

**FIRM BROCHURE**  
(Part 2A of Form ADV)

November 02, 2020

**Corvus Wealth Advisors, LLC**  
CRD# 311261

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**Part 2A of Form ADV (the “Brochure”) provides information about the qualifications and business practices of Corvus Wealth Advisors, LLC. If you have any questions about the contents of this Brochure, please contact Robert Garcia at (805) 434-2608. 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.**

**Corvus Wealth Advisors, LLC is registered as an investment adviser with the SEC; however, such registration does not imply a certain level of skill or training and no inference to the contrary should be made.**

**Additional information about Corvus Wealth Advisors, LLC (CRD# 311261) and its investment adviser representatives is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## ITEM 2: MATERIAL CHANGES

Corvus Wealth Advisors, LLC is a newly registered investment adviser with the Securities and Exchange Commission. As such, no material changes are noted here. Our prospective clients are strongly encouraged to read this brochure in its entirety prior to engaging Corvus Wealth Advisors, LLC for any advisory services..

Pursuant to applicable regulation, Corvus Wealth Advisors, LLC will ensure that clients receive a summary of any materials changes to this Brochure within 120 days of the close of Corvus Wealth Advisors, LLC's fiscal year-end. Additionally, as the firm experiences material changes in the future, we will send you a summary of our "Material Changes" under separate cover. For more information about the firm, please contact us at (805) 434-2608.

Additional information about Corvus Wealth Advisors, LLC and its investment adviser representative is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## Item 4: Advisory Business

### A. Description of Firm

Corvus Wealth Advisors, LLC (also referred to as “CWA”, “us”, “we” or the “Firm” throughout this document) is a California-based advisory firm. The Firm provides investment supervisory services on a discretionary and non-discretionary basis to certain clients described in Item 7 herein (“Clients”). The investment instruments CWA advises its clientele on include, but are not limited to, equity stocks, fixed income securities, bonds, exchange traded funds (“ETFs”), mutual funds, options, and cash equivalent instruments. Please refer to Item 8 for additional information relating to the investment strategies pursued by CWA and their associated risks.

### B. Principal Owners

The Firm is a limited liability company having organized in the State of California. The Firm’s primary owners are Garcia Wealth Management Group, Inc. (“GWM”) and Compass Financial Planning, LLC (“CFLP”). GWM is an investment advisor registered since February 2012. The Firm was formerly registered under Robert Alan Garcia’s name as a sole proprietorship from February 2012 until January 2015 when the legal entity was reorganized into a California-based Corporation. Mr. Garcia is the sole owner of GWM. CFLP is a Limited Liability Company organized in the state of California. CFLP was formed in March of 2016, and the principal owner is Carolyn Jane Herzog (“Ms. Herzog”). Both Mr. Garcia and Ms. Herzog serve as managers of CWA. Mr. Garcia also serves as the Firm’s Chief Compliance Officer (“CCO”).

### C. Types of Advisory Services Offered

#### 1. **Financial Guidance Services**

CWA’s financial planning services range from comprehensive financial planning to more focused consultations, depending on the needs of each Client. Typically, the Firm will provide a written financial plan that can include, but are not limited to, the following.

- Retirement Planning
- Education Planning
- Insurance Needs Analysis
- Cash-Flow Needs
- Debt Analysis
- Estate Planning

Financial guidance can be described as helping individuals determine and set their long-term financial goals, through an analysis process which may include, but is not limited to, investment management, tax planning, retirement/cash flow modeling, transition planning, estate design, risk management and philanthropic planning. CWA’s role is to find ways to help the Client understand their overall financial situation and help the Client set financial objectives.

To begin the process, we will meet with the Client to begin gathering information and documents needed to assess the Client's current financial situation and planning considerations and to begin preparing the requested plan. We rely on the information provided by the Client. Therefore, it is very important that the information provided is complete and accurate. CWA is not responsible for verifying the information supplied by the Client. Our services do not include legal or tax advice. Clients are urged to work closely with their respective attorney, accountant or other professionals regarding their financial and personal situation.

CWA generally presents a completed plan to the Client within 3 - 4 weeks of the required information being received. CWA will hold a meeting to present the drafted plan and discuss the items, including any change needed in scope or scenarios of the plan. Another meeting is held to go over the final plan. There may be additional meetings as recommended and agreed upon by the parties.

Financial Guidance only is a one-time service and CWA does not provide ongoing monitoring and updates to our guidance. Financial planning recommendations are based on the Client's financial situation at the time the recommendations are provided and are based on the information provided by the client. In addition, certain assumptions are made with respect to interest and inflation rates, use of past trends and performance of the market and economy. Past performance is in no way an indication of future performance and CWA cannot offer any guarantees or promises that the Client's financial goals and objectives will be met. Should the Client's financial situation, goals, objectives, or needs change while the financial plan is being formulated, the Client is strongly urged to promptly notify CWA. For more information on the risks associated with investing, please refer to Item 8, below.

Clients should understand that a conflict of interest exists because CWA has an incentive to recommend its own investment management services as CWA receives additional compensation for such services. Advice and recommendations will at times also be given on non-securities matters (such as the purchase of insurance products). Clients always have the right to accept or reject any or all recommendations made by CWA. Should Clients decide to act on such recommendations, Clients always have the right to decide with whom they choose to do so. Please refer to Item 5 below for detailed information on fees and compensation for these services.

## **2. Investment Management Services**

Investment Management Services involves providing Clients with continuous and on-going supervision over Client accounts. This means CWA will continuously monitor a Client's account and make trades in Client accounts when appropriate. In order to provide this service, we work with the Client to determine the Client's goals, objectives, liquidity needs, time horizon and risk tolerance through personal discussions and data gathering tools. This information is used to develop a custom target asset allocation for each client. CWA will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. However, CWA may also accept client accounts on a non-discretionary basis in its sole discretion.

CWA's investment approach strives to achieve each Client's target asset allocation and provide attractive risk-adjusted, fee-adjusted returns over the long-term by investing the Client's portfolio in a mix of securities, including stocks, bonds, mutual funds and/or ETF's, and other securities as may be in the best interest of the Client. Further, while CWA will at times in its sole discretion accept management of other types of securities which were previously owned in Client accounts (including stocks and bonds), CWA will generally recommend a plan to reduce those positions over time based on each Client's specific situation in order to obtain a more diversified portfolio consistent with CWA's investment approach.

**a. Selection of Sub-Advisors**

For certain Client assets, CWA will outsource a portion of the investment management to United Capital Financial Advisors, a Goldman Sachs Company ("United Capital a Goldman Sachs Company"), an investment adviser not affiliated with CWA who serves as a sub-advisor ("Sub-Advisor") to the Client's assets. United Capital a Goldman Sachs Company is granted discretionary investment authority over assets that CWA assigns to United Capital a Goldman Sachs Company. For the assets directed to Sub-Advisor for services, its responsibility includes the authority to:

- exercise discretion to determine the types of securities bought and sold, along with the percentage allocation;
- apply its discretion as to when to buy and sell;
- apply its discretion as to the timing of transactions;
- select the broker/dealer for execution of securities transactions, if appropriate; and
- take other portfolio management actions CWA delegates or deems appropriate.

