

Item 1 – Cover Page

# Form ADV Part 2A

## Hidden Cove Wealth Management, LLC

249 Winslow Way East, Suite 100  
Bainbridge Island, Washington 98110

Phone: (206) 397-4890  
Website: [www.hcwm.com](http://www.hcwm.com)

---

February 23, 2022

This brochure provides information about the qualifications and business practices of Hidden Cove Wealth Management, LLC. If you have any questions about the contents of this brochure, please contact us at (206) 397-4890. 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.

Please note that the use of the term “registered investment advisor” and description of our firm and/or our associates as “registered” does not imply a certain level of skill or training. Clients are encouraged to review this brochure and any brochure supplements (“brochure supplements”) for more information on the qualifications of our firm and our associates.

Additional information about Hidden Cove Wealth Management, LLC is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for our firm is 318677.

**Item 2 – Material Changes**

This the initial version of our brochure. Accordingly, we have no material changes to report.

We will update this brochure and summarize in this Item 2 the occurrence of any material changes with respect to our business in accordance with applicable law. All current clients will receive a Summary of Material Changes to this and subsequent brochures within 120 days of the close of our fiscal year and certain additional updates regarding changes with respect to our firm and our business practices as they may occur. Updated information concerning these changes will be provided to you free of charge. A Summary of Material Changes is also included within our brochure found on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can obtain additional information about our firm by searching for us on the foregoing website by our firm name or by our unique IARD/CRD number (318677).

A copy of this brochure will be provided to you free of charge by contacting us at the telephone number reflected on the cover page.

**Item 3 – Table of Contents**

	<u>Page</u>
Item 1 – Cover Page.....	1
Item 2 – Material Changes.....	2
Item 3 – Table of Contents.....	3
Item 4 – Advisory Business.....	4
Item 5 – Fees and Compensation.....	7
Item 6 – Performance-Based Fees and Side-By-Side Management.....	10
Item 7 – Types of Clients.....	11
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.....	11
Item 9 – Disciplinary Information.....	15
Item 10 – Other Financial Industry Activities and Affiliations.....	15
Item 11 – Code of Ethics, Participation or Interest in Client Transactions & Personal Trading.....	15
Item 12 – Brokerage Practices.....	17
Item 13 – Review of Accounts.....	19
Item 14 – Client Referrals and Other Compensation.....	19
Item 15 – Custody.....	19
Item 16 – Investment Discretion.....	20
Item 17 – Voting Client Securities.....	20
Item 18 – Financial Information.....	20

#### Item 4 – Advisory Business

About Our Firm. Hidden Cove Wealth Management, LLC is a Washington limited liability company founded in 2022. The principals of our firm are Shane Dir, AIF<sup>®</sup>, CPFA, Darrell Martin, and Ron Elzig. We are registered as an investment advisor with the SEC and our principal offices are located in Bainbridge Island, Washington. Neither we, nor any of our associated persons, are affiliated with any broker-dealer firm or issuer of securities. We provide tailored investment advice to our clients acting exclusively in a fiduciary capacity.

The information contained in this brochure describes our investment advisory services, practices, and fees. Please refer to the description of each investment advisory service listed below for information on how we tailor our services to the needs of our clients. As used throughout this brochure, the words “HCWM,” “we,” “our,” “firm,” and “us” refer to Hidden Cove Wealth Management, LLC, and the words “you,” “your,” and “client” refer to you as either a client or prospective client of our firm.

Prior to forming an investment advisor-client relationship, we may offer you a complimentary general consultation to discuss the nature of our services and to determine how we can best assist you in achieving your financial goals and objectives. Investment advisory services begin only upon your execution of a written advisory agreement with HCWM.

Our Services. We offer a variety of investment advisory services to clients. Our investment advice is always tailored according to each client’s unique financial circumstances, objectives, and needs. A description of our various investment advisory services is as follows:

##### Private Wealth Management

We offer private wealth management services that combine ongoing and continuous portfolio management with financial planning and consulting services that are designed to assist our clients in the management of their overall financial affairs.

We will manage your designated investment accounts in accordance with our understanding of your unique financial circumstances, investment objectives, goals, and needs. You will be required to deposit your assets to an account (or accounts) held in your name at an independent qualified custodian and execute a limited power of attorney granting our firm trading authority over your account. In most instances, you will be required to grant our firm discretionary authority to implement transactions within your account without obtaining your prior approval for each specific transaction. In addition to selecting the specific securities to be bought and sold for your account, the amount of such securities to be bought or sold, and the timing of such transactions, our discretionary authority will extend to allow us to select, engage, and disengage third-party money managers (each, an “Independent Manager”) to assist us in the management of your assets. In limited circumstances, we may agree to manage your account on a non-discretionary basis, requiring that we obtain your consent prior to implementing any transactions within your account. You may impose reasonable restrictions on our management of your account(s), including instructing us not to purchase certain specific securities, industry sectors, and/or asset classes.

We will consult with you at the inception of our relationship and periodically thereafter, as necessary, to gather information regarding your financial circumstances, investment objectives and limitations, tolerance for investment risk, time horizon for investments, tax situation, current and expected income level and cash flow needs, and other considerations. Based on our analysis of these factors, we will recommend and implement a portfolio of investments intended to align with your unique investor profile. We will monitor your account(s) on an ongoing basis (including any assets allocated to Independent Managers) and implement changes to your portfolio as needed or appropriate, in consideration of current economic conditions, our market opinions and assumptions, and any material changes in your individual financial circumstances, goals, and needs.

As indicated above, the portfolio we design for you may incorporate the use of Independent Managers to provide discretionary management to some or all of your assets via a “Separately Managed Account” (“SMA”) arrangement, or, where multiple SMAs are combined into a single account structure, a “Unified Managed Account”

(“UMA”) arrangement. In certain circumstances, the Independent Managers we recommend to assist in the management of your account may require you to execute a separate written trading authorization, advisory agreement, platform agreement, and/or other account opening documentation. You will be provided with the Form ADV Part 2A (or equivalent disclosures) for any recommended Independent Manager(s) at or prior to the time they begin to manage your account. We will monitor the performance of your SMAs or UMAs on an ongoing basis, reallocate assets among Independent Managers (or terminate Independent Manager relationships) as necessary, and be responsible as your primary fiduciary advisor to ensure that the investment programs implemented by the Independent Managers remain suitable and well aligned to meet with your unique investment needs and goals.

