaffiliated investment advisers through which the clients of such firms receive discretionary investment advisory, execution, clearing and custodial services in a "bundled" form. In exchange for these "bundled" services, the clients pay an all-inclusive (or "wrap") fee determined as a percentage of the assets held in the wrap account.

#### E. ASSETS UNDER MANAGEMENT

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When calculating regulatory assets under management, an investment adviser must include the value of any advisory account over which it exercises continuous and regular advisory or management services. As of December 31, 2024, PWM reports \$450,422,648 in client assets on a discretionary basis and \$16,740,491 on a non-discretionary basis.

### ITEM 5: FEES AND COMPENSATION

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#### A. FEE SCHEDULE

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##### INVESTMENT MANAGEMENT SERVICES

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Our firm charges an annual fee based on a percentage of the market value of the client's assets under management as of the last day of the previous quarter, which includes all cash and other assets in the account. Fees are generally determined by the client's specific financial advisor. Fees are negotiable at the discretion of the Firm's Managing Partner or Investment Committee. Fees are billed quarterly in advance and are automatically deducted from the client's advisory accounts. As outlined below, Clients will pay a standard asset management fee, and, if using a custom portfolio offered through the Knightbridge Capital Management Program, will also pay the applicable Portfolio Fee.

##### **Asset Management**

The annual fee for asset management ranges from 0.30% to 1.60%, depending on a variety of factors, including but not limited to, the client's specific financial advisor, amount of assets under management, complexity of the portfolio, and investment strategy.

### **Knightbridge Capital Management Program**

Apart from the Cash Management Portfolios\*, clients utilizing Program portfolios are charged an additional Portfolio Fee, as outlined below:

<b>Portfolio</b>	<b>Annual Percentage Fee</b>
Cash Management Portfolios:	0.20%
Allocation Model Portfolio:	0.35% - 0.75%
Quantitative Model Portfolios:	0.35% - 0.75%
SMA Portfolios:	0.50% - 1.25%
Custom Portfolios:	Negotiable up to 2.20%

\*Clients utilizing the Cash Management Portfolios are only charged the Portfolio Fee as described above. They are not assessed our firm's standard asset management fee.

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### KBC SUBSCRIPTION SERVICES

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The firm charges a fixed subscription fee not to exceed \$2,500 per month. Fees are negotiable at the discretion of the Firm's Managing Partner or Investment Committee.

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### PENSION AND PROFIT-SHARING PLAN CONSULTING SERVICES

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The Firm charges an annual fee based on a percentage of the Plan assets, ranging from 0.25% - 1.00%, depending on the scope and complexity of the engagement. Fees are negotiable at the discretion of the Firm's Managing Partner or Investment Committee.

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### FINANCIAL PLANNING SERVICES

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PWM's financial planning services are offered on a flat fee basis and determined by the scope and complexity of each individual client, as well as their financial situation and objectives. Our financial planning fees range from \$195 to \$25,000. Fees are payable upon completion of the financial analysis phase of the financial plan.

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### DIVORCE CONSULTING SERVICES

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PWM's consulting service fee is provided on an hourly basis at a rate of \$300 per hour. The estimated fee, as well as the ultimate fee charged is based on the scope and complexity of each individual client. The fee may be waived or reduced at the sole discretion of the Advisor.

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## B. PAYMENT OF FEES

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### INVESTMENT MANAGEMENT SERVICES

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Unless other specified, fees are charged quarterly in advance. The client's first billing cycle will be

prorated based on the number of days the client's account was open and how much was funded into the account during their first quarter. Fees are automatically deducted from the client's account.

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#### KBC SUBSCRIPTION SERVICES

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Fees are charged quarterly in advance. The first billing cycle will be pro-rated based on the number of days during the quarter to which the individual or company was a client. Fees are directly invoiced.

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#### PENSION AND PROFIT-SHARING PLAN CONSULTING SERVICES

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Unless otherwise specified, fees are charged quarterly in advance. The client's first billing cycle will be prorated based on the number of days the client's account was open and how much was funded into the account during their first quarter. Fees are either directly invoiced or deducted from the client's account.

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#### FINANCIAL PLANNING SERVICES

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PWM will bill the client for their financial planning services based on the scope of services rendered. Payment must be remitted in full within ten (10) days from receipt of invoice.

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#### DIVORCE CONSULTING SERVICES

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PWM will bill the client for their consulting services based on the scope of services rendered. Payment must be remitted within ten (10) days from receipt of invoice.

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### C. OTHER FEES AND PAYMENTS

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Clients will incur transaction fees for trades executed by their chosen custodian. Clients may also pay holdings charges imposed by the chosen custodian for certain investments, charges imposed directly by a mutual fund, index fund, or exchange-traded fund, which shall be disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), sub-adviser or third party manager fees, distribution fees, surrender charges, variable annuity fees, IRA and qualified retirement plan fees, mark-ups and mark-downs, spreads paid to market makers, fees for trades executed away from custodian, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions.