Any authority of United Capital a Goldman Sachs Company only applies to the specific assets, within the Client's custodial account, for which United Capital a Goldman Sachs Company has been appointed as the discretionary manager. United Capital a Goldman Sachs Company shall not provide investment advice, or have any advisory responsibility to the Client, beyond the assets for which it is appointed as Sub-Advisor. The terms of services provided by United Capital a Goldman Sachs Company are directed in accordance with a separate written agreement entered into between CWA and United Capital a Goldman Sachs Company. See also important disclosures under Item 5 below.

**b. Selection of Third-Party Investment Managers**

At times, CWA will also direct Clients to one or more third-party investment managers ("TPIMs") to manage a portion of the Client's assets if the Firm deems such actions to the best interest of the Client. Before selecting TPIMs for Clients, AWS will: (i) verify that all recommended TPIMs are properly licensed, notice filed, or exempt in the states where CWA is recommending the adviser to Clients. (ii) gather such information as investment objectives, risk tolerance, investment guidelines, time horizons and other important and necessary information relating to the Client's assets; (iii) based upon such information, determine appropriate

allocations of Client's assets; and (iv) recommend one or more TPIMs whose management style and strategies are consistent with Client's objectives and financial profile.

Depending upon the TPIM selected, Clients may be required to enter into a separate advisory agreement with the TPIM, which will be in addition to, and distinct from, the Client Agreement executed with the Firm. TPIMs will typically have discretionary authority over the assets allocated for management, and authorized to buy, sell, and trade in securities in accordance with the Client's investment objectives and/or selected investment strategy. CWA shall typically provide information and/or documentation to the TPIM relative to the Client's investment objective(s), initially when the account is opened, and anytime the Client informs the Firm of any change to their investment objectives. CWA's fees do not include those fees associated with allocating Client assets to designated TPIMs. Please refer to Item 5 below for additional information regarding fees.

### **c. 1031 Exchange Services**

CWA will assist potential investors in identifying properties, reviewing sponsor related due diligence material, and request/review independent third-party due diligence reports. Additionally, the Firm will facilitate the completion of required paperwork and transfer of funds from the qualified intermediary and the sponsor. Finally, CWA provides potential investors with disclosures of risks and fees, and other information to help evaluate an exchange offering before any investment is made.

### **3. Financial Life Management Services**

CWA's Financial Life Management Services include both the Investment Management Services and Financial Guidance services as outlined above. As such, CWA will provide ongoing financial guidance to our clients as their life situations change and update their plans regularly, in addition to ongoing investment management of Client assets.

### **4. Retirement Plan Consulting Services**

CWA offers consulting services to organizations ("Plan Sponsor") who sponsor a qualified (or nonqualified) Retirement Plan for the benefit of its employees. The Plan is a qualified or non-qualified employee benefit plan intended to comply with all applicable federal laws and regulations, including the Internal Revenue Code of 1986, as amended, and the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended, if applicable. In addition, applicable Plans are intended to comply with ERISA Section 404(c). Retirement Plan Consulting Services typically includes, but is not limited to:

- Assisting with the development and updates of an Investment Policy Statement ("IPS") for the plan;
- Providing recommendations on investment options for the plan to offer to participants;
- Monitoring performance of money managers and investment options and making recommendations for changes;
- Facilitating interactions with other retirement plan service providers, such as custodians, third party administrators and record keepers;

- Providing educational presentations to plan participants;
- Facilitation of plan conversions between investment and/or recordkeeping providers; and/or
- Supporting participants with enrollment into the plan, investment or allocation changes, facilitation of loans and/or distributions.

These services are based on the objectives, demographics, time horizon, and/or risk tolerance of the plan and its participants. The terms and conditions of the engagement are generally set forth in the Retirement Plan Services Agreement between CWA and the Plan Sponsor. The plan fiduciary is free to seek independent advice about the appropriateness of any recommended services for the plan.

For those services outlined above, CWA acknowledges that it is a fiduciary with respect to the Plan under Section 3(21)(A)(ii) of ERISA and, as such, is a co-fiduciary with the trustee(s) of the Client's plan solely with respect to (a) the provision of investment education of the employer and/or plan participants (depending on the specific services provided); (b) the periodic reporting on, and analysis of, the investment options available under the Plan; and (c) the provision of advice to the trustee(s) regarding the elimination or addition of investment options available under the plan; provided, however, that the trustee(s) acknowledge and agree that the trustee(s) have the final and conclusive responsibility for the investment options selected to be available under the plan.

At times, CWA may also act as an investment manager with respect to the Plan under Section 3(38) of the ERISA. In such role, CWA is a limited scope fiduciary with respect to the plan under Section 3(38) of ERISA for only those services under the Client Agreement for which CWA has received explicit authorization and discretion over plan assets. The fiduciary duties of CWA are limited to the creation of the IPS, and the selection, mapping, monitoring, and replacement of plan investment options for which CWA will have explicit authorized discretionary control.

CWA is not responsible for any fiduciary duties or responsibilities imposed on the plan's fiduciaries under ERISA not explicitly contemplated in the Client Agreement; and will not be responsible for investment decisions made by plan participants with respect to the investment of their accounts.

#### **D. Advisory Agreements**

##### **1. Information Received by Individual Clients**

At the onset of the Client relationship, CWA gathers information on each Client's investment objectives, risk tolerance, time horizons and financial goals. CWA does not assume responsibility for the accuracy of the information provided by the Client and is not obligated to verify any information received from the Client or from any of the Client's other professionals (e.g., attorney, accountant, etc.). Under all circumstances, Clients are responsible for promptly notifying CWA in writing of any material changes to the Client's objectives, risk tolerance, time

horizon, and financial goals. In the event that a Client notifies CWA of any changes, CWA will review such changes and implement any necessary revisions to the Client’s portfolio.

## **2. Client Agreements and Disclosures**

Each Client is required to enter into one or more written agreements with CWA setting forth the terms and conditions under which the Firm shall render its services (the “Agreement”). In accordance with applicable laws and regulations, CWA will provide its disclosure brochure (ADV Part 2A), brochure supplement (ADV Part 2B), Form CRS and most recent Privacy Notice to each Client prior to or contemporaneously with the execution of the Agreement. The Agreement between CWA and the Client will continue in effect until terminated by either party pursuant to the terms of the Agreement. CWA’s fees (as discussed below) shall be prorated through the date of termination and any remaining balance shall be charged or refunded to the Client, as appropriate, in a timely manner. Neither CWA nor the Client may assign the Agreement without the prior consent of the other party. Transactions that do not result in a change of actual control or management of CWA shall not be considered an assignment.

### **E. Participation in Wrap Programs**

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, and other administrative fees. CWA does not participate in any wrap programs at this time.

### **F. Amount of Client Assets Managed**

As of the date of this Brochure, the following represents the amount of client assets under management by the Firm on a discretionary and non-discretionary basis:

| <b>Type of Account</b> | <b>Assets Under Management</b> |
|------------------------|--------------------------------|
| Discretionary          | \$0                            |
| Non-Discretionary      | \$0                            |
| <b>Total:</b>          | <b>\$0</b>                     |

### **1. Assets Under Advisement**

CWA also provides investment and financial advice for assets that are not directly managed by the Firm (“Assets Under Advisement” or “AUA”), such as a Client’s annuity product, 401K, pension or other deferred compensation plans. As of the date of this Brochure, the following represents the amount of AUA by CWA:

| <b>Type of Account</b> | <b>Assets Under Advisement (“AUA”)</b> |
|------------------------|--|
| <b>Total:</b>          | <b>\$0</b>                             |

## ITEM 5: FEES AND COMPENSATION

### A. Compensation for Advisory Services

As described in greater detail below, CWA charges different types of fees, including fees based on a percentage of assets under management, fixed fees and hourly fees. The specific fees charged by CWA for its services will be set forth in the Client's respective Agreement.