Private wealth management clients also receive financial planning and consulting services as part of our comprehensive approach to wealth management. We will prepare a written financial plan for you and meet with you periodically to track progress towards your financial goals and to review and update the plan as necessary throughout the duration of our relationship. A full description of our financial planning services can be found below. Through a combination of in-person consultations, phone conferences, and/or electronic communications (*e.g.*, e-mail) we will further provide you with ongoing support and guidance with respect to routine financial matters such as budgeting and cash flow concerns, credit, and debt management, and insurance coverage. At your request, we may also provide recommendations for the allocation of your assets contained in certain accounts that are “held away” from those over which we exercise trading authority (*e.g.*, employer sponsored retirement accounts, qualified tuition plans, variable annuity sub-accounts). For these assets, we are limited to advising you as to the allocation of your holdings among the various investment options made available by the product sponsor, issuer, or custodian.

You will make all final investment decisions with respect to our financial planning and consulting advice and will be responsible for implementation and monitoring of all investments held outside of the accounts over which we maintain trading authority.

#### *Financial Planning and Consulting Services*

Where ongoing private wealth management services are not desired by the client, we offer financial planning and consulting services on a stand-alone basis. At your option, we may be engaged for broad-based financial planning services or topic specific financial consulting services intended to address discrete financial concerns, transactions, or events. Our financial planning and consulting advice may cover, without limitation, some, or all of the following financial topics:

- *Budgeting and Cash Management:* Assisting the client in understanding cash inflows and outflows and setting and maintaining a sustainable budget.
- *Risk Management and Insurance Planning:* Evaluating areas of financial and other risk to the client and designing and recommending insurance coverage to protect the client’s family, home, assets, and cash flow from the effects of unexpected events.
- *Financial Planning Relating to Specific Life/Business Events:* Providing the client with specialized advice unique to events such as child birth, divorce, business transactions, real estate transactions, and other specific events, both planned and unplanned.
- *Estate Planning:* Advance planning for the client’s incapacitation and/or death, including end of life care/disability planning, handling of the client’s end of life financial affairs, and the management and distribution of assets upon the client’s death in a tax and cost efficient manner.
- *Tax Planning:* Analyzing the client’s unique tax circumstances and current tax regulations and designing tax efficient strategies intended to reduce tax liabilities for the client in the short and long term.

- *Retirement Planning:* Assisting the client in the design and implementation of a long term income and asset management plan intended to grow and protect their income and assets such that the client can maintain their desired standard of living throughout their retirement.
- *Investment Planning/Investment Goal Setting:* Designing an overall plan for the investment and management of the client's assets, including investment accounts (taxable and non-taxable), personal property, real property, and business interests in a manner designed to achieve their short and long term goals and objectives. Assisting the client in determining appropriate investment goals and objectives.
- *Educational Funding:* Analyzing and designing a plan to fund educational needs of the client and the client's family.

Clients who engage us for these services receive a consultation or series of consultations, as necessary, to discuss their unique financial circumstances, investment objectives and needs, tolerance for risk, time horizon for investments, and/or any particular issues of financial concern. We will review pertinent financial documents and information provided by the client and present the client with a written financial plan or shorter report or summary of recommendations as appropriate for the scope of the engagement. For more limited engagements, our advice may be conveyed to you solely via in-person consultations, telephonically, through video conferencing, and/or through e-mail correspondence. Any financial plans or reports we provide will typically include a summary of the client's financial circumstances and a course of action and/or investment recommendations designed to assist the client in achieving their stated financial goals. Unless otherwise agreed, these stand-alone financial planning and consulting services are not ongoing in nature, and we will not review or update our recommendations, plans, or reports following their delivery to you. If you wish to have us review and update our recommendations, plans, or reports, you will be required to enter into a new contractual arrangement with us for these services. Additional fees will apply.

Our stand-alone financial planning and consulting advice is non-discretionary in nature – you are never obligated to affect any of our recommendations and will make all final investment decisions. You will also be responsible for the selection of service providers and the implementation and monitoring of all of your investments.

While you are never obligated to utilize HCWM for any further services, upon request, we may assist you with the implementation of our recommendations - additional fees may apply. Where you choose to engage us for private wealth management services following the conclusion of a financial planning and consulting engagement, we may offset all or a portion of our financial planning and consulting fees against the fees to be charged for private wealth management services.

We do not provide legal, accounting, or tax services to clients and clients are advised to seek legal, tax, and accounting advice from their independent tax and legal advisors.

#### *Retirement Plan Consulting Services*

We offer a variety of retirement plan consulting services to qualified retirement 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 a review of an existing plan, formulation of the investment policy statement, assistance selecting and monitoring plan service providers, recommendations regarding investment selection, on-going consulting, portfolio management services, and participant enrollment and investment education services. The specific services requested by the plan are outlined in a written advisory agreement executed prior to the commencement of our services.

Where retirement plan consulting services are provided to a plan regulated under the Employee Retirement Income Security Act of 1974 (“ERISA”), we will provide services to the plan sponsor and/or named fiduciaries as described above for the fees set forth in Item 5 of this brochure. In providing services to any plan and its underlying

participants, our status is that of an investment advisor registered under the Investment Advisers Act of 1940. We are not subject to any disqualifications under Section 411 of ERISA. We may offer fiduciary services acting as a fiduciary of the plan as defined in ERISA Section 3(21), or as an investment manager as defined in ERISA Section 3(38). In all cases, disclosure of our status under ERISA when providing these services will be clearly set forth in a written advisory agreement with the client. If there is any discrepancy between the disclosures in this paragraph and the agreement, the agreement shall govern.

Wrap Fee Program. We do not currently sponsor, serve as a portfolio manager to, or recommend any wrap fee programs to our clients.

Types of Investments Recommended. While we don't recommend any particular type of investment over any other, client portfolios are typically constructed using a diversified mix of some or all of the following instruments: individual stocks, corporate and government issued bonds, mutual funds, exchange traded funds ("ETFs"), real estate investment trusts ("REITs"), money market funds, certificates of deposit, cash and cash equivalents. Where appropriate, your portfolio may also include certain privately offered securities, insurance products, and/or other types of investments. At your request, we may further advise you regarding legacy investments held in your account at the inception of our relationship.

Types of Strategies Recommended. The investment strategies we typically implement within client accounts are described in Item 8 of this brochure.