PWM's arrangement with DPL enables PWM to evaluate insurance products, such as life insurance and annuities, as part of the client's overall financial plan. While PWM compensates DPL directly for its services, clients may choose to separately purchase products from DPL. In these instances, clients will pay fees to the third-party insurance agency or insurer.

Our firm does not receive a portion of the fees described above.

## D. PREPAYMENT OF FEES

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### INVESTMENT MANAGEMENT SERVICES

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If the client does not receive this Brochure at least forty-eight (48) hours prior to signing the advisory agreement with PWM, the client may terminate the agreement orally or in writing within five (5) business days of signing the advisory agreement without incurring any penalties. Thereafter, the client or the firm may voluntarily terminate the engaged advisory services for any reason with thirty (30) days written notice to the other party delivered by certified or registered mail. The date of receipt of the written notice will be the effective date of termination. Investment advisory fees will be prorated for the quarter in which the termination notice is given, and any unearned fees will be refunded to the client.

### KBC SUBSCRIPTION SERVICES

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If the client does not receive this Brochure at least forty-eight (48) hours prior to signing the advisory agreement, the client may terminate the agreement orally or in writing within five (5) business days of signing the advisory agreement without incurring any penalties. Thereafter, the client or the firm may voluntarily terminate the engaged subscription services for any reason at the end of the subsequent calendar quarter following termination notice, provided at least 30 days advance notice is given to the other party.

### PENSION AND PROFIT-SHARING PLAN CONSULTING SERVICES

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Either party to the pension consulting agreement may terminate the agreement upon written notice to the other party in accordance with the terms of the agreement for services. The pension consulting fees will be prorated for the quarter in which the termination notice is given, and any unearned fees will be refunded to the client.

### FINANCIAL PLANNING SERVICES

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Either party may terminate the financial planning services engagement prior to the completion of the engaged services with 30-days prior written notice to the other party. PWM will prorate the financial planning services fee and will issue an invoice for any outstanding fees as of the effective date of termination.

### DIVORCE CONSULTING SERVICES

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Either party may terminate the consulting services engagement prior to the completion of the engaged services with 30-days prior written notice to the other party. PWM will prorate the consulting services fee and will issue a refund for any unearned fees as of the effective date of termination.

## E. COMMISSIONABLE SECURITIES SALES

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PWM's management or supervised persons are registered representatives of Cadaret, Grant & Co., Inc., member FINRA/SIPC. As such they can accept compensation for the sale of securities or other investment products, including distribution or service ("trail") fees. Clients should be aware that the practice of accepting commissions for the sale of securities presents a conflict of interest and gives PWM and/or its representatives an incentive to recommend investment products based on the compensation received. PWM generally addresses commissionable sales conflicts that arise when explaining to clients these sales create an incentive to recommend based on the compensation to be earned and/or when recommending commissionable mutual funds, explaining that "no-load" funds are also available. PWM does not prohibit clients from purchasing recommended investment products through other unaffiliated brokers or agents.

## ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

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### A. PERFORMANCE BASED COMPENSATION

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**PWM does not assess Performance Fees.**

### B. SIDE-BY-SIDE MANAGEMENT

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**PWM does not provide Side-By-Side Management.**

"Side-by-Side Management" refers to a situation in which the same adviser manages accounts that are billed based only on a percentage of assets under management and at the same time manages other accounts for which fees are performance-based.

## ITEM 7: TYPES OF CLIENTS & ACCOUNT REQUIREMENTS

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### **Client Types:**

PWM generally provides investment advisory services to individuals, high net-worth individuals, pension plans, profit-sharing plans, trusts, charitable organizations, other investment advisers and small businesses.

### **Account Requirements:**

The Firm does not require Clients maintain a minimum account balance for its standard Asset Management services. However, the Firm requires minimum account balances with respect to its Knightbridge Capital Management Program Portfolios:

- The Cash Management Portfolios require a minimum account balance of \$5,000;
- The Allocation Model Portfolios require a minimum account balance of \$25,000;
- The Alpha Quant, Alpha Income, Alpha Market, Alpha Dividend, Alpha Beta Market, and Alpha Beta Dividend strategies require a minimum account balance ranging from \$50,000 to \$200,000 based on the aggression level;

- The Alpha ESG strategy requires a minimum account balance ranging \$150,000 to \$300,000 based on the aggression level;
- The Alpha Qualified and Alpha Tax strategies require a minimum account balance ranging from \$300,000 to \$600,000 based on the aggression level; and
- Custom Portfolios require a minimum account balance of \$500,000.

These account minimum requirements may be waived or reduced in the sole discretion of the Firm.

