

## Item 1 – Cover Page

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The purpose of this brochure is to disclose to you what we do and who we are at Carson Wealth Management, LLC (CWM). Knowing these elements will allow you to use the services we offer far more effectively. If you have any questions about the contents of this brochure, please do not hesitate to contact us at the telephone number listed above.

CWM is a SEC registered investment advisor. Oral and written communications of an advisor provide you with information about whether you decide to engage an Advisor. The advisory services described in this brochure are not insured or otherwise protected by the U.S. Government, the Federal Deposit Insurance Corporation, the Federal Reserve Board, or any other government agency and involves risk, including the possible loss of principal.

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. Additional information about CWM is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view CWM's information on this website by searching for Carson Wealth Management Group. You may also search for information by using CWM's CRD number, 155344.

## **Item 2 – Material Changes**

CWM, Doing Business As (DBA), Carson Wealth Management Group, is an affiliate of Carson Group, Inc. Ronald L. Carson is the majority shareholder.

Mr. Brad Grubb, President of CWM, formally left the firm in March 2014. Mr. Grubb's responsibilities were aligned with Executive Management already accountable for similar functions in their current roles.

In March, 2014, Mr. Donald Hagan, partner of Day Hagan Asset Management, joined CWM's Investment Committee as a consultant. Mr. Hagan provides additional depth to the disciplined, tactical and diversified approach to portfolio construction.

Ms. Ruth Howell joined CWM in March, 2014 as Chief Compliance Officer (CCO) after the departure of former CCO, Mr. Lance Simpson also in March, 2014.

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## **Item 4 – Advisory Business**

CWM (“CWM”) is a registered investment advisor based in Omaha, Nebraska. The firm was formed in November 2010 as a Limited Liability Company (LLC) under the laws of the State of Nebraska.

As used in the brochure, the words, “we,” “our,” and “us” refer to CWM and the words “you,” “your,” and “client” refer to you as either a client or prospective client of our firm. In addition, you may see the term Associated Person throughout this brochure. As used in this brochure, our Associated Persons are our firm’s officers, employees, and all individuals providing investment advice on behalf of our firm.

### **Principal Owners**

Carson Group, Inc. owns CWM. CWM Brokerage, DBA Carson Wealth Management Group (“CWMG”) operates as a branch office of LPL Financial (“LPL”). The majority shareholder of Carson Group, Inc. is Ronald L. Carson. CWM is not affiliated with LPL, a registered broker dealer with FINRA.

### **Primary Advisory Services**

#### *Asset Management Services*

Our main focus is to manage investment portfolios for individual clients, high net-worth families, foundations, endowments, and institutional investors. We also provide personal financial planning and investment advice. Our investment plans are designed to work with clients’ financial goals, objectives and risk tolerances.

Before we assess any fees or provide formal advice, we will provide you with an Investment Advisory Agreement (“Agreement”) for your review, understanding and signature. The Agreement includes the terms and conditions under which your assets will be managed. Your execution of the Agreement authorizes our firm to determine the specific securities, and the amount of securities to be purchased or sold for your account without your approval prior to each transaction. The Agreement will remain in effect between you and us until terminated by either party in writing according to the terms contained in the Agreement. In the event a conflict exists between the Agreement and our Form ADV, the Form ADV shall prevail.

The Agreement will include schedules of the investment accounts you wish us to manage, the specific fees we propose to charge and how we propose to bill and collect those fees. You also have the ability to impose limits on investment selections and sectors.

Advisory accounts will be held at the following qualified Custodians: Charles Schwab Institutional

Services, TD Ameritrade Institutional Services, or LPL (individually, a “Custodian”). The client must designate CWM as its Investment Advisor Representative (“IAR”) on their accounts. The client’s qualified Custodian will maintain actual custody of all client funds and securities.

Custodians are also broker/dealers, and they may have different account fees, execution charges and capacities. If you choose a different Custodian other than the one selected by us, you may pay higher account-related fees and execution charges. This may occur because custodial services are based on several factors. Factors may include, but are not limited to: cost, expected level of asset safety, client confidentiality, communication and reporting. We base all decisions on the individual investment circumstances of each client.

We may choose to use asset-based pricing if we find that it reduces our client’s cost.

### Types of Investments

We offer advice on a wide range of securities, including, and not limited to:

- Exchange-listed securities
- Securities traded over-the-counter
- Exchange Traded Funds (ETFs)
- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Variable Annuities (but not the evaluation of any non-investment management aspects of annuities or other insurance products)
- Mutual fund shares
- United States government securities
- Options contracts on securities and commodities
- Futures contracts on tangibles and intangibles
- Interests in partnerships investing in real estate, and oil and gas interests
- Managed futures
- Shorting
- Private Equity

We avoid market timing, but may increase cash holdings when necessary. This decision is strategy centered and on our expectations of market behavior.

Our IARs must pass the necessary industry examinations and registrations. Unless they possess equivalent satisfactory portfolio management experience, IARs must attain established firm or industry

experience levels. For further information on our IARs, please request a copy of their individual brochures or which can be found on <http://www.sec.gov/investor> identified as Form ADV Part 2B.  
*Investment Management Strategies*

Our firm seeks to create a balance between risk and reward over a given time period. This typically involves employing a diverse mixture of securities. We rely on quantitative, technical and fundamental analysis. We feel that combining the strengths of these strategies helps us to gauge the direction in which your investments might be headed.

Based on the information you provide us, we consider multiple time horizons, (long, medium, and short term) when determining investment strategies. Depending on our clients' needs, we may engage in a variety of risk management strategies. We believe our risk management tools distinguish us from others in the investment advisory marketplace.

#### *Financial Planning Services*

We offer broad-based, modular, and consultative financial or wealth planning services. Based on an analysis of your individual needs, we can offer a variety of advisory services for the management of your financial assets and resources. Services may also include retirement planning, assessments of estate or business needs, education planning, life and disability insurance needs, long-term care needs, and cash flow/budget planning.