Assets Under Management. We are a newly registered investment advisor. Accordingly, as of the date found on the cover page of this brochure, we manage \$0 in client assets on a discretionary basis and \$0 of client assets on a non-discretionary basis.

## **Item 5 – Fees and Compensation**

Our Fees. A description of the advisory fees we charge for our services is set forth in this Item 5. All fees are negotiable and individual clients may pay fees that are higher or lower (or otherwise materially different) than those described in this brochure.

### *Fees for Private Wealth Management Services*

When you engage us for private wealth management services, we will charge you an annual asset-based fee which is calculated as percentage of the market value of your assets under our management. Fees for these services are calculated based on a tiered fee schedule with fees typically ranging from 0.40% - 1.00% of the market value of the client's account per year.

These fees are payable to us monthly in advance and will be applied to your account on a flat tier basis (*i.e.*, a single annual fee rate will be charged across the entire market value of your account down to the first dollar). For the initial billing period, fees shall be calculated using the market value of your assets as of the date of deposit. Thereafter, we will calculate our fees utilizing the market value of your account as of the last trading day of the prior billing period. Fees shall be pro-rated for any partial billing periods (based on the number of days services were provided) and for additions to or withdrawals from your account (based on the transaction date). Please note that some or all of the investments in your account may be intended as long-term investments and withdrawals of cash and premature liquidations of securities positions may impair the achievement of your investment objectives.

Unless otherwise agreed, fees for these services will be deducted directly from your account at the custodian. Our direct fee deduction policies are described below in this Item 5.

Our asset-based fees are typically calculated based on the market value of your account (including cash balances) as reported by the custodian of your assets. The custodian may use various pricing services such as Reuters and Standard & Poor's to price securities held in your account. For actively traded securities, these services use the actual last reported sale price. For less actively traded securities such as bonds, these services will use the

appropriate valuation methodology to determine the value of the security. In rare instances where a market-based price for a holding in your account is unavailable or difficult to determine, alternative good faith valuation procedures may be followed. We will alert you whenever this circumstance may arise. You should contact us with any questions or concerns about the valuation of any investments held in your account.

There may be occasions where we determine that a private wealth management client's financial planning and consulting needs go beyond the scope of the financial planning and consulting services we ordinarily provide under this service. In these circumstances, we reserve the right to charge an additional fixed fee for these services which will be individually negotiated with the client and set forth in a written advisory agreement.

#### Fees for Financial Planning and Consulting Services

When you engage us for stand-alone financial planning and consulting services, we will charge you a fixed fee typically ranging from \$1,500 - \$3,500. On occasion, we may instead charge you hourly fees of up to \$500 per hour for these services. The fee type and amount will be set forth in a written advisory agreement which is executed by the client prior to the commencement of our services. The specific fixed fee or hourly fee rate to be applied is determined in HCWM's sole discretion, based upon our understanding of the complexity of your financial planning needs and the overall scope of the engagement. Fees for these services may be billed up to 50% at inception, with the balance of any fees payable to HCWM due in full upon our completion of the engagement and delivery of a written invoice for services to the client. Fees for these services are payable by cash, check, money order, credit card, or other form of payment deemed acceptable by HCWM.

Clients are never charged more than \$1,200 six (6) or more months in advance for these services.

#### Fees for Retirement Plan Consulting Services

Our fee structure and rates for retirement plan consulting services vary based upon the nature of the retirement plan consulting services selected, the complexity of the engagement, and our expectation of the time and resources necessary to provide services to the client, among other factors. Each engagement is individually negotiated as an annual asset-based fee and/or fixed fee. Where an asset-based fee is charged, these annual fees typically range from 0.25% - 0.75% per year of the market value of the client's account based on a customized tiered fee schedule. Asset-based fees for these services are charged on a flat tier basis and will otherwise be charged in accordance with the policies described above for private wealth management accounts. Where a fixed fee applies, these annual fees typically range from \$20,000 to \$40,000 per year and are charged quarterly, in advance by traditional invoicing.

Direct Fee Deduction. HCWM will directly deduct its advisory fees from your designated accounts at the qualified custodian only upon your written authorization for the same. Your authorization for direct fee deduction will be set forth in our written advisory agreement and/or on the forms required by the custodian of your accounts and shall extend to allow Independent Managers (if any should be engaged) to directly deduct their advisory fees in a similar manner from your account. We will first look to cash balances in your account to pay our fees. If a sufficient cash balance is not available, we will liquidate money market shares before considering liquidating any other investments to raise the cash necessary to pay fees when due. The unexpected or premature liquidation of investments to pay our fees may impair the performance of your account.

Your custodian will independently send you an account statement to you typically monthly, but no less than quarterly, identifying the amount of funds and each security in your account at the end of the period and setting forth all transactions in your account during the period, including the amount of any fees paid to us and/or any Independent Managers. Your custodian is not responsible to verify the accuracy of our fee calculations. Therefore, *we encourage you to review the Custodian's account statements carefully upon receipt.* If you believe our fees have been miscalculated or if there is any other issue with your account, you should contact us immediately at the phone number listed on the cover page of this brochure.

Additional Fees and Expenses. Separate and in addition to our advisory fees, you will also pay your proportionate share of all management fees and other fund level costs expenses associated with any mutual funds, ETFs, REITs, and other pooled investment vehicles held in your account. You will also pay all usual and customary transaction-based fees (brokerage fees and commissions), custodial charges, wire transfer fees, and other fees and taxes associated with activity and holdings in your account as agreed to within the account opening agreement of your custodian. Fees charged by any Independent Managers are also typically charged separate and in addition to the advisory fees paid to HCWM. For client accounts managed via a turn key asset management program or similar investment platform, the client shall also bear any platform fees, administrative fees, or similar charges of the program sponsor.

We do not share in any portion of the foregoing additional fees and expenses. To fully understand the total costs you will incur when engaging our services, you should review the disclosure brochure or prospectus of each pooled investment vehicle, turn key asset management program, or Independent Manager investment program in which you participate and the contractual arrangement entered with your custodian.

The fixed and hourly fees we charge for stand-alone financial planning and consulting services cover the costs of our investment advice only. Clients are separately responsible to bear any fees and costs charged in connection with the implementation or monitoring of their investments.