Also, Limited Partnerships that the Firm recommends will also have a minimum investment size that is outlined in the private placement memorandum.

## ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

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### A. METHODS OF ANALYSIS

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PWM may utilize one or more of the following methods of analysis when providing investment advice to its clients:

***Fundamental analysis*** concentrates on factors that determine a company's value and expected future earnings. It involves analyzing its financial statements and health, its management and competitive advantages and its competitors and markets. Fundamental analysis is performed on historical and present data but with the goal of making financial forecasts. There are several possible objectives: to conduct a company stock valuation and predict its probable price evolution; to make a projection on its business performance; to evaluate its management and make internal business decisions and to calculate its credit risk. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

***Technical analysis*** is a method of evaluating securities by relying on the assumption that market data, such as charts of price, volume and open interest can help predict future (usually short-term) market trends. It attempts to predict a future stock price or direction based on market trends. Technical analysis assumes that market psychology influences trading in a way that enables predicting when a stock will rise or fall. Technical analysis methods employ software and other financial data management tools to assess various aspects of the marketplace. The risk is that markets do not always follow patterns and relying solely on this method may not work long term.

### B. INVESTMENT STRATEGIES

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Our approach to investment management is derived from the beliefs that hard work is rewarded, a clear mind makes the best decisions, and that people are deeper than their pockets. We know our clients and they know us. It is a bond of mutual trust and appreciation - something we do not take for granted. We strive to minimize fees and tax implications but recognize that the ultimate goal for our clients is not the mitigation of costs, but the attainment of their goals. We believe the most



effective means of goal achievement is through the pairing of a well-considered financial plan and disciplined investment strategies that are thoughtfully crafted and based on sound research, prudent risk analysis and carefully executed.

### C. RISK OF LOSS

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Clients need to be aware that investing in securities involves risk of loss of the principal.

Every method of analysis has its own inherent risks. To perform an accurate market analysis PWM must have access to current/new market information. PWM has no control over the dissemination rate of market information; therefore, unbeknownst to PWM, certain analyses may be compiled with outdated market information, severely limiting the value of PWM's analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by PWM) will be profitable or equal any specific performance level(s). PWM does not represent, warrant, or imply that its services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. Notwithstanding PWM's method of analysis or investment strategy, the assets within the client's portfolio are subject to risk of devaluation or loss. The client should be aware that there are many different events that can affect the value of the client's assets or portfolio including, but not limited to, changes in financial status of companies, market fluctuations, changes in exchange rates, trading suspensions and delays, economic reports, and natural disasters.

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Interest-rate Risk:** Certain investments involve the payment of a fixed or variable rate of interest to the investment holder. Once an investor has acquired or has acquired the rights to an investment that pays a particular rate (fixed or variable) of interest, changes in overall interest rates in the market will affect the value of the interest-paying investment(s) they hold. In general, changes in prevailing interest rates in the market will have an inverse relationship to the value of existing, interest paying investments. In other words, as interest rates move up, the value of an instrument paying a particular rate (fixed or variable) of interest will go down. The reverse is generally true as well.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic, and social conditions may trigger market events.
- **Inflation Risk:** Inflation risk involves the concern that in the future, your investment or proceeds from your investment will not be worth what they are today. Throughout time,

the prices of resources and end-user products generally increase and thus, the same general goods and products today will likely be more expensive in the future. The longer an investment is held, the greater the chance that the proceeds from that investment will be worth less in the future than what they are today. Said another way, a dollar tomorrow will likely get you less than what it can today.

- **Prepayment Risk:** The returns on the collateral for the deal can change dramatically at times if the debtors prepay the loans earlier than scheduled.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This primarily relates to fixed income securities.
- **Business Risk:** This risk is associated with a particular industry or a particular company within an industry.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Environmental, Social, and Governance ("ESG") Investing Risk:** ESG investing refers to the practice of considering environmental, social, and governance factors when making investment decisions. ESG investing involves several risks that investors should consider. ESG portfolios often emphasize sectors such as renewable energy, technology, or healthcare while underweighting others like fossil fuels or tobacco. This lack of diversification can increase exposure to sector-specific risks. Similarly, excluding certain industries or companies that do not meet ESG criteria also narrows the investment pool, reducing opportunities for diversification and returns. ESG investments may underperform traditional portfolios, particularly when non-ESG sectors like oil and gas perform better due to macroeconomic or geopolitical factors. ESG portfolios may also deviate significantly from traditional benchmarks, leading to tracking error, which can result in discrepancies between investor expectations and actual performance. Companies or funds may also overstate their ESG credentials in order to attract investors, which can result in investments that do not truly align with ESG principles, undermining both financial and ethical objectives. ESG data can be inconsistent or unreliable as companies may use different reporting standards and ratings from various agencies can vary, leading to potential misalignment with investor values. Certain ESG themes, like renewable energy or technology, can be highly sensitive to market sentiment, technological innovation, or government policies, leading to higher volatility. ESG portfolios may come with higher fees due to specialized research, active management, and adherence to ESG standards, potentially reducing returns. ESG regulations and standards are evolving and vary across regions, which creates regulatory risk that could impact ESG portfolio composition and returns. ESG investments often depend on policies or societal trends that may shift due to elections, regulatory changes, or public opinion.