When you retain the services of our firm, we meet with you to gather information about your financial background, circumstances to consider and goals and objectives. Once we determine your long-term objectives (both financial and non-financial), we develop short-term, targeted objectives. At that point, we review and analyze the information you provided to us and deliver a written plan to you. The plan is designed to assist you in achieving your stated goals and financial (and, if discussed, non-financial) objectives. *You are under no obligation to act on our financial planning recommendations.*

Financial plans are based on your financial situation at the time we prepare the plan and on the financial information you provide. You must promptly notify us if your financial situation, goals, objectives, or needs change.

When the scope of the financial planning and/or consultative services has been agreed upon, the applicable fee is determined. The firm has a minimum fee of \$3,500.00 however the fee is subject to negotiation and is dependent upon the facts and circumstances of your financial situation and the complexity of the financial plan or service(s) requested. The fee for the first plan developed for a client is 20 basis points (.20%) of the total assets. New and existing clients who transfer assets to us for advisory services within 6 months of the plan's presentation receive a reduced fee of 10 basis points (.10%) of the total assets.

Tax services are offered separately. CWM has Certified Public Accountants who provide their services through a division of the firm, Carson Wealth Tax Planning. You may want to consider utilizing these services when determining the amount of taxes that you should withhold from any liquidation, sale, or stream of income. Investment portfolio taxation is a complex area with many tax rates and offsetting factors. Some of those factors change from year-to-year as tax laws and IRS interpretations of the laws change. In our opinion, as the size of your portfolio increases, so does your need for the advice and assistance provided by a qualified tax professional.

### *Consultation Services*

We may offer separate, modular consultation services and provide general investment advice or guidance to clients with no expectation for investment management. Our consulting services may include:

1. A review of the client's current investment portfolio prepared by a non-CWM entity;
2. A review of the client's comprehensive financial plan or any portion thereof, prepared by a non-CWM entity;
3. The discussion of investments in general or a generic investment portfolio with the client, not involving any specific investment recommendations;
4. A review of a client's current retirement plan, estate plan, or college funding plan;
5. A review of financial documents at the request of other professionals, including but not limited to, attorneys and accountants.

Consultation services do not include recommendations on, nor does it obligate the client to purchase, specifically named investments or insurance products. Clients are not obligated to use CWM to purchase specific securities or insurance products. Clients will be charged an hourly fee that does not exceed \$300. Depending on the depth and complexity of the services to be provided, this fee may be negotiable. Recommendations developed by the IAR are based upon the professional judgment of the IAR and neither CWM nor its IAR can guarantee the future results of these recommendations.

After the consultation is complete, CWM's obligation to the client will terminate, and neither CWM nor its IARs will be under any obligation to update or to monitor the clients' investment and insurance portfolios discussed during the consultation services.

### *Client Assets Managed by CWM*

On March 31, 2014, CWM's total assets under management are \$1,866,053,337. Managed assets are \$1,617,560,970 in discretionary assets for 6489 accounts and \$248,492,368 in non-discretionary assets for 3,334 accounts.

### *Assets under Advisement (AUA) by CWM*

On March 31, 2014, CWM assets that an advisor provided consulting and/or financial planning services, but does not have any management, execution or trading authority and AUM were \$ 3,204,843,641.00.

## **Item 5 – Fees and Compensation**

This section provides details about the fees and compensation arrangements of each of our services.

### *Asset Management Fees*

Our standard management fee schedule is provided in the following section. Fees are based on the aggregate amount of all household client assets held under management. The determination of the fee also includes the client’s financial situation, assets under management, and the complexity of the services rendered.

#### Tiered Billing Fee Schedule

The fee schedule identifies specific tiers of the account value and assesses fees at different rates. When calculating our fee, we compare the total account value to the fee schedule below, or otherwise stated in the Investment Advisory Agreement.

| <u>Assets under Management</u> | <u>Annual Fee</u> |
|--------------------------------|-------------------|
| First \$2,000,000              | 1.80%             |
| \$2,000,000 - \$5,000,000      | 1.55%             |
| \$5,000,000 - \$25,000,000     | 1.00%             |
| \$25,000,000 - \$50,000,000    | 0.90%             |
| \$50,000,000 Plus              | 0.80%             |

For example: For a typical account valued at \$5 million dollars, we bill the first \$2 million at 1.80% and bill the next \$3 million at 1.55%.

Please note that the pricing outlined in the above schedule are standard firm fees for assets under our management. Our fees might be higher or lower than fees charged by other financial professionals offering similar services.

#### Billing Cycle

We bill the annual fee on a quarterly basis and in advance, at the start of the calendar quarter. Fees are

based on the value of the account on the last business day of the previous quarter. The fee will be pro-rated based on the number of days the account is open during the period as well as in arrears for transactions in the amount of \$100,000 or more. New accounts with CWM are billed on a monthly basis until the first quarterly cycle is completed and quarterly thereafter. You may elect to have the quarterly fee charged to one account, or split between other accounts, or you may elect to pay us by check. We prefer to charge your accounts directly. The Custodian will send client statements at least quarterly, showing all payouts from the account including the advisory fee, if deducted from the account.

An Agreement must be completed to engage in advisory services. The agreement may be cancelled at any time. We will provide a copy of this brochure (Form ADV, Part 2A) to you before or with the execution of the Agreement. If you did not receive this disclosure at least forty-eight (48) hours before executing the Agreement, then you will have five business days subsequent to executing the Agreement to terminate the Agreement without penalty or fees. If services are cancelled after the first five days, then the final fee will be pro-rated. The amount is based on the number of days of service provided during the current quarter. Effective with the date of termination, we shall refrain, without liability or obligation, from taking any further action in your Account(s). In addition, from the date of termination, we will cease to be entitled to receive fees. If a contract is terminated after fees have been collected for a given period, a prorated refund of such fees will promptly be paid to you for that period. This cancellation will be subject to any changes related to the settlement of transactions in progress and the final payment of advisory fees.