Fees are negotiable under certain circumstances at the sole discretion of CWA. In addition, CWA has full discretion to waive its advisory fees in their entirety. Although CWA believes its fees are competitive, Clients should be aware that lower fees for comparable services may be available from other sources.

**Please note** that certain "legacy clients" of the Firm will have a fee schedule and/or billing practices that differ from those disclosed herein; and will be subject to different or no minimum fees. Legacy clients are those clients that had a pre-existing arrangement with an investment adviser representative before that investment adviser representative became registered with CWA. In those instances, the specific fees and billing practices will be as described in the respective legacy client's agreement.

#### 1. Fixed and Hourly Fees

For Financial Guidance Services, the Firm generally charges a fixed fee and/or an hourly fee. The Firm's fixed fees are typically assessed as a one-time fee that typically ranges from \$3,000 – \$5,000, or from \$250 – \$350 on an hourly rate basis, based on the scope and complexity of the requested services, as stipulated in the Agreement. These rates can be negotiated based on the sole discretion of the Firm.

Clients are generally requested to pay 50% of the estimated fee upon execution of the Agreement. An invoice for services is issued on completion of the written analysis, which is payable upon receipt. Clients may terminate the Agreement, without penalty, at any time upon written notice. At the time of termination, any prepaid fees will be prorated based on the amount of work completed by the Firm as of the date the notice of termination is received and any unearned fees will be returned to the Client.

For Clients receiving Financial Life Management services, the Firm will typically waive and/or debit any fees received towards the Client's ongoing investment management fee that is based upon a percentage of assets under management. Please see below for additional information.

#### 2. Fees Based Upon a Percentage of Assets Under Management

CWA's fee for the following Services are based upon a percentage of assets under management ("AUM"), including cash and cash equivalents. The Firm's fees are calculated and assessed quarterly, in arrears, based on the following annual percentages:

**a. Financial Life Management**

| ASSETS UNDER MANAGEMENT         | ANNUAL FEES |
|---------------------------------|-------------|
| First \$1,000,000.00            | 1.00%       |
| \$1,000,000.01 - \$3,000,000.00 | 0.75%       |
| \$3,000,000.01 - \$5,000,000.00 | 0.50%       |
| Amounts over \$5,000,000.01     | 0.35%       |

CWA requires a minimum annual fee of \$5,000 for Financial Life Management services. The minimum fee is assessed quarterly in arrears. Should a Client open an account during a quarter, the minimum fee will be prorated based on the number of days the account was open during the quarter. For account values below \$500,000, this may equate to a fee greater than 1%.

**b. Investment Management**

| ASSETS UNDER MANAGEMENT         | ANNUAL FEES |
|---------------------------------|-------------|
| First \$1,000,000.00            | 0.80%       |
| \$1,000,000.01 - \$3,000,000.00 | 0.50%       |
| \$3,000,000.01 - \$5,000,000.00 | 0.40%       |
| Amounts over \$5,000,000.01     | 0.30%       |

CWA requires a minimum annual fee of \$4,000 for Investment Management only services. The minimum fee is assessed quarterly in arrears. Should a Client open an account during a quarter, the minimum fee will be prorated based on the number of days the account was open during the quarter. For account values below \$500,000, this equates to a fee greater than 0.80%.

**c. Non-Profit 501(c)(3) Investment Management**

| ASSETS UNDER MANAGEMENT     | ANNUAL FEES |
|-----------------------------|-------------|
| First \$5,000,000.00        | 0.50%       |
| Amounts over \$5,000,000.01 | 0.25%       |

CWA requires a minimum annual fee of \$2,500 for Non-Profit 501(c)(3) Investment Management only services. The minimum fee is assessed quarterly in arrears. Should a Client open an account during a quarter, the minimum fee will be prorated based on the number of days the account was open during the quarter. For account values below \$500,000, this may equate to a fee greater than 0.50%.

**d. Retirement Plan Consulting Services**

| ASSETS UNDER MANAGEMENT       | ANNUAL FEES |
|-------------------------------|-------------|
| First \$500,000.00            | 1.00%       |
| \$500,000.01 - \$1,000,000.00 | 0.70%       |

|                                  |       |
|----------------------------------|-------|
| \$1,000,000.01 - \$2,000,000.00  | 0.30% |
| \$2,000,000.01 - \$5,000,000.00  | 0.20% |
| \$5,000,000.01 - \$10,000,000.00 | 0.10% |
| Amounts over \$10,000,000.01     | 0.05% |

For plans with assets less than \$500,000, CWA charges a fixed annual fee of \$2,500 for initial consulting, education and plan set-up and annually thereafter until plan assets reach \$500,000. This fee is charged in addition to the asset-based fee and is not paid from plan assets, but rather paid directly from the plan sponsor. For account values below \$500,000, this typically equates to a fee greater than 1.00%.

**e. Sub-Adviser and TPIM Fees**

Sub-Adviser fees are typically included as part of the overall fees assessed by CWA. Typically, upon receiving Client approval as part of the Client Agreement, CWA will debit the entirety of CWA's and the Sub-Adviser's fees directly from Client account(s). CWA will then remit to the Sub-Adviser a portion of the total advisory fee to the Sub-Adviser on a quarterly basis. Some Sub-Advisers may be granted authority to deduct Sub-Adviser fees directly from the custodian account, for which the Sub-Adviser is managing assets.

TPIM fees are typically in addition to the fees assessed by CWA. However, such combined fees shall in no instance exceed a total advisory fee of 2.50%. Typically, the TPIM will be responsible for collecting its own fees from the Client in accordance with the separate agreement executed by and between the TPIM and Client.

**f. 1031 Exchange Consulting Fees**

For these services, CWA charges 1% of assets to be exchanged with a minimum of \$5,000 per exchange. CWA's fees and minimum fees are negotiable in its discretion, depending upon objective and subjective factors. These factors include, but are not limited to, the amount of assets to be managed; portfolio composition; the scope and complexity of the engagement; the anticipated number of meetings and servicing needs; related accounts; future earnings capacity; the professionals rendering the services; prior relationships with CWA or its representatives, and negotiations with the client. Because of these factors, similarly situated clients could pay different fees, the services to be provided by CWA to any particular Clients could be available from other advisors at lower fees, and certain Clients may have fees different from those specifically set forth above.

**g. Additional Information Concerning Asset Under Management Fees**

CWA employs a tiered fee structure which means that specified rates are applied to assets within each of the rate brackets, with calculated fees in each bracket added together to make up the total fee charged. CWA uses an average of the daily balance in the Client's account throughout the billing period for purposes of determining the market value of the assets upon which the advisory fee is based. Market value is determined by looking at the Net Asset Value ("NAV") of the accounts on each day. In determining the NAV, CWA's policy is to utilize the "trade date" (i.e., the day securities are bought) as opposed to the settlement date (i.e., the date securities settle

within the Client's account) for valuation purposes. The NAV is provided to CWA by "Orion," a management software program utilized by the Firm which pulls its data from the Client's custodian. Should the NAV provided by Orion differ from the NAV specified by the Client's custodian, CWA utilizes the NAV provided by Orion for billing purposes. In limited circumstances, when required by the record keeper or custodian the market value on the last day of the billing period is used to calculate the advisory fee.