Risk Factors relevant to specific securities utilized include:

- **Equity Securities:** The value of the equity securities is subject to market risk, including

changes in economic conditions, growth rates, profits, interest rates and the market's perception of these securities. While offering greater potential for long-term growth, equity securities are more volatile and riskier than some other forms of investment.

- **Exchange-traded Funds ("ETF"):** ETFs are a recently developed type of investment security, representing an interest in a passively managed portfolio of securities selected to replicate a securities index, such as the S&P 500 Index or the Dow Jones Industrial Average, or to represent exposure to a particular industry or sector. Unlike open-end mutual funds, the shares of ETFs and closed-end investment companies are not purchased and redeemed by investors directly with the fund, but instead are purchased and sold through broker-dealers in transactions on a stock exchange. Because ETF and closed-end fund shares are traded on an exchange, they may trade at a discount from or a premium to the net asset value per share of the underlying portfolio of securities. In addition to bearing the risks related to investments in equity securities, investors in ETFs intended to replicate a securities index bear the risk that the ETF's performance may not correctly replicate the performance of the index. Investors in ETFs, closed-end funds and other investment companies bear a proportionate share of the expenses of those funds, including management fees, custodial and accounting costs, and other expenses. Trading in ETF and closed-end fund shares also entails payment of brokerage commissions and other transaction costs.
- **Mutual Fund Shares:** Some of the risks of investing in mutual fund shares include: (i) the price to invest in mutual fund shares is the fund's per share net asset value (NAV) plus any shareholder fees that the fund imposes at the time of purchase (such as sales loads), (ii) investors must pay sales charges, annual fees, and other expenses regardless of how the fund performs, and (iii) investors typically cannot ascertain the exact make-up of a fund's portfolio at any given time, nor can they directly influence which securities the fund manager buys and sells or the timing of those trades.
- **Real Estate Related Securities Risk:** Investing in real estate related securities includes, among others, the following risks: possible declines in the value of real estate; risks related to general and local economic conditions, including increases in the rate of inflation; possible lack of availability of mortgage funds; overbuilding; extending vacancies of properties; increases in competition, property taxes and operating expenses; changes in zoning laws; costs resulting from cleanup of, and liability to third parties for damages resulting from environmental problems; casualty or condemnation losses; uninsured damages from floods, earth quakes or other natural disasters; limitations on and variations in rents; and changes in interest rates. Investing in Real Estate Investment Trusts ("REITs") involves certain unique risks in addition to those risks associated with investing in the real estate industry in general. REITs are dependent upon management skills, are not diversified, and are subject to heavy cash flow dependency, default by borrowers and self-liquidation.
- **Municipal Bond Risk:** Municipal securities issuers may face local economic or business conditions (including bankruptcy) and litigation, legislation or other political events that could have a significant effect on the ability of the municipality to make payments on the interest or principal of its municipal bonds. In addition, because municipalities issue municipal securities to finance similar types of projects, such as education, healthcare, transportation, infrastructure and utility projects, conditions in those sectors can affect the overall municipal bond market. Furthermore, changes in the financial condition of one municipality may affect the overall municipal bond market. The municipal obligations in which clients invest will be subject to credit risk, market risk, interest rate risk, credit spread

risk, selection risk, call and redemption risk and tax risk, and the occurrence of any one of these risks may materially and adversely affect the value of the client's assets or profits.