#### *Third Party Charges*

Our fees do not include the third party custodial or execution charges. Examples of these fees include trading charges for odd-lot differentials and exchange fees, fixed income transactional charges, including mark-ups, mark-downs, commissions, and dealer profits. A third-party may also impose charges for special services elected by their clients: electronic fund wire transfers, certificate delivery, American Depositary Receipt (ADR), and transfer taxes mandated by law.

#### *Retirement Plan Providers*

Our fees do not include the administrative costs for a qualified retirement plan. Third party service providers charge these fees under separate agreements with the plan or plan sponsor.

#### *Mutual Fund & Exchange Traded Funds (ETFs) Fees*

Each fund describes its fees in detail in its prospectus. The fund's expense ratios typically include the charges and are paid by the fund's shareholders. CWM only recommends funds with share classes having no sales charges.

Mutual funds recommended by us may be available directly from the fund company or through another

financial service provider. Non-advisory accounts typically have upfront or backend charges. Please refer to each fund's prospectus. We may offer funds or share classes of funds that you may not be qualified to purchase outside of our firm.

If you terminate your account with us, CWM may liquidate or exchange these investments for the share class corresponding to the size of your individual investment in the fund. Dollars received from the redemption of fund shares outside of our management may have tax consequences or additional costs from sales charges and or redemption fees. Such redemption fees would be in addition to our fee.

Some or all of the services available through us may be available through other companies at a different cost. Please review the factors that determine the charges and how the services are calculated. Some factors to consider include the size of your account, type(s) of your account(s), transaction charges and the range of advisory services and ancillary charges of each.

#### Carson Institutional Advisory

Launched in 2012, Carson Institutional Advisory is a program designed to allow independent investment advisors to join CWM or have access to various resources typically only available to CWM advisors. These may include investment management, marketing, technology, operations and compliance. If your advisor joins CWM, advisory firm becomes CWM, the DBA of your advisor may differ. Carson Institutional Advisory assists advisors to align with and operate through CWM. Fees to the advisor range from 45 to 85 basis points (.45% to .85%) dependent upon AUM and the advisor's business model.

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

We do not charge or receive performance-based fees. Performance-based fees are fees based on a share of capital gains on or the capital appreciation of your assets. We do not conduct side-by-side management situations where a combination of asset based and performance fees are collected.

### **Item 7 – Types of Clients**

We offer investment advisory services to a wide variety of clients including, but not limited to, individuals including those with high net worth, and individuals who are considered a "qualified client" under Rule 205-3 of the Investment Advisors Act of 1940, or is a "qualified purchaser", pension and profit sharing plans (other than plan participants), trusts, estates, 401(k) sponsor plans and Individual Retirement Accounts (IRA, SEP, ROTH IRA, ), charitable organizations, corporations and other business entities, including sole proprietorships.

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

We use one or more of the following methods of analysis or investment strategies when providing investment advice to you:

CWM's Investment Committee (IC) uses industry-standard techniques that include technical analysis (sometimes referred to as "charting"), and fundamental analysis. The IC may use various types of execution tactics like long-term buys, short-term buys, tactical asset allocation, shorting, and the use of options. Examples of industry publications that provide us with data include Thomson Reuters, Telemet Orion, Dow Jones News, New York Stock Exchange (NYSE), NASDAQ, and AMEX.

Our advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines are considered when selecting the composition of your portfolio.

### *Overview of CWM's Investment Strategy*

CWM's IC actively manages the investment management strategies. Ronald L. Carson, is the co-investment strategist. The IC meets weekly to evaluate market conditions, trends and individual securities. Based on technical analysis, macro-economic trends, industry analysis, and company performance, IC will recommend investment strategies discussed below.

### 4 Step Investment Process

The IC approaches investment decisions by using combinations of the 4 Step Investment Process:

1. Identify long-term investment themes and create portfolios based on asset and sector classes believed to be in a long-term uptrend
  - A. The IC develops investment themes based on long-term trends, and;
  - B. Develops ideas by integrating and synthesizing independent analysis with comprehensive market data:
    - i. Technical, fundamental and quantitative data, and
    - ii. Data and insights from CWM's independent analysis
2. Develop independent investment ideas using optimal strategies to invest in themes
  - A. Search for optimal company, sector, (ETFs, or mutual funds to invest in theme with focus on following points:
    - i. Risk adjusted returns
    - ii. Expense ratio
    - iii. Liquidity
    - iv. Ability to hedge position

3. Utilize multiple analysis tools and techniques to optimize trading decisions
  - A. Independent research, fundamental, bottom up, and company specific research by Chartered Financial Analysts® to determine fair value
  - B. Quantitative analysis tools to monitor technical signals
4. Monitor investment behavior trends to enhance the investment decision process
  - i. Legal insider activity
  - ii. Consumer sentiment
  - iii. Business sentiment

## Strategy Summaries

### Advance & Protect Strategy

The Advance & Protect Strategy is designed for clients with irreplaceable capital, as defined by the clients, who seek capital preservation over appreciation. The objective is to secure gains in advancing markets and to protect capital in sideways to negative markets. The tactical nature of the Advance & Protect Strategy allows the manager to include a wide range of styles and strategies with a focus on low-volatility and total return over market cycles – both short-term and long-term.