Termination of Our Services. In the event we should fail to provide you with a copy of this brochure at least forty-eight (48) hours in advance of entering into an advisory agreement with our firm, you may terminate our services without penalty within five (5) business days of entering into the advisory agreement.

Thereafter, either party may terminate our services by providing thirty (30) days' advance written notice of termination to the non-terminating party. For asset-based fee engagements, clients will pay HCWM a pro-rated fee based on the number of days services were provided through the date of termination. For hourly fee engagements, clients will pay HCWM for all earned but unpaid fees through the date of termination. For fixed fee engagements, clients will pay HCWM a pro-rated fee based on HCWM's binding good faith estimate of the value of the services provided through the date of termination. In all cases, any unearned fees paid in advance will be refunded to the client and the client will bear the costs of any custodial termination and/or transfer fees assessed by any custodian of the client's assets upon termination of our services. You will become solely and immediately responsible for the management and monitoring of your account(s) upon termination of our services. HCWM will deliver any partially completed written financial plan or report to the client upon receipt of full and final payment of its outstanding charges.

Compensation for Sales of Securities. No supervised person of our firm receives or accepts any fees or commissions for the sale of any securities.

Compensation for Sales of Insurance Products; Affiliated Insurance Agency. Certain associated persons of HCWM are also licensed to sell insurance in one or more states and may be affiliated with a licensed general insurance agency (including, One Strategic Capital, Inc., an affiliate of HCWM by virtue of shared ownership and management personnel) or act as a direct agent representative of a specific insurance company or companies. Insurance related business is transacted with advisory clients and licensed individuals may receive commissions from insurance products sold to clients. Clients are advised that the fees paid to us for investment advisory services are separate and distinct from the commissions earned by any individual or insurance agency (including our affiliated insurance agency, One Strategic Capital, Inc.) for selling insurance products to clients. If requested by a client, we will disclose the amount of commission expected to be paid.

The receipt of insurance related commissions by our affiliate, One Strategic Capital, Inc., and/or any associated persons of our firm presents a conflict of interest. As fiduciaries we must act primarily for the benefit of our investment advisory clients. As such, we will only transact insurance related business with clients when fully disclosed, suitable, and appropriate. Further, we must determine in good faith that any commissions paid to our representatives and affiliates are appropriate. Clients are informed that they are under no obligation to use any individual associated with our firm for insurance products or services. Clients may use any insurance firm or agent they choose.

***Rollover Recommendations.*** As part of our investment advisory services to you, we may recommend that you roll assets from your employer’s retirement plan, such as a 401(k), 457, or ERISA 403(b) account (collectively, a “Plan Account”), to an individual retirement account, such as a SIMPLE IRA, SEP IRA, Traditional IRA, or Roth IRA (collectively, and “IRA Account”) that we will manage on your behalf. We may also recommend rollovers from IRA Accounts to Plan Accounts, from Plan Accounts to Plan Accounts, and from IRA Accounts to IRA Accounts. When we provide any of the foregoing rollover recommendations we are acting as fiduciaries within the meaning of Title I of the ERISA and/or the Internal Revenue Code (“IRC”), as applicable, which are laws governing retirement accounts.

If you elect to roll the assets to an IRA that is subject to our management, we will charge you an asset-based fee as set forth in the advisory agreement you executed with our firm. This creates a conflict of interest because it creates a financial incentive for our firm to recommend the rollover to you (*i.e.*, receipt of additional fee-based compensation). You are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by our firm. Due to the foregoing conflict of interest, when we make rollover recommendations, we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours.

Under this special rule’s provisions, we must:

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

Many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, you should consider the costs and benefits of a rollover.

Note that an employee will typically have four options in this situation:

1. leaving the funds in your employer’s (former employer’s) plan;
2. moving the funds to a new employer’s retirement plan;
3. cashing out and taking a taxable distribution from the plan; or
4. rolling the funds into an IRA rollover account.

Each of these options has positives and negatives. Because of that, along with the importance of understanding the differences between these types of accounts, we will provide you with a written explanation of the advantages and disadvantages of both account types and the basis for our belief that the rollover transaction we recommend is in your best interests.

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

We do not charge any performance-based fees for our services or engage in side-by-side management of client accounts.

HCWM and/or its associated persons may manage accounts which belong either to themselves, individually, or to their family or their affiliates (collectively, “Proprietary Accounts”) while simultaneously managing client accounts. It is possible that orders for Proprietary Accounts may be entered opposite to orders for client accounts, pursuant to, for instance, a neutral allocation system, a different trading strategy, or trading at a different risk level. However, any such orders shall only be entered after orders for client accounts in the same securities have been executed on any given trading day or as part of an

aggregated trade placed simultaneously with orders in the same securities for client accounts. The management of any Proprietary Account is subject to our Code of Ethics and the duty of our firm and its personnel to exercise good faith and fairness in all matters affecting client accounts. Please see Item 11 for more information.

### Item 7 – Types of Clients

We typically provide investment advice to individuals, high net worth individuals, trusts, retirement plans, partnerships, corporations, and other business entities. Because each client is unique, they must be willing to be involved in the planning and ongoing processes of our management of their account. Such involvement does not have to be time consuming, however we want our clients to remain informed and have a sense of security about their investments.

We do not have any minimum balance requirements; however, we do charge a minimum annual fee of \$2,500 for our private wealth management services. We may waive this minimum fee requirement based on individual client circumstances or to honor legacy client fee arrangements.

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

Methods of Analysis and Investment Strategies. The types of investments we typically recommend are discussed in Item 4 of this brochure.

We may use some or all of the following *methods of analysis* in providing investment advice to you:

Modern Portfolio Theory: Modern Portfolio Theory (“MPT”) is a mathematical framework for assembling a portfolio of assets such that the expected return is maximized for a given level of risk, defined as variance. Its key insight is that an asset’s risk and return should not be assessed by itself, but by how it contributes to a portfolio’s overall risk and return. MPT 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.

Asset Allocation: Asset allocation is an investment strategy that attempts to balance risk versus return by adjusting the percentage of each asset in an investment portfolio according to the investor’s risk tolerance, goals, and investment time frame. Asset allocation is based on the principle that different assets perform differently in different market and economic conditions. A fundamental justification for asset allocation is the notion that different asset classes offer returns that are not perfectly correlated, hence diversification reduces the overall risk in terms of the variability of returns for a given level of expected return. Although risk is reduced as long as correlations are not perfect, it is typically forecasted (wholly or in part) based on statistical relationships (like correlation and variance) that existed over some past period. Expectations for return are often derived in the same way. The primary goal of an asset allocation strategy is to create an asset mix that seeks to provide the optimal balance between expected risk and return for a long-term investment horizon.