Generally, pursuant to Client instructions and consent, the Firm's AUM fees will be deducted from the Client's account by the custodian as soon as practicable following the end of each applicable period. If requested by the Client, CWA may, in its sole discretion, invoice Client directly for fees as opposed to debiting the Client's Account. In such cases, invoices are due and payable upon receipt.

Should a Client open an account during a quarter, the Firm's investment management fee will be prorated based on the number of days the account was open during the quarter. In the event the Firm's services are terminated mid-quarter, any paid, unearned fees will be promptly refunded to the Client. The number of days the account was managed during the quarter until termination is used to determine the percentage of the investment management fee earned (based on the total number of days in the quarter) and the balance is refunded.

Unless instructed otherwise, each Client account managed by the Firm will be billed individually for its respective share of fees owed. However, the Firm will at times bill Client accounts disproportionately for fees should such actions be necessary due to insufficient funds in any respective Client account, or if doing so is deemed by the Firm to be in the best interest of Client.

Fees are negotiable and arrangements with any particular Client can differ from those described above. Negotiated fees will be captured in and agreed upon by the Client as part of the Client's Agreement. In addition, for family and friends of the Firm, the Firm will at times, in its sole discretion, reduce or waive fees in their entirety.

For purposes of calculating assets under management, CWA will consider all investment management accounts which constitute a "household" of the Client's assets. Typically, a Client's household consists of any spouse, parent, child, partner or sibling who resides at the same mailing address as the Client.

The Firm may amend its standard fee schedule at any time by giving thirty (30) days advanced written notice to Clients. Although CWA believes its fees are competitive, Clients should be aware that lower fees for comparable services may be available from other sources.

#### **B. Other Fees and Expenses**

Clients should understand that the fees described above do not include certain charges imposed by third parties such as custodial fees, charges imposed directly by a mutual fund or ETF in the account, which shall be disclosed in the fund's prospectus (*e.g.*, fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and

electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, Clients will often incur brokerage commissions and transaction fees. Clients should further understand that such charges, fees and commissions incurred in connection with transactions for a Client's account will be paid out of the assets in the account and are exclusive of and in addition to the fees charged by CWA.

**C. Additional Information Regarding CWA's Fees**

The Agreement for separately managed accounts executed by Clients specifies that payment of CWA's management fees will be made by the qualified custodian directly from Client's custodial account, unless otherwise specified in writing by the Client. Further, the qualified custodian agrees to deliver an account statement to the Client, at least quarterly, showing all disbursements, including CWA's advisory fees, deducted from the account. The Client is encouraged to review all account statements for accuracy and compare them to the invoices and reports received by Client. It is the Client's responsibility (and not the custodian's) to ensure the fee and its calculation in relation to the Client's account is correct. Please note that the fees charged by investment company funds and the Client's custodian are exclusive of, and in addition to, CWA's investment advisory fee. Please refer to Item 5.B above.

**D. Outside Compensation**

Certain representatives of CWA serve as licensed insurance agents appointed with multiple life, health and disability insurance companies. There are times when representatives of CWA will recommend the purchase of certain insurance products to CWA clients. Upon purchase, the CWA representative, in his or her capacity as an insurance agent, will receive normal and customary commission. For a detailed description of these arrangements, please see Item 10 below.

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

The Firm does not charge performance-based fees (*i.e.*, fees calculated based on a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory Client). Consequently, the Firm does not engage in side-by-side management of accounts that are charged a performance-based fee with accounts that are charged another type of fee (such as assets under management). As described above, the Firm provides advisory services for a percentage of assets under management, in accordance with applicable state law.

**ITEM 7: TYPES OF CLIENTS**

**A. Description**

CWA typically provides its services to individuals, high net worth individuals, trusts, estates, or charitable organizations, corporations and pension and profit-sharing plans ("Client").

**B. Conditions for Managing Accounts**

The Firm generally does not require a minimum amount to open an account. However, there is a minimum annual fee for Financial Life Management Services of \$5,000; a minimum annual fee

for Investment Management Services of \$4,000; a minimum annual fee for Non-Profit 501(c)(3) of \$2,500; and a minimum annual fee for Retirement Plan Consulting Services of \$2,500.

The Firm reserves the right to accept or decline a potential Client for any reason in its sole discretion. Prior to engaging the Firm to provide any of the investment advisory services described in this Brochure, the Client will be required to enter into one or more written Agreements with the Firm setting forth the terms and conditions under which the Firm shall render its services.

There are times when certain restrictions are placed by a Client, which prevents CWA from accepting or continuing to manage the account. CWA reserves the right to not accept and/or terminate management of a Client's account if it feels that the Client imposed restrictions which would limit or prevent it from meeting and/or maintaining its overall investment strategy.

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

### **A. Methods of Analysis and Investment Strategies**

In building Clients' investment portfolios, CWA determines the appropriate asset allocation for each Client and invests accordingly in a mix of actively and passively managed mutual funds and/or exchange traded funds. Also, for clients who have an appropriate risk tolerance, CWA will occasionally increase allocations to individual asset classes on a tactical basis during periods where valuation of those asset classes looks particularly attractive. In performing this portfolio construction, the Firm's primary methods of investment analysis are fundamental analysis, modern portfolio theory, and technical analysis.

- **Fundamental Analysis** is a method of evaluating a security in order to judge the attractiveness of an investment by examining both quantitative factors (for example: economic data, historical returns, risk metrics, valuation multiples, expense ratios, financial statements, etc) and qualitative factors (for example: economic outlook, management quality, process consistency, compensation structure, strength of asset management firm, etc). CWA uses fundamental analysis to select individual funds for investment, to monitor Clients' individual stock and bond positions, and to gauge when there are opportunities for tactical investments in specific asset classes.
- **Modern Portfolio Theory** is an investment process that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently, minimize risk for a given level of expected return. This process involves selecting asset classes to be used within portfolios and using expected returns, risks and correlations to determine the proportions of these asset classes to be held within portfolios. CWA uses Modern Portfolio Theory in determining Clients' target asset allocations after taking into account each Client's unique situation as well as CWA's preferred universe of asset classes in which to invest.
- **Technical Analysis** is a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysis does not attempt to measure a security's intrinsic value, but instead uses charts and other tools to identify

patterns that can suggest future activity. Technical analysis is based on the belief that the historical performance of stocks and markets are indications of future performance.

The Firm will at times utilize Sub-Advisers and/or TPIMs to manage all or a portion of Client's assets pursuant to a specific investment strategy. In taking into account whether to invest Client assets with certain outside managers, the Firm takes into consideration a variety of factors, and analyzes the respective Sub-Adviser/TPIM for style consistency, investment strategies, risk attribution (if available) and historical performance. The Firm also considers information about the Sub-Adviser/TPIM as represented in its disclosure brochure, promotional and other materials supplied by the Sub-Adviser/TPIM.

### **B. Investment Strategies**

CWA typically employs long-term trading (securities held for at least one year), short-term trading (securities held for less than one year) and option writing (including covered options, uncovered options, or spreading) investment strategies. CWA's investment philosophy and approach to managing Client portfolios are consistent with a "buy-and-hold" strategy which generally results in long-term trading. However, at times, CWA will engage in short-term trading due to the need to rebalance portfolios, sell certain assets brought to CWA by new clients, or for other reasons which arise in the course of managing unique Client portfolios.