- Investors must emphasize risk management
- Managers need to use a larger playbook and broaden the range of investment options
- Combines fundamental research conducted by internal team of analysts with technical and quantitative data to ensure adequate risk protection

Investment Minimum: \$100,000

Risk Profile: Growth with Income

### AP20 Strategy

The AP20 Strategy is designed for clients that seek to achieve capital appreciation over a full market cycle while reducing the volatility within the strategy. AP20 utilizes the same proven, 4-step process of the Advance & Protect Strategy and also allows increased market exposure due to a larger risk budget. The objective is to participate in advancing markets and to limit volatility in sideways to negative markets. The tactical nature of AP20 allows the IC to include a wide range of styles and strategies with a focus on reduced volatility and total return over market cycles – both short-term and long-term.

- Investors must emphasize risk management
- Managers need to use a larger playbook and broaden the range of investment options
- Combines fundamental research conducted by internal team of analysts with technical and quantitative data to ensure adequate risk protection

Investment Minimum: \$100,000

Risk Profile: Growth & Income

### All Seasons Tactical Strategy

The All Seasons Tactical Strategy was developed as a smaller account solution that utilizes ETFs. Most investors tend to be moderate investors until there is a big correction or large run up in the market. Then, investors typically transform from conservative to aggressive. The All Seasons Tactical strategy is designed to help navigate this type of emotional investing.

- Navigates the changing seasons in the market
- Follows the same methodology as the Law of Supply & Demand - If demand increases, consumers are driven to purchase and therefore, cost increases
- Provides a rules-based strategy in order to lessen emotional investment behavior
- Determines areas with the most relative strength - the measurement of performance relative to a benchmark or to the rest of the universe

Investment Minimum: \$5,000

Risk Profile: Growth

### Day Hagan Tactical Dividend Strategy

The Day Hagan Tactical Dividend Strategy is a sub-advised portfolio which views dividends as an objective, controlled means of valuation, as earnings are often subjective and uncorrelated to future corporate performance. Companies that have a history of consistent dividend payouts, balance sheet strength and sound corporate fundamentals have proven resilient to downturns and are considered valuable during up-moves.

- Tactically allocates assets based on the "weight-of-the-evidence" – an approach that considers the highest probability of success and believes that cash should be utilized as a defensive asset class when suitable "buy" candidates are not available.
- Diversification is important; single industry exposure is limited to 20% of the portfolio at cost and single equity exposure is limited to 5% of the portfolio at cost.
- Favors industries with relatively high dividend yields, low debt, strong cash flows, good margins and the ability to maintain and grow the dividend payout. Fundamental screens eliminate companies with questionable balance sheets.
- Utilizes long-only stock market exposure, attempts to minimize portfolio turnover (thus providing tax-efficiency) and allows for daily liquidity and transparency.

Investment Minimum: \$100,000

Risk Profile: Moderate

### Income with Moderate Growth Strategy

The Income with Moderate Growth Strategy is a combination of All Season Tactical (40%) and Tactical Income (60%).

Investment minimum: \$5,000

Risk Profile: Income with moderate growth

### Balanced Strategy

The Balanced Strategy is a combination of All Seasons Tactical (60%) and Tactical Income (40%).

Investment minimum: \$5,000  
Risk Profile: Growth & Income

### Fixed Income Strategy

The Fixed Income Strategy invests in a broadly diversified portfolio of Fixed Income ETFs to provide current income. The strategy has exposure through the use of ETFs, U.S. government bonds, investment grade corporate bonds, mortgage-backed securities, international bonds and other fixed income securities.

- Primary investor objective is portfolio income.
- Use of ETFs is with the goal of reducing internal expenses of the strategy while providing daily liquidity.
- The strategy seeks to be broadly diversified across a number of types of fixed income securities.

Investment Minimum: \$25,000  
Risk Profile: Income with Capital Preservation

### Diversified Tactical Growth Strategy

The Diversified Growth Strategy is comprised of actively managed, no-transaction fee mutual funds. Its objective is to achieve long-term, risk-adjusted growth of principal with an added focus on current income through full market cycles. Technical analysis is used to determine the buys and sells in this strategy.

Selected funds representing specific asset classes, sectors, industries or themes will be utilized in the strategy. The manager will annually allocate the strategy based upon long term strategic investment opportunities. Some holdings in the Diversified Growth Strategy may also be found in other strategies.

Investment Minimum: None  
Risk Profile: Growth

### Perennial Growth Strategy – Long Only

The Perennial Growth Strategy – Long only is a concentrated stock portfolio for clients with longer investment time horizons that seek capital appreciation over preservation. The objective is to outperform the S&P 500 on the upside and limit downside moves. It invests in stocks that are underappreciated relative to their long-term potential (3-5 years) and subject to near-term catalysts. This strategy invests in companies that should benefit from unique secular trends that can drive growth during times of weak economic conditions. It also seeks companies that have strong balance sheets, high returns on capital, and competitive advantages that enable them to gain market share profitably.

The Perennial Growth Strategy – Long only mostly consists of small to mid-cap stocks.

Investment Minimum: \$25,000

Risk Profile: Growth

### Perennial Growth Strategy – Long/Short

The Perennial Growth Strategy – Long/Short is managed in a very similar fashion to the Perennial Growth Strategy – Long only except that it can short stocks to guard against market declines during periods of volatility.

Investment Minimum: \$25,000

Risk Profile: Growth

### Long-Term Trend Strategy

The Long-Term Trend Strategy consists of a concentrated portfolio of equities that are selected based upon attractive fundamentals and is positioned to benefit from long-term secular trends identified by the IC. Positions are taken with the intent that they can be held over prolonged time frames (a minimum of 3 – 5 years). Turnover and taxes should be kept to a minimum; the positions will be sold if they become significantly over-valued or if the fundamental picture has considerably changed.

- Identify long-term secular themes (see above as in the Advance & Protect Strategy),
- Fundamental research on stocks (and possibly ETFs) that are best positioned to benefit from such trends, and
- Continually monitor price and fundamental developments.