- **Fixed Income Securities Risk:** Prices of fixed income securities tend to move inversely with changes in interest rates. Typically, a rise in rates will adversely affect fixed income security prices. The longer the effective maturity and duration of the client's portfolio, the more the portfolio's value is likely to react to interest rates. For example, securities with longer maturities sometimes offer higher yields, but are subject to greater price shifts as a result of interest rate changes than debt securities with shorter maturities. Some fixed income securities give the issuer the option to call, or redeem, the securities before their maturity dates. If an issuer calls its security during a time of declining interest rates, we might have to reinvest the proceeds in an investment offering a lower yield, and therefore might not benefit from any increase in value as a result of declining interest rates. During periods of market illiquidity or rising interest rates, prices of callable issues are subject to increased price fluctuation.
- **Interval Mutual Funds:** While interval mutual funds may provide limited liquidity to shareholders by offering to repurchase a limited amount of shares on a periodic basis, there is no guarantee that clients will be able to sell all of their shares in any specific repurchase offer. Also, the offer to repurchase shares may be suspended or postponed by the investment sponsor. An investment in an interval fund involves a considerable amount of risk and it is possible to lose the total investment amount. An investment in a closed-ended interval mutual fund is suitable only for investors who can bear the risks associated with the limited liquidity of the shares and should be viewed as a long-term investment.
- **Limited Partnerships:** The performance of alternative investments (limited partnerships) can be volatile and may have limited liquidity. An investor could lose all or a portion of their investment. Such investments often have concentrated positions and investments that may carry higher risks. Client should only have a portion of their assets in these investments.
- **Private Placements:** A Private placement (also referred to as Reg D offering) is a security or pooled investment fund (e.g., hedge fund) that is not offered for sale to the public. While their issuance is governed under the Securities Act of 1933, private placements are not registered with the SEC like stocks, bonds or other publicly traded securities. Because private placements are illiquid investments, with no guarantee of returns, distributions, or interest payments, they are intended for experienced and sophisticated investors who are willing to bear the high degree of various risks of the investment. Such risks include, but are not limited to, liquidity risk, market risk, credit risk, and interest rate risk.

While this information provides a synopsis of the events that may affect a client's investments, this listing is not exhaustive. Although PWM's methods of analysis and investment strategies do not present any significant or unusual risks, all investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Clients should understand that there are inherent risks associated with investing and depending on the risk occurrence; CLIENTS MAY SUFFER LOSS OF ALL OR PART OF THE CLIENT'S PRINCIPAL INVESTMENT.

#### D. RECOMMENDATION OF SPECIFIC TYPES OF SECURITIES

PWM does not primarily recommend a particular type of security. Investments may include, but

are not limited to, exchange listed securities, fixed-income securities, over-the-counter securities, foreign securities, options, alternative investments, bonds, derivatives, money market funds, and pooled investment vehicles, such as open and closed end mutual funds or ETFs.

## ITEM 9: DISCIPLINARY INFORMATION

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Registered investment advisers are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management. Neither PWM nor any of its management persons has been involved in legal or disciplinary events that are related to past or present investment clients.

## ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

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### A. FINANCIAL INDUSTRY ACTIVITIES

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PWM's management or supervised persons are registered representatives of Cadaret, Grant & Co., Inc., a FINRA-member securities broker/dealer, and retain the option of selling commission-based products such as annuities, insurance, stocks, bonds, exchange-traded funds, mutual funds and limited partnerships within brokerage accounts held by that broker/dealer. A conflict of interest exists as these commissionable securities sales create an incentive to recommend products or services based on the compensation earned. To mitigate this conflict, PWM will act in the Clients' best interest.

PWM is not a registered broker-dealer and does not have an application pending to register as a broker-dealer.

### B. FINANCIAL INDUSTRY AFFILIATIONS

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PWM is not a registered Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor and does not have an application pending to register as such. Furthermore, PWM's management and supervised persons are not registered as and do not have an application pending to register as an associated person of the foregoing entities.

### C. OTHER MATERIAL RELATIONSHIPS

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PWM's management or supervised persons individually have insurance agency affiliations, through which they may sell various insurance products to PWM clients. This may create a conflict of interest for PWM to recommend insurance products based on the compensation to be earned. To mitigate this conflict, PWM will act in the clients' best interest.

PWM does not have any arrangements that are material to its advisory business or its clients with a related person who is a broker-dealer, investment company, other investment advisor, financial planning firm, commodity pool operator, commodity trading adviser or futures commission

merchant, banking or thrift institution, accounting firm, law firm, pension consultant, real estate broker or dealer, or an entity that creates or packages limited partnerships other than those already disclosed herein.

#### D. OTHER INVESTMENT ADVISORS

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PWM's representatives may be dually registered as investment adviser representatives with Cadaret, Grant & Co., Inc. However, no new advisory accounts will be opened with Cadaret, Grant, & Co unless specifically requested by the client.

Please see Item 4 for more information regarding Third Party Investment Advisor ("TPIA") programs that PWM may recommend. Prior to recommending a TPIA, PWM will ensure the chosen party is properly licensed and/or registered with appropriate federal or state authorities.

### ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

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#### A. DESCRIPTION OF CODE OF ETHICS

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All employees of PWM must act in an ethical and professional manner. In view of the foregoing and applicable provisions of relevant law, PWM has adopted a Code of Ethics in its Employee Policies and Procedures Manual to specify and prohibit certain types of transactions deemed to create conflicts of interest (or the potential for or the appearance of such conflicts), and to establish reporting requirements and enforcement procedures relating to personal trading by PWM personnel. PWM Code of Ethics in its Employee Policies and Procedures Manual, which specifically deals with professional standards, insider trading, personal trading, gifts and entertainment, and fiduciary duties, establishes ideals for ethical conduct based upon fundamental principles of openness, integrity, honesty, and trust. We will provide a copy of our Code of Ethics to any client or prospective client upon request.