A risk of asset allocation is that you may not participate in sharp increases in a particular security, industry, or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate to meet with your investment goals.

Mutual Fund, ETF, and REIT Selection and Analysis: We evaluate and select mutual funds, ETFs, and/or REITs for your account based on several factors which may include, without limitation, (1) the experience and track record of the underlying portfolio manager(s), (2) the performance of the fund over time and through various market conditions; (3) expected market conditions that might impact the underlying holdings of the fund or applicable market sector; and (4) whether and to what extent the underlying holdings of the fund overlap with other assets held in your account. We also monitor the fund in an attempt to determine if the fund is continuing to follow its stated investment strategy.

A risk of this form of analysis is that, as in all securities investments, past performance does not guarantee future results. A fund manager's past track record of success cannot be relied upon as a predictor of success in the future. In addition, the underlying holdings of the fund are determined by independent fund managers and may change overtime without advance warning, creating the potential for overlap with other investments held in your account. This increase in the correlation of your holdings will increase the risk of loss where the value of any overlapping holdings should decrease. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund, which could make the holding(s) less suitable for the client's portfolio.

*Independent Manager Selection and Analysis:* This is the analysis of the experience, investment philosophies, and past performance of Independent Managers in an attempt to determine if the manager has demonstrated an ability to invest over a period of time and in different economic conditions. Key factors we may consider when evaluating Independent Managers are their investment process and philosophy, risk management methods and procedures, historical performance, investment strategy and style, fees and operating expenses, assets under management and number of clients, and tax-efficiencies. Our evaluation also may incorporate both qualitative and quantitative fundamental analysis to validate and confirm an Independent Manager's investment style and skill, as well as to compare them to other managers of similar style. We may utilize various research databases, proprietary models, financial periodicals, prospectuses and filings with the SEC, industry contacts and manager data, among other items, as part of the research process. Monitoring the Independent Manager's underlying holdings, strategies, concentrations, and leverage as part of our overall periodic risk assessment typically completes the analysis. As part of the due-diligence process, the Independent Manager's compliance and business enterprise risks may be surveyed and reviewed. We may engage and rely upon a third party to assist in this review and due diligence process.

Methods of analysis such as charting, fundamental, technical, or cyclical analysis may be used by the Independent Managers we recommend to clients. Clients should refer to the disclosure brochure of each Independent Manager selected to manage their account for more information.

*Fundamental Analysis:* When engaging in fundamental analysis, we attempt to determine the intrinsic value of target securities through a review of, among other things, company specific financial disclosures, the strength and track record of management personnel, industry sector financial health, and at a macro level, the overall direction of the economy at large. We use this information as a basis to determine if such securities are underpriced or overpriced relative to current market prices and then to make a buy or sell recommendation to you.

Relying on this type of analysis leaves open the risk that the price of a security may move along with the overall direction of the market, irrespective of the economic and financial factors which may have indicated that an opposite movement would have been expected. The main sources of information we rely upon when researching and analyzing securities using fundamental analysis include research materials prepared by others, annual reports, corporate rating services, prospectuses, and company press releases.

We typically use the following *investment strategies* in managing client accounts:

*Long-term Purchases:* We typically take a long term "buy and hold" approach to investing client assets. In this type of investment strategy, we suggest the purchase of securities with the idea of holding them in a portfolio for a year or longer. Typically, we employ this strategy when (1) we believe the securities to be currently undervalued, and/or (2) we want the portfolio to have exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the recommendation to sell.

*Short-term purchases:* When utilizing this strategy, we may suggest the purchase of securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we recommend for purchase.

A short-term purchase strategy poses risks should the anticipated price swing not materialize; we are then left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss. In addition, this strategy involves more frequent trading than does a longer-term strategy and may result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

We act as your fiduciary in rendering investment advice. We cannot and do not warrant or guarantee any particular level of account performance, or that an account will be profitable over time. Not every investment recommendation we make will be profitable. **Investing in securities involves risk of loss that clients should be prepared to bear.** You assume all market risk involved in the investment of your account assets. Investments are subject to various market, currency, economic, political, and business risks.

Except as may otherwise be provided by law, we are not liable to you for:

- any loss that you may suffer by reason of any investment recommendation we made with that degree of care, skill, and diligence under the circumstances that a prudent person acting in a fiduciary capacity would use; or
- any independent act or failure to act by a custodian of your account(s).

**Summary of Investment Risks.** While all investing involves risks and losses can and will occur, we generally recommend a broad and diversified allocation of securities and other investments intended to reduce the specific risks associated with a concentrated or undiversified portfolio. Nonetheless, you should consider the following high-level summary of investment risks. **This list is not intended to be an exhaustive description of all risks you may encounter in engaging our firm for advisory services. We encourage you to inquire with us frequently about the risks related to any investments in your account.**

*Risk of Loss:* Securities investments are not guaranteed, and you may lose money on your investments. As with any investment manager that invests in common stocks and other equity securities, our investment recommendations are subject to market risk—the possibility that securities prices will decline over short or extended periods of time. As a result, the value of your account(s) will fluctuate with the market, and you could lose money over short or long periods of time. You should recognize whenever you determine to invest in the securities markets your entire investment is at risk. Clients should not invest money if they are unable to bear the risk of total loss of their investments.

*Economic Risk:* The prevailing economic environment is important to the health of all businesses. Some companies, however, are more sensitive to changes in the domestic or global economy than others. These types of companies are often referred to as cyclical businesses. Countries in which a large portion of businesses are in cyclical industries are thus also very economically sensitive and carry a higher amount of economic risk. If an investment is issued by a party located in a country that experiences wide swings from an economic standpoint or in situations where certain elements of an investment instrument are hinged on dealings in such countries, the investment instrument will generally be subject to a higher level of economic risk.

*Financial Risk:* Financial risk is represented by internal disruptions within an investment or the issuer of an investment that can lead to unfavorable performance of the investment. Examples of financial risk can be found in cases like Enron or many of the “dot com” companies that were caught up in a period of extraordinary market valuations that were not based on solid financial footings of the companies.