You need to be aware that this strategy is not the Advance & Protect Strategy. It does not use hedges, so the downside risk is theoretically unlimited. It does not follow our standard 4-Step Investment Process and technical indicators will not be used. It does not attempt to “time” the market and will not be as liquid (smaller market capitalizations could result in thinner trading volumes).

Minimum Investment: \$25,000

Risk Profile: Growth

### Tactical Income Strategy

The Tactical Income Strategy is a portfolio of mutual funds or ETFs (6 – 7 positions) designed for a client with an investment objective of Income with Capital Preservation. The portfolio is designed to generate income for the client while focusing on low volatility and total return over market cycles. The objective is to secure gains in advancing markets and to protect capital in sideways to negative markets.

The portfolio is tactical in nature and will attempt to invest in those asset classes and sectors that have outperformed the broad market and are currently in favor. Each mutual fund or ETF will represent between 10 – 15% of the total amount invested. The Investment Committee has the ability to invest across multiple asset classes in the attempt to capture yield and total return. This strategy also has the ability to utilize heavy cash positions or market neutral funds to limit market risk.

Minimum Investment: \$5,000  
Risk Profile: Capital Preservation

#### Swan Defined Risk Strategy (DRS)

The Swan Defined Risk Strategy is an index-based strategy sub-advised by Swan Wealth Advisors. The DRS strategy is an absolute return, market-neutral strategy that does not rely on market timing or stock selection. The DRS strategy invests in the S&P 500 Index or SPDR Selects ETFs and options trading. 85 – 90% of invested assets are placed in equities that include 9 equal-weighted S&P 500 Sector ETFs. The remaining 10-15% of invested assets is placed in long put options which are bought at or near the money and sized to give the client a defined risk of 7-10% maximum loss. If the market drops in value, the put option increases in value. Options on these indexes are additional primary components of the strategy and are used to protect the main holdings from down markets and to generate monthly income for the portfolios. Multiple adjustments and liquidation points are incorporated to minimize risk and maximize the frequency and size of the monthly returns.

If you choose the DRS management strategy, please be advised that Swan will charge you a separate annual management fee for assets under management for the management and implementation of the strategy. Accounts opened for this strategy will be custodied at TD Ameritrade. This fee is in addition to the advisory fee paid to CWM.

Minimum Investment: \$100,000  
Risk Profile: Conservative

#### Morrocroft Neighborhood Stabilization Fund

CWM's founder and CEO, Ron Carson, is a limited partner in the Morrocroft Neighborhood Stabilization Fund L.P., a limited partnership formed under the laws of the state of Delaware ("Fund"). The Fund is a pooled investment vehicle that is being offered to *qualified purchasers* pursuant to Regulation D under the Securities Act of 1933, as amended. The Fund also relies on an exemption from registration under the Investment Company Act of 1940. Given the client's investment objectives, financial situation and the minimum qualifications required by the Fund, we may recommend an investment in the Fund. Investment in the Fund involves a heightened degree of risk. The relevant information, terms and conditions of an investment in the Fund, including the management fee to be paid to the manager, suitability considerations, the Fund's investment strategy and risk factors, are described in the Fund's documents. Those documents include the Private Offering memorandum, Partnership Agreement, Subscription Agreement, and other important materials or forms, which each subscriber is required to receive and/or execute prior to being accepted as a limited partner of the Fund.

Minimum Investment: \$100,000  
Risk Profile: Aggressive

#### Write Income

The Write Income Strategy is solely focused on generating yield through dividends and writing covered calls with a focus on delivering a high single-digit yield. This strategy is comprised of firms that have

sustainable business models, attractive balance sheets and strong cash flow generation with a history of sustaining and increasing dividends over time. For investors that need their investments to produce a stream of income historically provided by fixed income, Write Income may be ideal for your portfolio.

- Invests in high quality companies with a history of dividends
- Features covered call writing for potential income generation
- The yield from dividends and option income can provide a “buffer” against a market decline
- Internal team of analysts provides in-depth knowledge of investment holdings

Investment Minimum: \$200,000

Risk Profile: Growth with Income

### **Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. You also must understand that past performance is not indicative of future results. Investing in securities (including stocks, mutual funds, and bonds) involves risk of loss. Further, depending on the different types of investments, there may be varying degrees of risk.

Following are examples of investment risks investors may face:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, option, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security’s particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment’s originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it – a lengthy process – before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if there is a high interest in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** The possibility that shareholders will lose money when they invest in a company that has debt if the company's cash flow proves inadequate to meet its financial obligations. When a company uses debt financing, its creditors will be repaid before its shareholders if the company becomes insolvent. Financial risk also refers to the possibility of a corporation or government defaulting on its bonds, which would cause those bondholders to lose money.

## **Asset Management Programs**

### Manager Select (MS)

Manager Select (MS) is a separate account platform available through LPL, and is designed for LPL advisory representatives. MS offers LPL clients access to the investment advisory services of professional portfolio management firms. A minimum account value of \$100,000 is required for the program. In some cases, the minimum account size may be set higher or lower.

LPL allows advisors to charge a maximum fee of 3.0% on MS accounts, although we charge 60 – 65 basis points (.60% - .65%). LPL will deduct the manager fee, custody and clearing fees, and administrative fees from the client fee. LPL pays the balance to the advisor per their payout agreement.

### Manager Access Network (MAN)

The MAN program is designed for hybrid advisory representatives. It is operated on a dual contract basis, which means that you contract directly with us for portfolio management and with your non-LPL advisor who provides advisory services such as asset allocation, and account monitoring. LPL's services under MAN are solely for brokerage, custodial and related administrative services. The advisory firm sets their annual advisory fees, and LPL charges a program fee. These fees, along with portfolio manager fees, are deducted from your account by LPL.