PWM places the utmost priority on maintaining high standards of integrity and professionalism by its associated persons in the conduct of its advisory business. The greatest asset held by this Firm is the trust and confidence placed in it by its clients. Since some of the advisers of the Firm have received the CFP® Certification from Certified Financial Planner Board of Standards, Inc., the Firm has incorporated into its Code of Ethics the following key principles of CFP Board's Code of Ethics and Professional Responsibility:

*Principle 1 – Integrity:* IARs, employees and officers of PWM will provide professional services with integrity. Integrity demands honesty and candor which must not be subordinated to personal gain or advantage. Certificants are placed in position of trust by clients and the ultimate source of that trust is the certificants' personal integrity. Allowance can be made for innocent error and legitimate differences of opinion, but integrity cannot co-exist with deceit or subordination of one's principles.

*Principle 2 – Objectivity:* IARs, employees and officers of PWM will provide professional

services objectively. Objectivity requires intellectual honesty and impartiality. Regardless of the particular service rendered or the capacity in which a certificant functions, certificants should protect the integrity of their work, maintain objectivity, and avoid subordination of their judgment.

*Principle 3 – Competence:* IARs, employees and officers of PWM will maintain the knowledge and skills necessary to provide professional services competently. Competence means attaining and maintaining an adequate level of knowledge and skill, and application of that knowledge and skill in providing services to clients. Competence also includes the wisdom to recognize the limitations of that knowledge and when consultation with other professionals is appropriate or referral to other professionals necessary. Certificants make a continuing commitment to learning and professional improvement.

*Principle 4 – Fairness:* IARs, employees and officers of PWM will be fair and reasonable in all professional relationships, and all conflicts of interest will be disclosed. Fairness requires impartiality, intellectual honesty, and disclosure of material conflicts of interest. It involves a subordination of one's own feelings, prejudices, and desires so as to achieve a proper balance of conflicting interest. Fairness is treating others in the same fashion that you would want to be treated.

*Principle 5 – Confidentiality:* IARs, employees and officers of PWM will protect the confidentiality of all client information. Confidentiality means ensuring that information is accessible only to those authorized to have access. A relationship of trust and confidence with the client can only be built upon the understanding that the client's information will remain confidential.

*Principle 6 – Professionalism:* IARs, employees and officers of PWM will act in a manner that demonstrates exemplary professional conduct. Professionalism requires behaving with dignity and courtesy to clients, fellow professionals, and others in business related activities. Certificants cooperate with fellow certificants to enhance and maintain the profession's public image and improve the quality of services.

*Principle 7 – Diligence:* IARs, employees and officers of PWM will provide professional services diligently. Diligence is the provision of services in a reasonably prompt and thorough manner, including the proper planning for, and supervision of, the rendering of professional services.

The Firm's Code of Ethics establishes ethical guidelines for its employees and advisors to adhere to relative to the following key areas of its advisory operations:

Compliance	Personal Securities Transactions
Insider Trading	Rumor Mongering
Conflicts of Interest	Outside Business Activities
Gifts and Entertainment	Code Violation Reporting and Sanctions
Recordkeeping	

## B. PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS

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PWM does not recommend or effect transactions in securities in which any related person may have material financial interest.

## C. PROPRIETARY/SIMULTANEOUS TRADING

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At times, PWM or its affiliated persons may buy or sell securities for its own accounts that it has also recommended to clients. However, any purchase or sale of a security by PWM or a related person will be subject to PWM's fiduciary duty to client accounts.

From time to time, representatives of PWM may buy or sell securities for themselves at or around the same time as PWM's client accounts. In any instance where similar securities are bought or sold, PWM will uphold its fiduciary duty by always transacting on behalf of the client before transacting for its own benefit.

PWM will always document any transactions that could be construed as conflicts of interest. To mitigate or remedy any conflicts of interest or perceived conflicts of interest, PWM will monitor its proprietary and personal trading reports for adherence to its Code of Ethics.

## ITEM 12: BROKERAGE PRACTICES

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### A. SELECTION AND RECOMMENDATION

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PWM seeks to recommend a custodian/broker who will hold client assets and execute transactions on terms that, overall, are most advantageous when compared to other available providers and their services.