*Market Risk:* The value of your portfolio may decrease if the value of an individual company or multiple companies in the portfolio decreases or if our belief about a company’s intrinsic worth is incorrect. Further, regardless of how well individual companies perform, the value of your portfolio could also decrease if there are deteriorating economic or market conditions. It is important to understand that the value of your investment may fall, sometimes sharply, in response to changes in the market, and you could lose money. Investment risks include price risk as may be observed by a drop in a security’s price due to company specific events (e.g., earnings disappointment or downgrade in the rating of a bond) or general market risk (e.g., such as a “bear” market when stock values fall in general). For fixed-income securities, a period of rising interest rates could erode the value of a bond since bond values generally fall as bond yields go up. Past performance is not a guarantee of future returns.

*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.

*Independent Manager Risk:* An Independent Manager’s past track record of success cannot be relied upon as a predictor of success in the future. In addition, the underlying holdings of your SMAs/UMAs are determined by the Independent Manager directly, and may change overtime without advance warning to us, creating the potential for overlap with other investments held in your account. This increase in the correlation of your holdings will increase the risk of loss where the value of any overlapping holdings should decrease. There is also a risk that an Independent Manager may deviate from the stated investment mandate or strategy of the account, which could make the holding(s) less suitable for the client’s portfolio. Our firm does not control any Independent Manager’s daily business and compliance operations, and thus our firm may be unaware of any lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

*Private Investment Risk:* Your participation in any privately offered investments or purchase of any privately offered securities involves a substantially higher degree of risk and is generally more speculative than investments in publicly offered (registered) securities. Private investments may include privately offered REITs, Delaware Statutory Trusts, private equity funds, hedge funds, commodity pools, and other similar investment vehicles. Private investments are not appropriate for all clients and may be entirely illiquid. You should be financially capable of accepting an extremely high degree of risk and should have significant resources beyond those invested in any private investment(s). Stated differently, your private investments should purely represent “risk capital” within your overall portfolio, the complete loss of which would have an immaterial and insubstantial effect on your overall financial circumstances and financial goals. Clients should carefully review any disclosure documents, operating agreements, subscription materials, private placement memoranda, prospectuses and similar documentation provided by the issuers of private securities with their independent legal and tax advisors before investing.

*Risks Related to Analysis Methods:* Our analysis of securities relies in part on the assumption that the issuers whose securities we recommend for purchase and sale, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

*Securities Transactions at the Direction of Clients:* All assets are held at the custodian in your name and you will always maintain the concurrent ability to direct transactions within your account. We are not responsible for the consequences of your self-directed investment decisions or the costs and fees they generate within your account.

*Interim Changes in Client Risk Tolerance and Financial Outlook:* The particular investments recommended by our firm are based solely upon the investment objectives and financial circumstances disclosed to us by the client. While

we strive to meet with clients at regular intervals (at least annually, unless otherwise agreed, either in person, telephonically, or by electronic means) to discuss any changes in the client's financial circumstances, the lack of constant and continuous communication presents a risk insofar as your liquidity, net worth, risk tolerance and/or investment goals could change abruptly, with no advance notice to our firm, resulting in a mis-aligned investment portfolio and the potential for losses or other negative financial consequences.

It is your continuing and exclusive responsibility to give us complete information and to notify us of any changes in your financial circumstances, income level, investment goals or employment status. We encourage you to contact us regularly and promptly to discuss your investment and any changes to your financial circumstances

### **Item 9 – Disciplinary Information**

HCWM is required to disclose all material facts regarding any legal or disciplinary event that would be material to your evaluation of our firm, or the integrity of our management. No principal or associated person of our firm has any information to disclose which is applicable to this Item 9.

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

Broker-Dealer Registration. Neither HCWM, nor any of its associated persons, are registered or intend to become registered as a broker-dealer or registered representative of a broker-dealer.

Futures or Commodities Registration. Neither HCWM, nor any of its associated persons, are registered or intend to become registered as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of any of the foregoing.

Material Relationships. Except as outlined in Item 5E with respect to the licensure of certain of our associated persons as independent insurance agents and the disclosure of our affiliation with One Strategic Capital, Inc., an insurance agency, HCWM does not have any relationships, industry activities, affiliations or arrangements and does not collect any additional compensation, directly or indirectly, that create a material conflict of interest with its clients.

Recommendation of Third Parties. Except for certain benefits we receive from the broker-dealers we recommend to clients as outlined in Item 12 of this brochure, we do not receive any additional compensation or benefits, either directly or indirectly, in connection with referrals of our clients to any Independent Managers, broker-dealers, custodians, attorneys, tax advisors, accountants, or any other third-parties. We will only recommend and refer third-party providers to you when we believe such recommendations to be in your best interests.

Except with respect to our requirement that private wealth management clients engage certain custodians for trade execution and custodial services as outlined in Item 12 of this brochure, you are never obligated to engage any third party we recommend and do so at your sole discretion and risk.

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

Our Code of Ethics. We subscribe to an ethical and high standard of conduct in all our business activities in order to fulfill the fiduciary duty we owe to our clients. Included in these ethical obligations is the duty to put our clients' interests ahead of our own along with duties of loyalty, fairness, and good faith towards our clients. We disclose to clients material conflicts of interest which could reasonably be expected to impair our rendering of unbiased and objective advice.

HCWM maintains a written Code of Ethics ("Code") which all employees are required to follow. The Code outlines proper conduct related to all services provided to clients and will be made available to you, free of charge, upon

request by contacting us at the phone number listed on the cover page of this brochure. Prompt reporting of internal violations is mandatory. Our management personnel evaluate employee performance regularly to ensure the quality of our services and compliance with our Code.

The goal of HCWM's Code is to prevent and detect conflicts of interest between our advisory clients, our firm, and our staff. As part of achieving this objective, our "access persons" are required, among other things, to report to the firm their personal securities transactions on a quarterly basis and to report all of the securities positions in which they have a beneficial interest at least annually. These reporting requirements allow supervisors at our firm to determine whether to allow or prohibit certain employee securities purchases and sales based on transactions made, or anticipated to be made, in the same securities bought and sold for client accounts. Our Code is required to be reviewed annually and updated as necessary.

Material/Proprietary Interests in Securities Recommended to Clients. Our firm and our associated persons do not have any proprietary or material interests in or any role in the management of any companies or investments that we recommend to our clients.