### Managed Variable Annuity Program (MVAP)

We provide management services for the subaccounts within previously purchased variable annuities. On a discretionary basis, you authorize us to reallocate subaccounts according to your chosen investment objectives.

We will review your stated investment objectives to provide suitable and appropriate investments for the management of the assets. Please be aware that withdrawals may cause the subaccount value to fall below the required minimum and may impair the achievement of your stated investment objectives.

Please be aware that this is not a buy and hold strategy for the subaccount assets. Therefore, if you are looking for few changes in your subaccount positions, it may not be in your best interest to purchase ongoing management services, and you should consider maintaining solely a brokerage relationship.

The minimum account size is \$25,000.00.

#### *MVAP Potential Conflicts of Interest*

The advisory fee paid by you represents compensation for the subaccount management services provided. The fee calculation is based on the contract value of the variable annuity on the last day of each calendar quarter, less any 12b-1 fees. All advisory fees will be deducted from your custodial account number specified in the Agreement, or is billed to you directly.

Our firm and its associated persons may receive additional non-cash compensation from the variable annuity product sponsor. Such compensation may not be tied to the sale of any variable products. Compensation may include such items as gifts valued at less than \$100 annually, an occasional dinner, a ticket to a sporting event, reimbursement in connection with educational meetings, marketing or advertising initiatives. Sponsors may also pay for advisors education or training events.

We may perform advisory services for other clients as well. Depending on circumstances, advice given or actions taken for those clients may differ from the advice given for other clients. In addition, we may, but are not obligated, to purchase or sell or recommend for purchase or sale, any security which we may purchase or sell for our own accounts or for the account of any other client.

## **Item 9 – Disciplinary Information**

There are no legal or disciplinary events that are material to a client’s or prospective client’s evaluation of CWM’s business or the integrity of CWM’s management.

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

#### *Affiliation with LPL*

Some employees of CWM, including Ronald L. Carson, Jr., including the majority of IARs are registered securities representatives of LPL.

#### *Service Agreement*

CWM has an Investment Manager Service Agreement with Envestnet Asset Management, Inc. (Envestnet), a leading provider of integrated portfolio, practice management and reporting solutions to

financial advisors and institutions, and our qualified custodians, TD Ameritrade and Charles Schwab Institutional Services (Schwab). This agreement allows Envestnet to perform certain trading, operational and other administrative duties with these custodians on our behalf.

### *Affiliation with Peak Advisor Alliance*

Peak Advisor Alliance (Peak) and CWM are under the common ownership of Ron Carson. Peak provides coaching, consulting, training, and software services to financial advisors. Peak's focus is on client service and new business growth solutions. Peak is not a registered investment advisor or broker/dealer. Peak offers services to individuals that work within the financial services industry.

Peak Advisor Alliance has an insurance agency through which CWM advisors offer life insurance, LTC and other insurance products.

CWM has an arrangement with Peak allowing us to act as a sponsor of Peak events (i.e., workshops, seminars, etc.). We may market our advisory services and investments at Peak events. Peak may provide referrals to CWM and Peak may refer CWM's or other advisory firms' platforms, investment strategies and products to financial professionals using Peak services. CWM compensates Peak for referral activities.

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

### *Code of Ethics Summary*

Our Code of Ethics includes guidelines for professional standards of conduct for our Associated Persons. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith and fair dealing with you. All of our Associated Persons are expected to understand and strictly follow these guidelines.

Our Code of Ethics also requires that our Associated Persons submit reports of their personal account holdings and transactions to a qualified representative of our firm who will review these reports on a periodic basis. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

### *Affiliate and Employee Personal Securities Transactions Disclosure*

Our firm or persons associated with our firm may buy or sell securities or hold a position identical to clients. It is our policy that no Associated Person will put his/her interests before a client's interest. Associated Persons may not trade ahead of any client and cannot trade for a better price than the price a client would obtain. It is the Associated Person's responsibility to know which securities we are trading. Associated Persons can consult with the firm's Chief Compliance Officer (CCO) to determine whether a security is an acceptable purchase or sale. We prohibit all Associated Persons from trading on non-public information and from sharing such information. Associated persons may not invest in an initial public offering (IPO) for their own accounts or those of related household members. Associated Persons are required to obtain approval from the CCO prior to investing in a private placement or other limited offerings. We do not allow "short-swing" trading or market timing. Short-Swing trading, better known as the Short-Swing Profit rule, requires company insiders to return any profits made from the purchase and sale of company stock if both transactions occur within a six-month period. A company insider, as determined by the rule, is any officer, director or holder of more than 10% of the company's shares.

### *Reporting Requirements*

Every Associated Person who has access to client accounts must submit a report of all personal securities holdings at the time of affiliation with us and annually thereafter. Such reports must contain current information (not older than 45 days). Holding reports must contain the following information:

- The title and type of security;
- The security symbol or CUSIP number;
- The number of shares and the principal amount of each reportable security;
- The name of any broker, dealer, or bank with which the Associated Person maintains an account;
- The date the report was submitted.

## **Item 12 – Brokerage Practices**

### *Asset Management Services*

We will recommend a custodian for clients who use our Asset Management Services. At least annually, we will review alternative custodians in the marketplace for comparison to the currently used broker/dealer qualified custodian. We evaluate such criteria as expertise, cost competitiveness, and financial condition. We will review quality of execution for custodians through trade journal evaluations and broker/dealer reports.

We also receive benefits that we would only get by using services of such broker/dealers to implement the investment advice provided, which may create a conflict of interest. These benefits include, but are not limited to, the receipt of duplicate client's confirmations and bundled duplicate statements. Additionally, benefits may include access to a trading desk or the ability to have investment advisory fees deducted directly from client accounts. Other benefits may include access to an electronic communications network for client order entry and account information. We may also receive compliance publications, transition assistance and access to mutual funds with higher minimum initial investment requirements. No single criteria will validate nor invalidate a custodian or service provider. Instead, we will review all criteria in evaluating the currently used custodian.