PWM considers a wide range of factors in selecting a custodian/broker including, among others, the following:

- Timeliness of execution
- Clearance and settlement capabilities
- Ability to place trades in difficult market environments
- Timeliness and accuracy of trade confirmations
- Quality of account statements
- Research, execution facilitation, record keeping, custody and other "value-added" services provided
- Frequency and correction of trading errors
- Financial condition and willingness to commit capital
- Business reputation and integrity
- PWM's prior experience with the custodian/broker

To this end, PWM has established a brokerage and custodian relationship with Charles Schwab &



Co., Inc. (“Schwab”), member FINRA and SIPC. PWM is independently owned and operated and is not affiliated with Schwab. Schwab will hold client assets in an account and buy and sell securities only when PWM or the client instructs them to. PWM has determined that having Schwab execute trades is consistent with our duty to seek “best execution” of client trades.

## B. RESEARCH AND OTHER SOFT DOLLAR BENEFITS

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PWM does not receive soft dollars in excess of what is allowed by Section 28(e) of the Securities Exchange Act of 1934. The safe harbor research products and services obtained by PWM will generally be used to service all of its clients but not necessarily all at any one particular time.

## C. BROKERAGE FOR CLIENT REFERRALS

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PWM does not receive client referrals from third parties for recommending the use of specific broker-dealer brokerage services.

## D. DIRECTED BROKERAGE

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PWM routinely recommends clients utilize Schwab for brokerage services. Schwab offers services to independent investment advisers, which include custody of securities, trade execution, clearance, and settlement of transactions. These arrangements are designed to maximize efficiency and to be cost effective for PWM’s clients. By requiring clients to use a custodian that PWM has approved, PWM seeks to achieve “best execution” of client transactions.

PWM does not permit clients to direct the use of a particular brokerage firm with the exception of 401k accounts.

## E. ORDER AGGREGATION

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PWM may, at times, aggregate sale and purchase orders of securities (“block trading”) for advisory accounts with similar orders in order to obtain the best pricing averages and minimize trading costs. This practice is reasonably likely to result in administrative convenience or an overall economic benefit to the client. Clients also benefit relatively from better purchase or sale execution prices, lower commission expenses or beneficial timing of transactions or a combination of these and other factors. Aggregate orders will be allocated to client accounts in a systematic non-preferential manner. PWM may aggregate or “bunch” transactions for a client’s account with those of other clients in an effort to obtain the best execution under the circumstances.

## F. TRADE ERROR POLICY

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PWM maintains a record of any trading errors that occur in connection with investment activities of its clients. In accordance with SEC recommendations, PWM will bear any losses due to trading errors and any gains due to trading errors will be administered according to the custodian’s policies.

## ITEM 13: REVIEW OF ACCOUNTS

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### A. PERIODIC REVIEWS

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PWM monitors managed account activity at least quarterly. PWM conducts periodic reviews to monitor various things, such as, managed account investment performances and asset allocations. The reviews also consist of determining whether a client's investment goals and objectives are aligned with PWM's investment strategies. Reviews are conducted at least annually, those volatility in the markets, significant global events and changes in client circumstances may require that more frequent reviews be conducted.

Model allocations are reviewed at least weekly to ensure they are appropriately positioned.

Standalone financial planning clients do not receive reviews of their written financial plans unless they take action to schedule a financial consultation. PWM does not provide ongoing services to financial planning clients, but are willing to meet with such clients upon their request to discuss updates to their plans, changes in their circumstances, etc.

### B. INTERMITTENT REVIEW FACTORS

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Intermittent reviews may be triggered by substantial market fluctuation, economic or political events, or changes in the client's financial status (such as retirement, termination of employment, relocation, inheritance, etc.). Clients are advised to notify PWM promptly if there are any material changes in their financial situation, investment objectives, or in the event they wish to place or modify restrictions on their account.

### C. REPORTS

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Clients may receive confirmations of purchases and sales in their accounts and will receive, at least quarterly, statements containing account information such as account value, transactions, and other relevant information. Confirmations and statements are prepared and delivered by the custodian.

Standalone financial planning clients do not receive written or verbal updated reports regarding their financial plans unless they separately engage PWM for a post-financial plan meeting or update to their initial written financial plan.

## ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

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### A. ECONOMIC BENEFITS FROM OTHERS

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PWM does not receive an economic benefit (such as sales awards or other prizes) from any third party for providing investment advice or other advisory services to its clients. PWM may receive fees as a solicitor for TPIA programs offered by other firms.

## B. COMPENSATION TO UNAFFILIATED THIRD PARTIES

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PWM compensates unaffiliated third parties (each, a “Promoter”) in exchange for client referrals. Compensation for client referrals is paid out of client fees paid to PWM; however, clients pay only the fees and rates noted in the applicable fee schedule. Compensation paid to a Promoter is negotiated between the Promoter and PWM.

The referral arrangements comply with the Investment Advisers Act, respective federal and state laws governing the same where relevant, and ERISA if applicable. PWM has policies in place meant to ensure that those who are referred to PWM through a Promoter receive appropriate disclosures.