In addition, when appropriate, CWA will use certain option strategies for hedging purposes to mitigate market risks. For example, CWA may buy "put options" if a client owns a stock in order to help reduce market risk of a large loss in the position. 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. Please see additional risks associated with the use of options below.

### **C. Risk of Loss**

Investing in securities involves a significant risk of loss which Clients should be prepared to bear. CWA investment strategies and recommendations are subject to various market, currency, economic, political and business risks, and such investment decisions are not always profitable. Clients should be aware that there a loss or depreciation to the value of the Client's account can occur. There can be no assurance that the Client's investment objectives will be obtained and no inference to the contrary should be made.

Past performance is not indicative of future results. Therefore, Clients should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds, etc.) involves risk of loss. Further, depending on the different types of investments there are varying degrees of risk. Because of the inherent risk of loss associated with investing, the Firm is unable to represent, guarantee, or even imply that its services and 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.

The market value of fixed income securities will generally fluctuate inversely with interest rates and other market conditions prior to maturity. Fixed income securities are obligations of the issuer to make payments of principal and/or interest on future dates, and include, among other securities: bonds, notes and debentures issued by corporations; debt securities issued or guaranteed by the U.S. government or one of its agencies or instrumentalities, or by a non-U.S. government or one of its agencies or instrumentalities; municipal securities; and mortgage backed and asset-backed securities. These securities may pay fixed, variable, or floating rates of interest, and can include zero coupon obligations and inflation-linked fixed income securities. The value of longer duration fixed income securities will generally fluctuate more than shorter duration fixed income securities.

There are certain additional risks associated with the securities recommended and strategies utilized by CWA including, among others

### **1. Methods of Analysis and Investment Strategy Risk**

- Fundamental Analysis Risk: involves the examination of quantitative and qualitative factors in understanding securities and using those factors to forecast expected future performance. The risks assumed are that information obtained may be incorrect or incomplete, unexpected events may arise, and/or other factors could result in an inaccurate forecast of the investment return and/or risk of an asset class, mutual fund, stock or bond.
- Modern Portfolio Theory Risk: assumes that investors are risk averse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-adjusted return profile - i.e., if for that level of risk an alternative portfolio exists which has better expected returns. Modern Portfolio Theory takes into account expected returns, risks and correlations of individual asset classes. If these assumptions prove to be incorrect, then the chosen target asset allocation may not prove to be the most attractive option from a risk-adjusted return perspective.
- Technical Analysis Risk: relies on proper interpretation of a given security's price and trading volume data. A decision might be made based on a historical move in a certain direction that was accompanied by heavy volume; however, that heavy volume may only be heavy relative to past volume for the security in question, but not compared to the future trading volume. Therefore, there is the risk of a trading decision being made incorrectly, since future trading volume is an unknown. Technical analysis is also done through observation of various market sentiment readings, many of which are quantitative. Market sentiment gauges the relative degree of bullishness and bearishness in a given security, and a contrarian investor utilizes such sentiment advantageously. When most traders are bullish, then there are very few traders left in a position to buy the

security in question, so it becomes advantageous to sell it ahead of the crowd. When most traders are bearish, then there are very few traders left in a position to sell the security in question, so it becomes advantageous to buy it ahead of the crowd. The risk in utilization of such sentiment technical measures is that a very bullish reading can always become more bullish, resulting in lost opportunity if the money manager chooses to act upon the bullish signal by selling out of a position. The reverse is also true in that a bearish reading of sentiment can always become more bearish, which may result in a premature purchase of a security.

- Long-Term Trading Risk: is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.
- Short-Term Trading Risk: includes liquidity, economic stability, and inflation, in addition to the long-term trading risks listed above. Frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.
- Option Trading Risk: Writing risks include market volatility around individual security prices. 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.
  - Option buying: This is a basic options strategy where investors buy a call or put option with the hope that the price of the underlying stock will move far enough to cover the premium paid for the option.
  - Option writing: Investors can sell options in order to obtain additional income from premiums paid by the option buyer. Option writing is often associated with the investment strategy known as covered call writing. Covered calls limit the upside of a stock holding.
  - Uncovered Options and Spreading Strategies: Uncovered options trading can be more risky than writing covered call options. The potential loss is theoretically unlimited. An option spread involves combining two different option strikes as part of a limited risk strategy.

## 2. Securities Risk

- Market Risk: Either the stock 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 also referred to as systemic risk.
- Sector Risk: The chance that significant problems will affect a particular sector, or that returns from that sector will trail returns from the overall stock market. Daily fluctuations in specific market sectors are often more extreme than fluctuations in the overall market.
- Non-Diversification Risk: The risk of focusing investments in a small number of issuers, industries or foreign currencies, including being more susceptible to risks associated with

a single economic, political or regulatory occurrence than a more diversified portfolio might be.

- Equity (stock) Market Risk: Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If Client held common stock, or common stock equivalents, of any given issuer, Client would generally be exposed to greater risk than if Client held preferred stocks and debt obligations of the issuer.
- Fixed Income Risk: When investing in bonds, there is the risk that the issuer will default on the bond and be unable to make payments. Further, individuals who depend 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.
- Interest Rate Risk: The chance that prices of fixed income securities will decline because of rising interest rates. Similarly, the income from fixed income securities may decline because of falling interest rates.
- Reinvestment Risk: The risk that interest and principal payments from a bond will be reinvested at a lower yield than that received on the original bond. During periods of declining interest rates, bond payments may be invested at lower rates; during periods of rising rates, bond payments may be invested at higher rates.
- Management Risk: Client's investment with the Firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.
- Opportunity Cost Risk: The risk that an investor may forego profits or returns from other investments.
- Mutual Funds Risk: Investing in mutual funds carries the risk of capital loss and thus Clients may lose money investing in mutual funds. The net asset value of a mutual funds may fluctuate over time in response to the changes in price of the underlying investments. All mutual funds have costs that lower investment returns. The funds can be of bond "fixed income" nature or stock "equity" nature.
- Exchange Traded Funds (ETFs) Risk: An ETF is an investment fund traded on stock exchanges. Investing in ETFs carries the risk of capital loss similar to mutual funds. The net asset value of an ETF may fluctuate over time in response to the changes in price of the underlying investments as well. All ETFs have costs that lower investment returns. ETF's can be of bond "fixed-income" nature or stock "equity" nature. Unlike mutual funds, the market price of an ETF may vary from the net asset value due to market conditions for the ETF security as well as liquidity of the underlying securities. When investing in an ETF or mutual fund, Clients will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees.
- Options Risk: Below are some of the main risks associated with investing in options:
  - When writing covered call options to produce income for a client's account, there may be times when the underlying stock is "called" (call option contract exercised or assigned) by the investor that purchased the call option. That means the client

- would be required to sell the underlying security at the exercise (pre-determined) price to that investor
- Clients may be required to open a margin account in order to invest in options, which carries additional risks (see above for details) and could result in margin interest costs to the client.
  - Option positions may be adversely affected by company specific issues (the issuer of the underlying security) which may include but are not limited to bankruptcy, insolvency, failing to file with regulatory bodies, being delisted, having trading halted or suspended, corporate reorganizations, asset sales, spin offs, stock splits, mergers and acquisitions. In addition, market related actions, political issues, and economic issues may adversely affect the option market. These factors could restrict, halt, suspend, or terminate option positions written (sold) or purchased.
  - Changes in value of the option may not correlate with the underlying security, and the account could lose more than principal amount invested.
  - **Options involve risk and are not suitable for all clients. Therefore, a client should read the option disclosure document, “Characteristics and Risks of Standardized Options”, which can be obtained from any exchange on which options are traded, at [www.optionsclearing.com](http://www.optionsclearing.com), or by calling 1-888-OPTIONS, or by contacting your broker/custodian.**

## ITEM 9: DISCIPLINARY INFORMATION

Registered investment advisers such as CWA are required to disclose all material facts regarding any legal or disciplinary events that would be material to a Client’s or prospective Client’s evaluation of CWA or the integrity of its management. Examples of such events would include, but are not limited to, instances where CWA, or a management person of CWA: (i) was convicted of, or pled guilty or nolo contendere (“no contest”) to a crime of moral turpitude; (ii) is the subject of an administrative proceeding before the SEC, any other federal or state regulatory agency; or (iv) any other legal or disciplinary event that is material to a client's or prospective client's evaluation of CWA’s business or the integrity of its management. Neither CWA, nor its management persons, have any such legal or disciplinary events and therefore has nothing to disclose with respect to this Item.

## ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Certain representatives of CWA, including Mr. Garcia, serve as licensed insurance agents appointed by one or more life, health and disability insurance companies. There are times when representatives of CWA recommend the purchase of certain insurance products to CWA clients. Upon purchase, the CWA representative, in his or her capacity as an insurance agent, will receive normal and customary commission. Due to the fact such representatives are licensed and can recommend the purchase of insurance products where they receive commissions or other compensation for doing so, a conflict of interest exists because the representatives have an incentive to make recommendations based on the compensation received rather than on a client’s

needs. CWA has adopted certain procedures designed to mitigate the effects of these conflicts. As part of our fiduciary duty to Clients, the Firm and our representative's endeavor at all times to act in the Client's best interest, and recommendations will only be made to the extent that they are reasonably believed to be in the best interests of the Client. Additionally, the conflicts presented by these practices are disclosed to Clients through the Firm's Brochure, Brochure Supplements, the Client Agreement and/or verbally prior to or at the time of entering into an agreement with CWA. Clients always have the right to decide whether to implement any recommended transactions by the Firm. Should the client choose to do so, the Client always has the right to choose the professional in which to do so. CWA clients should understand that lower fees and/or commissions for comparable services may be available from other sources.

Additionally, Garcia is the owner and operator of Evolve Retirement Plan Solutions, LLC ("Evolve") which is a recordkeeping solution. When acting as an Investment Adviser Representative for CWA, Mr. Garcia or other CWA employees/representatives of the Firm, will at times recommend Evolve's services. This represents a conflict of interest in that Mr. Garcia has an economic incentive to recommend Evolve's services. While CWA does not receive any direct compensation should a Client choose to utilize Evolve for recordkeeping services, Mr. Garcia receives compensation in the form of profits and other compensation in his role as owner of Evolve. Clients are under no obligation to utilize Evolve's services for recordkeeping services.

In addition to serving as a registered adviser of the Firm, Mr. Garcia is also a registered adviser of Garcia Wealth Management Group, Inc.; while Ms. Herzog is also a registered adviser of Compass Financial Planning, LLC. However, neither party will recommend clients utilize the services of either Garcia Wealth Management Group, Inc. or Compass Financial Planning, LLC respectively for advisory services.

Neither CWA nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer. Further, neither CWA nor its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor or an associated person of the foregoing entities. Moreover, CWA does not recommend or select other investment advisers for Clients in exchange for compensation from those advisers.

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

### **A. Description of Code of Ethics**

CWA is a fiduciary who owes its Clients undivided loyalty. This fiduciary obligation imposes upon CWA and its associated persons a duty to deal fairly and to act in the best interest of its Clients. In addition, this obligation imposes upon CWA and its associated persons numerous responsibilities, including the duty to render disinterested and impartial advice; to make suitable recommendations within the context of the total portfolio to Clients in light of their needs, financial circumstances and investment objectives; to exercise a high degree of care to ensure

that adequate and accurate representations of its business and other information about securities are presented to Clients; and to not engage in fraudulent, deceptive or manipulative practices.

To this end, CWA has adopted a Code of Ethics (“Code”) which establishes standards of conduct for the firm’s supervised persons and includes general requirements that such supervised persons comply with the their fiduciary obligations to Clients and applicable securities laws, and specific requirements relating to, among other things, personal trading, insider trading, conflicts of interest and confidentiality of Client information.

Because CWA’s investment professionals and associated persons will at times transact in the same securities for personal accounts as they buy or sell for Client accounts, it is important to mitigate potential conflicts of interest. As such, CWA has adopted personal securities transaction policies in its Code, which all of CWA’s associated persons must follow. Specifically, the Code requires personnel to report personal trades and holdings and prohibits or requires pre-clearance for certain trades in certain circumstances. The Code also contains procedures for reporting violations and enforcement. The Code is reviewed and distributed to personnel annually. CWA will provide a copy of its Code of Ethics to any Client or prospective Client upon request. Please contact CWA at (805) 434-2608.

#### **B. Participation or Interest in Client Transaction**

It is CWA’s policy not to enter into any principal transactions or agency cross transactions on behalf of Client accounts. Principal transactions occur where an adviser, acting as principal for its own account, buys securities from or sells securities to any advisory Client. Agency cross transactions occur where a person acts as an investment adviser in relation to a transaction in which the adviser, or an affiliate of the adviser, acts as broker for both the advisory Client and for another person on the other side of the transaction.

CWA or individuals associated with CWA will at times buy or sell for their personal account(s) securities or investment products identical to those recommended to or already owned by Clients. Alternatively, CWA could cause Clients to buy a security in which CWA or such individuals have an ownership position. Such recommendations will only be made to the extent that they are reasonably believed to be in the best interests of the Client. Nevertheless, such practices present conflicts of interest. To mitigate these conflicts, CWA has adopted a Code of Ethics, which outlines the procedures regarding personal trading that must be followed (see details below). Additionally, as part of CWA’s fiduciary duty to Clients, CWA and its supervised persons will endeavor at all times to act in the Client’s best interest and at all times are required to adhere to CWA’s Code of Ethics.

#### **C. Personal Trading**

On occasion employees of CWA will buy for their own accounts securities which CWA also recommends to Clients. It is possible that officers or employees of CWA will buy or sell securities or other instruments that CWA has recommended to Client and engage in transactions for their own account in a manner that is inconsistent with CWA’s recommendations to a Client. Personal securities transactions by employees raise conflicts of interest when such persons trade in a security that is owned by, or considered for purchase or sale for, a Client.

In order to mitigate this conflict of interest and to comply with all applicable laws and regulations, CWA's Code of Ethics sets forth the professional and fiduciary standards that all associated persons must follow. The Firm's intention is to protect Client interests at all times and to demonstrate CWA's commitment to its fiduciary duties of honesty, good faith and fair dealing with Clients. All associated persons are expected to adhere strictly to the policy and are required to follow specific procedures regarding personal trading, including:

- Adhere to the fundamental standard that employees should not take inappropriate advantage of their position;
- Conduct all personal securities transactions in a manner consistent with the adopted policy;
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities; and
- Comply with applicable provisions of the federal securities laws and similar state statutes and rules.

CWA and its Associated Persons will also at times buy or sell specific securities for their own accounts based on personal investment considerations, which CWA does not deem appropriate to buy or sell for Clients.