Personal Trading; Participation or Interest in Client Transactions. As described in Item 6 of this brochure, HCWM and/or its associated persons may manage Proprietary Accounts. Proprietary Accounts may buy and sell some the same securities as we buy or sell for client accounts. This practice creates an actual conflict of interest with our clients insofar as our firm and/or our associated persons may have a financial incentive to trade in securities for Proprietary Accounts in advance of or opposite to transactions in the same securities for client accounts. To address this conflict, our policy is that, assuming the purchase or sale is otherwise appropriate for the subject client accounts, we will purchase or sell securities for our clients' accounts, as the case may be, before purchasing or selling any of the same securities for any Proprietary Accounts. The only exception to this general rule is where our Proprietary Accounts may participate in an aggregated trade simultaneously with client accounts. In some cases, we may buy or sell securities for our own account for reasons not related to the strategies deployed on behalf of our clients.

In summary, our practice of buying and selling for Proprietary Accounts the same securities that we buy or sell for client accounts is restricted by the following controls:

- We are always required to uphold our fiduciary duty to our clients;
- We are prohibited from misusing information about our clients' securities holdings or transactions to gain any undue advantage for ourselves or others;
- We are prohibited from buying or selling any security that we are currently recommending for client accounts, unless we participate in an aggregated trade with clients or place our orders after client orders have been executed; and
- We are required to periodically report our securities holdings and transactions to the firm's Chief Compliance Officer, who must review those reports for improper trades.

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

We will disclose to advisory clients any material conflict of interest relating to us, our representatives, or any of our employees which could reasonably be expected to impair the rendering of unbiased and objective advice.

## Item 12 – Brokerage Practices

*Recommendation of Broker-Dealers.* As a condition of engaging HCWM’s services, we require that you independently engage the brokerage and custodial services of Charles Schwab & Co., Inc., 211 Main Street, San Francisco, California 94105 (“Schwab”), TD Ameritrade Institutional, a division of TD Ameritrade, Inc., 200 South 108<sup>th</sup> Avenue, Omaha, Nebraska 68154 (“TDA”), and/or Fidelity Distributors Company, LLC, 900 Salem Street, Smithfield, Rhode Island 02917 (“Fidelity,” and collectively with Schwab and TDA, the “Recommended Brokers”), each an independent SEC-registered broker-dealer and Member of the Financial Industry Regulatory Authority (“FINRA”) and the Securities Investor Protection Corporation (“SIPC”). We are not affiliated with the Recommended Brokers and they do not monitor or control the activities of our firm or our personnel. Pursuant to your grant of trading authority to HCWM, the Recommended Broker you engage will execute all transactions for your account according to our instructions. We do not have discretion to determine the commission rates at which transactions are to be affected for your account and we may require clients to engage a different custodians and executing brokers in the future.

*Best Execution.* In recommending broker-dealers, we have an obligation to seek the “*best execution*” of transactions for client accounts. This duty requires us to seek to execute securities transactions for clients such that the total costs or proceeds in each transaction are the most favorable under the circumstances. The determinative factor in the analysis of best execution is not the lowest possible commission cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of the recommended broker-dealer’s services. Some of the factors we may consider when evaluating a broker-dealer for best execution include, without limitation, the broker-dealer’s:

- Execution capability;
- Commission rates;
- Financial responsibility;
- Responsiveness and customer service;
- Custodian capabilities;
- Research services/ancillary brokerage services provided; and
- Any other factors that we consider relevant.

Therefore, we will seek competitive commission rates, but we may not obtain the lowest possible commission rates for specific account transactions. With this in consideration, our firm will continue to require that clients engage the Recommended Brokers until their services do not result, in our opinion, in best execution of client transactions.

*Directed Brokerage.* HCWM generally does not permit its clients to select a broker other than the Recommended Brokers for trade execution and custodial services (*i.e.*, client directed brokerage). Clients should be aware of the fact that not all investment advisors require clients to use a particular broker for trade execution services. You should further be aware that, because HCWM requires certain clients to engage the Recommended Brokers exclusively, we may not be able to achieve the lowest cost of execution of specific client transactions. Thus, the exclusive use of only the Recommended Brokers may cost clients more money compared to other arrangements.

*Soft Dollars.* The broker-dealers we recommend to clients may provide us with certain brokerage and research products and services that qualify as “brokerage or research services” under Section 28(e) of the Securities Exchange Act of 1934 (“Exchange Act”). This is commonly referred to as a “*soft dollar*” arrangement. These research products and/or services will assist us in our investment decision making process. Such research generally will be used to service all of our client accounts, but brokerage charges paid by the client may be used to pay for research that is not used in managing that specific client’s account. Your account may pay to a broker-dealer a charge greater than another qualified broker-dealer might charge to affect the same transaction where we determine in good faith that the charge is reasonable in relation to the value of the brokerage and research services received.

*Benefits Received from Recommended Brokers.* There may be other benefits we receive from the Recommended Brokers specific to our requirement that our clients engage their services, such as software and other technology that (i) provides us with access to client account data (such as trade confirmations and account statements); (ii) facilitates execution of client trades and trade aggregation; (iii) provides us with research, pricing, and other market data; (iv) facilitates payment of fees from client accounts; and (v) assists us with back-office functions, recordkeeping, and client reporting.

Other services may include, but are not limited to, performance reporting, contact management systems, third party research, publications, access to educational conferences, roundtables and webinars, practice management resources, and access to consultants and other third party service providers who provide a wide array of business related services and technology with whom we may contract directly. Other brokers or custodians may provide us with similar benefits in the future in exchange for recommending their services to our advisory clients.

We do not pay a fee for these products and services and all client accounts may not be the direct or exclusive beneficiary of such products and services. It is further important to note that our receipt of such products and services creates an incentive for HCWM to continue to recommend that clients engage Schwab based upon our desire to continue to receive these items, rather than receiving best execution or purely the lowest price for client transactions. We mitigate this conflict of interest by periodically monitoring and reviewing the services provided to our clients by Schwab for best execution.

*TDA Benefit Disclosures.* Clients should be aware that there is no direct link between TDA and HCWM in connection with the advice we provide to clients. We are required to disclose that we receive economic benefits through the custody and operating relationships we maintain with TDA that are not typically available to retail investors. These benefits include the following products and services, provided by TDA (or its affiliates) without cost or at a discount: duplicate client statements and confirmations, research related products and tools, consulting services, access to a trading desk serving representatives, access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares directly to or from client accounts), the ability to have advisory fees deducted directly from client accounts, access to an electronic communications network for client order entry and account information, access to mutual funds with no transaction fees, and discounts or no fees on compliance, marketing, research, technology, and practice management products and services provided by third-party vendors.