In instances where PWM utilizes a non-affiliated Promoter, the Promoter’s role is limited to that of a Promoter. Such Promoters are not an agent, representative or employee of PWM, and that Promoter does not provide investment-related advice on behalf of PWM. Each such Promoter has agreed to act in accordance with PWM instructions and will not make any specific recommendations of securities or any other type of investment. Only PWM will make specific recommendations to a client of PWM.

## ITEM 15: CUSTODY

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### A. CUSTODIAN OF ASSETS

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Custody means holding, directly or indirectly, client funds or securities, or having any authority to obtain possession of them.

PWM has custody due to its authority to deduct advisory fees from client accounts and because it can, subject to a standing letter of authorization, dispose of client funds or securities. PWM will not maintain physical possession of client funds and securities.

Instead, clients’ funds and securities are held by a PWM preferred, qualified custodian.

While PWM does not have physical custody of client funds or securities, payments of fees may be paid by the custodian from the custodial brokerage account that holds client funds pursuant to the client’s account application. Prior to permitting direct debit of fees, each client provides written authorization permitting fees to be paid directly from the custodian.

From time to time, PWM may receive standing letters of authorization from a client (“SLOA”) whereby the client instructs its custodian to accept instruction from PWM to direct funds from the client’s account to specific accounts of the client (“First Party SLOA”) or to third parties unrelated to PWM and its investment adviser representatives (“Third Party SLOA”). PWM will review each SLOA prior to acceptance to ensure it meets these requirements. It will also periodically review the SLOAs it has from clients to ensure it meets these criteria.

**First Party Standing Letters of Authorization.** Under applicable SEC guidance, PWM may accept First Party SLOAs without being deemed to have custody if the First Party SLOAs meet

the following criteria:

- (a) It is authorized by the client.
- (b) A copy of the authorization is provided to the qualified custodian.
- (c) It clearly specifies the name and account numbers (including ABA routing numbers) on the sending and receiving accounts and the qualified custodian holding each of those accounts.
- (d) It identifies the accounts as belonging to the client.

**Third-Party Standing Letters of Authorization.** In the case of Third-Party SLOAs, PWM may be deemed to have custody of such client's funds under applicable federal law. Under applicable SEC guidance, PWM may accept such custody without the requirement to obtain an annual surprise audit examination if the SLOAs meet the criteria set forth below.

- (a) The Client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
- (b) The client authorizes PWM, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
- (c) The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization and provides a transfer of funds notice to the client promptly after each transfer.
- (d) The client has the ability to terminate or change the instruction to the client's qualified custodian.
- (e) PWM and its investment adviser representatives have no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.
- (f) PWM maintains records showing that the third party is not a related party of the investment advisor or located at the same address as the investment advisor.
- (g) The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

## B. ACCOUNT STATEMENTS

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Although PWM is the client's adviser, the client's statements will be mailed or made available electronically by the broker-dealer or custodian. When the client receives these statements, they should be reviewed carefully. Clients should compare asset values, holdings, and fees on the statement to that in the account statement issued the previous period.

## ITEM 16: INVESTMENT DISCRETION

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It is PWM's customary procedure to have full discretionary authority to supervise and direct the investments of a client's accounts. Clients grant this authority upon execution of PWM's IMA. This authority is for the purpose of making and implementing investment decisions, without the client's prior consultation. All investment decisions are made in accordance with the client's stated

investment objectives. Other than management fees due to PWM, which PWM will receive directly from the custodian, PWM's discretionary authority does not give authority to take or have possession of any assets in the client's account or to direct delivery of any securities or payment of any funds held in the account to PWM. If PWM is granted non-discretionary authority, PWM would be required to obtain the client's permission before effecting securities transactions.

## ITEM 17: VOTING CLIENT SECURITIES

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PWM will not vote proxies which are solicited for securities held in client accounts. Clients will receive proxies directly from their custodian or transfer agent. Clients may call, write, or email PWM to discuss general questions they may have about particular proxy votes or other solicitations, however, PWM will not be required to render any advice with respect to the voting of proxies solicited by or with respect to the issuers of securities in which assets of the client's account may be invested in occasionally. Furthermore, PWM will not take any action or render any advice with respect to any securities held in any client's accounts that are named in or subject to class action lawsuits. PWM will however, forward to the client any information received by PWM regarding class action legal matters involving any security held in the client's account.

## ITEM 18: FINANCIAL INFORMATION

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### A. BALANCE SHEET REQUIREMENT

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PWM is not the qualified custodian for client funds or securities and does not require prepayment of fees of more than \$1,200 per client, six (6) months or more in advance.

### B. FINANCIAL CONDITION

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PWM does not have any financial impairment that would preclude the Firm from meeting contractual commitments to clients.

### C. BANKRUPTCY PETITION

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PWM has not been the subject of a bankruptcy petition at any time during the last 10 years.