## **ITEM 12: BROKERAGE PRACTICES**

When the Firm places orders for the execution of portfolio transactions for Client accounts, transactions are allocated to the Client's broker-dealer for execution in various markets at prices and commission rates that, based upon good faith judgment, will be in the best interest of the Client. Clients should be aware that in most instances, the broker-dealer performing such transactions also serves as the client's custodian. The following discussion summarizes the material aspects of the Firm's practices for the selection of broker-dealers to execute Client transactions.

### **A. Discretionary Authority and Selection Criteria**

All separately managed account clients are required to establish custodial accounts with a qualified custodian of record. CWA will only implement its investment management recommendations after the Client has arranged for and furnished the Firm with all information and authorization regarding accounts with appropriate financial institutions to act as custodian. In addition, in most cases, a Client's broker-dealer also acts as the custodian of the Client's assets for little or no extra cost. Clients should thoroughly consider, however, the differences between having their assets custodied at a broker-dealer versus at a bank or trust company. Some of these differences include, but are not limited to, custodian costs, trading issues, security of assets, client reporting and technology.

CWA does not have discretion to choose a broker-dealer on behalf of Clients, but will recommend certain broker-dealers. Factors which CWA considers in recommending broker-dealers include their respective financial strength, reputation, execution, pricing, research, and service. The commissions and/or transaction fees charged by particular brokers selected by CWA can be higher or lower than those charged by other broker-dealers. CWA periodically evaluates the commissions charged and the service provided by the broker-dealer and compares those with other broker-dealers to evaluate whether overall best qualitative execution could be achieved by using alternative broker-dealers. Other factors CWA considers when evaluating its choice of broker dealer include:

- Ability to trade mutual funds and other investments that CWA determines suitable for a Client's portfolio;
- Any custodial relationship between the Client and the broker-dealer;
- Excellent customer service;
- Interaction simplicity with the Adviser;
- Discount transaction rates; and
- Reliability and financial stability.

## **B. Best Execution**

CWA will generally seek “best execution” in light of the circumstances involved in transactions. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the overall best qualitative execution, taking into consideration the full range of a broker-dealer’s services, including among others, net price, reputation, financial strength and stability, efficiency of execution and error resolution, the size of the transaction and the market for the security. CWA will not obligate itself to obtain the lowest commission or best net price for an account on any particular transaction. Consistent with the foregoing, while CWA will seek competitive rates, it will not always obtain the lowest possible commission rates for Client transactions.

To ensure that brokerage firms recommended by CWA are conducting overall best qualitative execution, CWA will periodically (and no less often than annually) evaluate the trading process and brokers utilized. This evaluation will include, but is not limited to price, commission, timing, research, aggregated trades, capable floor brokers or traders, competent block trading coverage, ability to position, capital strength and stability, reliable and accurate communications and settlement processing, use of automation, knowledge of other buyers or sellers and administrative ability.

### **1. Research and Other Soft Dollar Benefits**

While CWA has no formal soft dollars program in which soft dollars are used to pay for third party services, CWA is provided with access to institutional trading and custody services, which are typically not available to retail investors. By receiving benefits and services from the custodians, we do not have to produce or pay for them directly. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them. The custodian’s services include brokerage, custody, research and access to mutual funds and other

investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For CWA's Clients' accounts, the custodians do not charge separately for custody but are compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through the custodial broker or that settle into the custodial accounts. The commission and/or transaction fees charged by the custodial broker may be higher than those charged by other broker/dealers. The custodians enable our Firm to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. By establishing the bulk of our client accounts at these custodians we are in a better position to negotiate commission and transaction fees they charge to clients.

The custodians also make available to CWA other products and services that benefit CWA, but may not benefit each Client's account directly. Some of these other products and services assist CWA in managing and administering Clients' accounts as a whole. These include software and other technology that provide access to Client account data (such as trade confirmation and account statements); facilitate trade execution (and allocation of aggregated trade orders for multiple Client accounts); provide research, pricing information and other market data; facilitate payment of advisory fees from its Clients' accounts; and assist with back-office functions; recordkeeping and Client reporting. Many of these services generally may be used to service all or a substantial number of CWA accounts.

The custodians also make available to CWA other services intended to help CWA manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. In addition, the custodians may make available, arrange and/or pay for these types of services rendered to CWA by an independent third party providing these services to CWA. While as a fiduciary CWA endeavors to act in its Clients' best interests, and while the recommendation that Clients maintain their assets in accounts at the custodian may be based in part on the benefit to CWA of the availability of some of the foregoing products and services; nevertheless, these products and services by facilitating the Firm's workload are also effectively benefiting our clients as well.

## **2. Directed Brokerage**

Under certain circumstances, CWA allows a Client to direct the Firm to execute all or a portion of Client transactions through a specific broker ("Directed Brokerage"). If that is the case, the client should understand that: (1) CWA generally does not negotiate specific brokerage commission rates with the broker on Client's behalf, or seek better execution services or prices from other broker/dealers and, as a result, the Client could end up paying higher commissions and/or receive less favorable net prices on transactions for their account than might otherwise be the case; and (2) transactions for that account generally will be effected independently unless CWA is able to purchase or sell the same security for several Clients at approximately the same time ("block trade"), in which case the Firm will include such Client's transaction with that of other Clients for execution by the same broker. If transactions are not able to be traded as a

block, the Firm will have to enter the transactions for the Client's account after orders for other Clients, with the result that market movements could work against the Client. Therefore, prior to directing the Firm to use a specific broker-dealer, a Client should consider whether, under that restriction, execution, clearance and settlement capabilities, commission expenses and whatever amount is allocated to custodian fees, if applicable, would be comparable to those otherwise obtainable. Clients should understand that he/she might not obtain commissions rates as low as it might otherwise obtain if CWA had discretion to select or recommend other broker-dealers. Consequently, Directed Brokerage could result in the client paying more money for brokerage services.

Subject to its objective to achieve best execution, CWA reserves the right to decline a Client's request to engage in Directed Brokerage if, in Firm's sole discretion, such Directed Brokerage arrangements would result in additional operational difficulties or violate restrictions imposed by other broker dealers.

### **C. Trade Aggregation and Allocation**

CWA typically effects securities transactions for each client account independently. However, CWA may at times (but would be under no obligation to) aggregate or bunch such securities in a single transaction for multiple clients. Trade aggregation, or "bunching of orders," often results in better execution and/or better realized prices. Because CWA's services utilize various types of investments and securities, it is not always possible to bunch orders. Alternatively, even when possible, CWA will not always be able to execute all shares of an aggregated trade because of prevailing market conditions and other variables, in which case the Firm will allocate the trade among participating accounts in an equitable manner determined prior to execution of the trade. In certain cases, the Firm will not be able to purchase or sell the same security for all Clients that could transact in the security, which is generally based on various factors such as the type of security, size of the account, cash availability and account restrictions. For clients requiring directed brokerage, the Firm typically will not be able to effectively "bunch" orders on the client's behalf, which could impact the possible advantage clients derive from the aggregation of orders.

## **ITEM 13: REVIEW OF ACCOUNTS**

### **A. Periodic Reviews**

Financial Guidance Only clients have their financial plan reviewed upon plan creation and delivered by a financial adviser at CWA. Financial Guidance Only clients are provided a one-time financial plan concerning their financial situation as well as a check-in appointment the following year to address any questions or concerns the Client may have regarding the plan. After this follow-up appointment, there are no further reports or reviews. Clients may request additional plans or reports for an additional fee.