TDA may also pay for business consulting, professional services, and research received by our associated persons and may also pay or reimburse expenses (travel, lodging, meals, and entertainment expenses) for HCWM's personnel to attend conferences or meetings relating to TDA's service platforms or to their advisor custody and brokerage services generally. Some of these products and services made available by TDA may benefit HCWM but may not benefit its clients. Such other services made available by TDA are intended to help us manage and further develop our business enterprise, and such services may or may not depend on the amount of brokerage transactions directed to TDA.

Clients should be aware that the receipt of economic benefits from TDA by HCWM described above, in and of itself, creates an incentive for HCWM to continue to recommend that clients engage TDA based upon our desire to continue to receive these benefits, rather than receiving best execution or purely the lowest price for client transactions. We mitigate this conflict of interest by periodically monitoring and reviewing the services provided to our clients by TDA for best execution.

Except as described above in this Item 12, we do not receive any compensation or incentive for recommending that you engage the Recommended Brokers for brokerage trades and custodial services. We do not receive client referrals in exchange for directing client transactions to any of the Recommended Brokers.

Trade Aggregation. We may aggregate client orders, so long as it is done for purposes of achieving best execution, and so long as no client is systematically advantaged or disadvantaged. Before aggregating client orders, we document the participating accounts and the allocation instructions. We submit allocation instructions to the broker-dealer before the market closes on the day of the order. We allocate aggregated orders to client accounts at the average price obtained. We allocate partially filled orders pro-rata based on the size of the order placed by each account. If we judge that we cannot or should not allocate a partially filled order pro-rata (*e.g.*, if the quantity of securities obtained is too small or would not have a material impact if distributed among each account), then we apply the following procedures:

- We allocate the order to client accounts only (*i.e.*, no employees that participated in the order may receive any allocation); and
- We document our allocation decision.

### Item 13 – Review of Accounts

Account Review Policy. Private wealth management and retirement plan consulting accounts are generally reviewed by the investment advisor representative(s) who are primarily responsible for managing the client's assets. The specific individuals conducting account reviews may vary from time to time, as personnel join or leave our firm. The frequency of reviews is determined based on each client's investment objectives and needs. Accounts are generally reviewed quarterly, but in any event, no less than annually.

Stand-alone financial planning and consulting clients do not receive updates or account reviews following delivery of our written investment recommendations unless the client specifically requests such review and pays an additional advisory fee. The client is responsible for the ongoing monitoring of all investments under this service.

More Frequent Account Reviews. More frequent reviews of private wealth management and retirement plan consulting accounts may be triggered by a change in the client's investment objectives or investment policy statement; income level; risk/return profile; tax considerations; significant account contributions and/or withdrawals; large sale or purchase transactions; security specific events; or changes in the economy more generally.

Reporting to Clients. Clients will receive standard account statements and trade confirmations from their custodian at least quarterly. We will provide you with independently prepared written reports as you may reasonably request from time to time. The reports we provide to you will contain relevant account and/or market-related information such as an inventory of account holdings and account performance, as examples.

### Item 14 – Client Referrals and Other Compensation

As referenced in Item 12 above, the Recommended Brokers provide services and products to us without cost or at a discount that we may use to service some or all of our client accounts. We may enter into similar arrangements with other broker-dealers and custodians in the future. As part of its fiduciary duties to clients, HCWM endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by our firm and/or our associated persons in and of itself creates a potential conflict of interest and may indirectly influence our choice to require that clients engage the Recommended Brokers for custody and brokerage services.

We have no other arrangements, written or oral, in which we compensate others or are compensated for client referrals.

### Item 15 – Custody

All client funds and securities on which we advise are held in accounts titled in the client's name maintained by an independent qualified custodian. For private wealth management clients and certain retirement plan consulting clients, the custodian will be authorized to execute trades within the client's account upon our instructions, acting within the scope of

the trading authority you grant us in our written advisory agreement and the custodian's account opening documentation. Except for our ability to directly deduct our advisory fees as outlined in Item 5 of this brochure, we will not hold, directly or indirectly, any client funds or securities, or have any authority to obtain possession of them.

We shall have no liability to you for any loss or other harm to any property in the account, including any harm to any property in the account resulting from the insolvency of any custodian or any acts of the agents or employees of any custodian and whether or not the full amount of such loss is covered by the SIPC or any other insurance which may be carried by such custodian. Clients understand that SIPC provides only limited protection for the loss of property held by a custodian.

### **Item 16 – Investment Discretion**

Wealth management services clients are typically required to grant our firm ongoing and continuous discretionary authority to execute our investment recommendations within their account(s) held at the independent qualified custodian *without* obtaining their prior approval for each specific transaction. In a discretionary arrangement, you authorize us to purchase and sell securities and instruments in your account(s), arrange for delivery and payment in connection with the foregoing, and act on your behalf in all matters necessary or incidental to the handling of the account, including monitoring of your assets and the engagement and termination of Independent Managers. Occasionally, we will agree to manage a client account on a non-discretionary basis, requiring that we obtain your consent prior to implementing any securities transactions. Under either arrangement, we will always act in strict accordance with your stated investment needs, suitability parameters, and restrictions when recommending and implementing transactions for your account. Any investment guidelines and restrictions you wish to impose on your account must be provided to us in writing.

Financial planning and consulting services are non-discretionary in nature. The client makes all final investment decisions and is responsible for implementation and ongoing monitoring of investments.

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

We will not vote proxies on behalf of clients and will not provide advice to clients on how the client should vote.

We do not have or accept authority to vote client securities. Most clients will receive proxies and other solicitations directly from the custodian or transfer agent. If any proxy materials are received on behalf of a client, they will be sent directly to the client or a designated representative of the client, who is responsible to vote the proxy.

### **Item 18 – Financial Information**

HCWM does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

Advisors who have discretionary authority over client accounts like HCWM are required to disclose any financial condition that is reasonably likely to impair their ability to meet contractual commitments to clients. We have no such financial condition to disclose.

Neither HCWM, nor any of its principals, have been the subject of a bankruptcy petition at any time in the past.