You are free to select any broker/dealer, mutual fund company, or variable annuity sponsor to serve as your qualified custodian. This selection is under the condition that we provide approval. If you direct the use of a particular broker/dealer or other qualified custodian, we may not be able to obtain the best prices and execution for the transactions. Further, we may place directed trades after effecting non-directed trades.

We do not have soft-dollar agreements with any broker/dealers and have not received any such benefits; however, LPL Financial does provide certain compensation in the form of transition assistance for assets brought on to the Carson Institutional Alliance Program and custodied at LPL.

#### *Investment Allocation and Trade Aggregation Policy*

Our allocation and aggregation process requires fair and equitable treatment of all client orders. When mutual funds are traded, there is no value to aggregation as each trade receives the same price. To the extent other securities are purchased or sold that lend themselves to aggregation or block trading (for example, stocks or exchange traded funds); we may aggregate client transactions or allocate orders whenever possible. The aggregation of orders provides the effects of lower transaction per share costs. To the extent that we aggregate client orders for the purchase or sale of securities, including securities in which our principals and/or Associated Persons may invest, we shall generally do so in accordance with the parameters set forth in SEC No-Action Letter, *SMC Capital, and Incorporated*. We shall not receive any additional compensation or remuneration as a result of the aggregation.

We use model strategies in the management of our separate accounts. Our trading department prioritizes the release of trading orders with respect to its advised separate accounts as follows:

- Discretionary accounts with no restrictions that require manual trade adjustments such as deviations from the model for cash requirements or that hold non-model securities, etc.;
- Accounts with restrictions that require manual intervention to process trades;
- Non-discretionary accounts that require pre-approval of trades.

Due to the sequence of placing trades for accounts, it is possible that accounts traded first will receive more favorable pricing than those traded last.

We provide investment management services to our clients. We provide non-discretionary investment research and market analysis to third-party investment professionals such as advisors and brokers.

#### *Cross Transactions*

A cross trade is a transaction between two accounts managed by the same investment advisor. It is our policy to engage in cross transactions only when necessary. Cross transactions will thus only occur when it is in the client's best interest. All cross trades must receive the prior written approval of the firm's CCO and may not be applicable to all clients' accounts.

#### *Client Participation in Transactions*

In general, we make investment decisions for each account independently from those of other accounts. We make these decisions with specific reference to the circumstances and objectives of each account. Accounts may receive allocations of securities or investments different from other accounts. Through the allocation process, we base these allocations on a number of factors including, but not limited to, the trade rotation policy, previous transactions, account restrictions, account size, tax status, risk tolerance, cash and liquidity. We will seek to be consistent in our investment approach for all accounts with the same or similar investment objectives, strategies and restrictions. However, the act of purchasing, selling or holding a security for one account does not mean that we will do the same for other accounts. We will place transactions for some accounts in securities already owned by other accounts. We also may purchase (or sell) a security on behalf of some accounts that was sold (or purchased) on behalf of other accounts.

#### *Trading Errors*

Even with our best efforts and controls, errors may happen. Errors are researched and after we determine the cause, and if possible, we implement controls to minimize the potential for similar errors in the future. When errors include a cost to resolve, the firm looks at the factors involved including those of the firm, advisor and/or client(s). If the client provides us with instructions or directives and those instructions or directives create a trading error which incurs a loss, the client will typically be asked to contribute to the cost for its correction.

## **Item 13 – Review of Accounts**

We provide account reviews as a part of our Asset Management Services. Our advisors will meet with you either by phone or in person at least annually to review your account(s) and to determine if there have been changes in your financial situation or investment objectives. A summary and consolidated report will be prepared in connection with the review. Reviews that are more frequent may be

conducted on an as needed or predetermined basis. Additional reviews may be held at a client's request, when we are experiencing significant changes in market conditions, or at our discretion.

### *Statements and Reports*

Our clients will receive account statements no less than quarterly from the qualified custodian. You may additionally receive on-demand positions and performance reports in writing from us for no additional fee. We encourage you to compare CWM generated reports to the account statement information you receive from your qualified custodian. The custodians' statements serve as the permanent record of your account(s).

## **Item 14 – Client Referrals and Other Compensation**

Advisory firms may compensate us for referral activities. These fees may come in the form of marketing or referral fees paid directly to us by the firm. The exact compensation arrangement will vary depending on the advisory firm and factors associated with the referral. Fees are typically based on a portion of the management fees charged by advisory firm to clients of financial professionals we originally introduced to the advisory firm. In all cases, CWM will comply with the cash solicitation rules established by the SEC and its client disclosure requirements.

The portion of the management fee paid to us may reach as high as 50% of the overall fee received by the advisory firm. Fees paid to us may be in the form of a sliding fee schedule that increases as the amount of assets originally referred by us to the investment advisor (through third-party financial professionals) increases. For example, we could receive a higher percentage of the overall fee from the advisory firm as assets transfer to advisory firm increases.

### *Additional Compensation*

Associated Persons, if properly registered and licensed to do so, may also receive compensation on non-advisory business (i.e., brokerage commissions) related to the sale of securities or other investment products as insurance. Transaction-based compensation such as this is separate and distinct from the other fees we may receive in connection with our investment advisory services.

Commissions from the sale of other non-advisory investment products include, but are not limited to, variable annuities, mutual funds, private placements and such non-investment related products as life insurance. Such commissions provide an advisor with an incentive to recommend these investment products based on the compensation they will receive from selling such products. This may be considered a conflict of interest; however we do not allow advisors to earn commissions on products that are included within our advisory accounts.