For Investment Management and Financial Life Management Clients, all Client accounts are reviewed on an ongoing basis, and no less than quarterly with regard to cash flows, portfolio consistency with respective investment policies and risk tolerance levels. Reviews are performed

by the investment adviser representative performing services for the respective Client and overseen by the Firm's CCO. These Clients are also contacted by CWA at least annually for the purpose of reviewing accounts and financial plans (where relevant) and to determine if there have been any changes to Clients' financial situations or investment objectives.

**B. Other Reviews and Triggering Events**

In addition to the periodic reviews described above, reviews can be triggered by changes in a Client's personal, tax or financial status. Account holdings also are reviewed when changing market conditions warrant such review. Clients are encouraged to notify the Firm and its advisory representatives of any changes in his/her personal financial situation that might affect their investment needs, objectives, or time horizon.

**C. Regular Reports**

Written account statements are generated no less than quarterly and are sent directly from the account custodian. These statements list the account positions, activity in the account over the covered period, and other related information, including any fees deducted from the account. Clients are also sent confirmations following each brokerage account transaction unless confirmations have been waived. Clients are urged to carefully review all account statements.

In addition, Clients typically receive other supporting reports from mutual funds, trust companies, broker-dealers or insurance companies based on their involvement with the account and their applicable internal reporting requirements.

CWA, in its discretion, may provide written reports which may include account performance as well as positions held and asset value of accounts under our management. Each Financial Guidance Only Client will receive the written financial plan upon completion.

**ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

**A. Economic Benefits Received**

As discussed under Item 12, CWA receives "soft-dollar" benefits whereby research products and/or services which assist CWM in its investment decision-making process are provided by recommended broker-dealers. The receipt of such services may be deemed to be the receipt of an economic benefit by CWM, and although customary, these arrangements give rise to conflicts of interest, including the incentive to allocate securities transactional business to broker-dealers based on the receipt of such benefits rather than on a Client's interest in receiving most favorable execution. Otherwise, neither CWA nor its related persons have any arrangement, oral or in writing, where they are paid cash by or receive an economic benefit (including commissions, equipment or non-research services) from a non-Client in connection with giving advice to Clients or directly.

Additionally, as mentioned above, Mr. Garcia's outside business activities with Evolve creates a potential for the receipt of additional compensation whereby Mr. Garcia share in profits of this affiliated company that can be utilized by CWA clients. Please refer to Item 10 above, and/or

Mr. Garcia's respective Form ADV Part 2B, for detailed information regarding these business activities, the compensation received, the related conflicts and how CWA mitigates such conflicts.

**B. Referring Clients to Third Parties**

The Firm does not directly or indirectly compensate any person who is not a supervised person for client referrals.

**ITEM 15: CUSTODY**

CWA does not take physical custody over Client's cash or securities. However, the Firm is deemed to have custody in certain situations under guidance issued by the SEC. Specifically, pursuant to the Investment Advisers Act of 1940, the Firm is deemed to have "constructive custody" of Client funds because we have the authority and ability to debit our fees directly from the accounts of those Clients receiving our services. Additionally, certain Clients have, and could in the future, sign a Standing Letter of Authorization ("SLOA") that gives us the authority to transfer funds to a third-party as directed by the Client in the SLOA. This is also deemed to give us custody. Custody is defined as any legal or actual ability by the firm to withdraw client funds or securities. Firms with deemed custody must take the following steps:

1. Ensure clients' managed assets are maintained by a qualified custodian;
2. Have a reasonable belief, after due inquiry, that the qualified custodian will deliver an account statement directly to the client at least quarterly;
3. Confirm that account statements from the custodian contain all transactions that took place in the client's account during the period covered and reflect the deduction of advisory fees; and
4. Obtain a surprise audit by an independent accountant on the clients' accounts for which the advisory firm is deemed to have custody.

However, the rules governing the direct debit of client fees and SLOAs exempts us from the surprise audit rules if certain conditions (in addition to steps 1 through 3 above) are met. Those conditions are as follows:

1. When debiting fees from client accounts, we must receive written authorization from clients permitting advisory fees to be deducted from the client's account.
2. In the case of SLOAs, we must: (i) confirm that the name and address of the third party is included in the SLOA, (ii) document that the third-party receiving the transfer is not related to our firm, and (ii) ensure that certain requirements are being performed by the qualified custodian.

The qualified custodian that is selected by a client maintains actual physical custody of client assets. Client account statements from custodians will be sent directly to each client to the email or postal mailing address that is provided to the qualified custodian selected by the client. Clients are encouraged to compare information provided in reports or statements received by our firm with the account statements received from their custodian for accuracy. In addition, clients

should understand that it is their responsibility, not the custodian's, to ensure that the fee calculation is correct.

If client funds or securities are inadvertently received by our firm, they will be returned to the sender immediately, or as soon as practical.

We encourage our clients to raise any questions with us about the custody, safety or security of their assets. The custodians we do business with will send Clients independent account statements listing your account balance(s), transaction history and any fee debits or other fees taken out of your account.

## **ITEM 16: INVESTMENT DISCRETION**

### **A. Discretionary Authority; Limitations**

CWA typically requires full investment discretion over (1) which securities are to be bought or sold in Client accounts; (2) the amount of securities to be bought or sold in Client accounts; and (3) when transactions are made. This means that CWA does not have to obtain prior consent from the Client when investing Client assets. In addition, CWA's authority to trade securities could be limited in certain circumstances by applicable legal and regulatory requirements. In some instances, CWA's discretionary authority can be limited by conditions imposed by Clients on CWA's discretionary authority, including restrictions on investing in certain securities or types of securities. All such limitations, restrictions, and investment guidelines must be provided to CWA in writing.

At times, in the Firm's sole discretion, CWA may accept trading authorization on a non-discretionary basis, whereby we will be required to contact the Client prior to implementing changes in the Client's account. Therefore, the Client will be contacted and required to accept or reject our investment recommendations including: the security being recommended, the number of shares or units, and/or whether to buy or sell. Clients should understand that if their accounts are managed on a non-discretionary basis, and CWA is not able to reach such Clients or such Clients are slow to respond to our request, it can have an adverse impact on the timing of trade implementations and we may not achieve the optimal trading price.

### **B. Limited Power of Attorney**

By signing CWA's Agreement, Clients typically authorize CWA to exercise full discretionary authority with respect to all investment transactions involving the Client's investment management account. Pursuant to such Agreement, CWA is designated as having limited power of attorney with discretionary authority to effect investment transactions in the Client's account which authorizes CWA to give instructions to third parties in furtherance of such authority.

## **ITEM 17: VOTING CLIENT SECURITIES**

CWA has adopted a policy not to accept proxy voting authority with respect to client securities holdings. Consequently, all proxy solicitations related to securities held by clients will be sent

directly to clients for voting. In the event a proxy solicitation is sent to CWA on a client's behalf, it is the Firm's practice to forward the solicitation to the client's address of record immediately so that they may cast the proxy vote. While CWA will at times answer Client questions related to proxies, please note that CWA will not be deemed to have proxy voting authority solely as a result of providing information relating to a particular proxy to an inquiring client.

### **ITEM 18: FINANCIAL INFORMATION**

CWA does not require or solicit prepayment of more than \$1,200 in fees per Client, six months or more in advance and therefore is not required to provide, and has not provided, a balance sheet. CWA does not have any financial commitments that impair its ability to meet contractual and fiduciary obligations to Clients and has not been the subject of a bankruptcy proceeding.