*LPL*

From time-to-time, CWM or its affiliates receive compensation and transitional assistance from custodians for utilization of their services and products. For example, compensation and transitional assistance received from LPL is based upon the assets custodied at their firm. This may be considered a conflict of interest because, we may have an incentive to direct client accounts to LPL in consideration of the actual or anticipated incentives or consideration we will receive.

We are sensitive to this potential conflict and take steps to ensure that it does not affect our decisions for our clients. CWM reviews trades for best execution, pricing, research, financial strength, and other factors to manage a potential conflict and safeguard that the clients' best interest comes first.

### *Conflicts of Interest*

The potential for additional compensation may give our Associated Persons an incentive to recommend investment products based on the additional compensation received. Our objective, as a firm, is to always place our clients' best interests first.

The conflicts inherent to advisors or the firm receiving added compensation are disclosed to you in this brochure. Your IAR also provides you with this information in his/her advisory brochure. CWM has implemented supervisory controls for acknowledgement and oversight of existing or potential conflict concerns or issues. Our CCO is responsible for the administration of the supervisory process and our Written Supervisory Procedures (WSP).

## **Item 15 – Custody**

CWM does not have physical or electronic custody of your funds or securities. Your account assets will be held with a bank, broker-dealer, or another independent qualified custodian. You will receive account statements directly from the custodian(s) holding your account assets no less than quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy and contact your advisor with any questions you may have. Please note that the custodians' account statement serves as your permanent record of your assets held with each custodian.

## **Item 16 – Investment Discretion**

The Agreement grants us the authority to decide what securities are bought or sold in your account(s) and the authority to implement those decisions without being required to obtain your approval.

You have the right to place reasonable restrictions on your accounts. You may also place reasonable restrictions on the discretionary power granted to us so long as the limitations are specifically directed to us as an attachment to the Agreement.

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

### *Asset Management Services*

You are responsible for exercising your right to vote proxies for any and all securities maintained in your accounts unless you hold an ERISA account with us. ERISA accounts do require our proxy vote. We do not provide advice on proxy materials on behalf of your non-ERISA advisory accounts.

### *Class Action Suits*

A class action is a procedural device used in litigation to determine the rights of and remedies, if any, for large numbers of people whose cases involve common questions of law and/or fact. Class action suits frequently arise against companies that publicly issue securities, including securities recommended by investment advisors to clients.

With respect to class action suits and claims, you (or your agent) will have the responsibility for class actions or bankruptcies, involving securities purchased for or held in your account. We do not provide such services and are not obligated to forward copies of class action notices we may receive to you or your agents.

## **Item 18 – Financial Information**

Our firm does not have any financial conditions that would prevent us from meeting our contractual commitments to you. We have not been the subject of a financial related petition.

## **Privacy Policy – Our Commitment to You**

We treat your non-public personal financial information with confidentiality and respect. Our Privacy Policy defines the trust, privacy, and confidentiality we have with our clients. Our Privacy Policy is reasonably designed to:

1. Ensure the security and confidentiality of your records and information;
2. Protect against anticipated threats or hazards to the security or integrity of your records and information; and,
3. Protect against unauthorized access to or use of your records or information that could result in substantial harm or inconvenience to you.

### *Information We Collect About You*

You typically provide personal information when you open an account with us. This information includes financial and tax identification information, to comply with U.S. government laws and rules, as well as rules imposed by regulatory organizations and jurisdictions. We request personal information from new customers as well as from customers who have had long-standing relationships with us. Your advisor must have a reasonable basis for believing that the recommendation is suitable for you. In making this assessment, your advisor must consider your risk tolerance, other security holdings, financial situation (income and net worth), financial needs, and investment objectives.

## **Responsibility to Protect Non-Public Personal Information**

Our Associated Persons are accountable for protecting confidential client information in which they have access. We restrict access to your non-public personal information to those persons on a need to know basis.

Non-public personal information includes all information you provide to obtain a financial product or service. It also includes information resulting from any transaction or information otherwise obtained in providing a financial product or services. In addition, we maintain physical, procedural and electronic safeguards in an effort to protect the information from access by unauthorized parties.

## **Privacy on the Internet**

We are committed to preserving your privacy on the Internet. If you contact us via e-mail, we will use e-mail information only for the specific purpose of responding to requests or comments. We prohibit the sale of e-mail addresses. Only when required by law will we share e-mail addresses and information.

## **Sharing Information**

We do not sell lists of client information. We do not disclose client information to marketing companies unless we hire them to provide specific services as listed below. We do not disclose any non-public personal information except as provided by law.

We may share non-public personal information with our affiliates while processing transactions, managing accounts on your behalf, or to inform you of products or services that we believe may be of interest to you. Additionally, we may share non-public personal information with the following types of third parties: (a) our financial service providers, such as custodians, transfer agents and third-party money managers; (b) non-financial companies under servicing or joint marketing agreements, such as

printing firms, mailing firms, or providing service firms data transfer information for the purpose of aggregation, or performance reports.

These third parties are bound by law or by contract to use your information only for the services for which we hired them and are not permitted to use or share this information for any other purpose.

Your non-public personal information may also be disclosed to persons we believe to be your authorized agent or representative. We are also required to disclose your information to various regulatory agencies in order to satisfy our regulatory obligations and as otherwise required or permitted by law. In addition, we will disclose client information to third-party litigants when we are required to do so by lawful judicial process or by court order. We may also disclose your confidential information in response to a request from a government authority that has jurisdiction over our affairs.

## **Former Customers**

We do not disclose any non-public personal information about our former clients to anyone, except as required by law.

## **Keeping You Informed**

We will send you a copy of our Privacy Policy annually for as long as you maintain a relationship with us. We will provide you with a revised policy if we make any material changes. We will not change the policy to permit the sharing of non-public personal information other than that provided in this notice unless we first notify you and allow you the opportunity to “opt out” or prevent information sharing.