

# Cary Street Partners Asset Management LLC

## Form ADV Part 2A Firm Brochure

SEC File No. 801-110994

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804-340-8100

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This brochure provides information to clients and prospective clients about the qualifications and business practices of Cary Street Partners Asset Management LLC (“CSPAM” or the “Firm”). If you have any questions about the contents of this brochure, please contact us at 804-340-8100. 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.

CSPAM is an SEC registered investment adviser. Registration does not imply a certain level of skill or training. The oral and written communications of an adviser provide you with the necessary information allowing you to determine whether to hire or retain an adviser.

Additional information about CSPAM is also available via the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s website also provides information about any persons affiliated with CSPAM who are registered, or are required to be registered, as investment adviser representatives of CSPAM.

## Item 2 - Material Changes

This Brochure, dated March 31, 2021, was prepared in accordance with SEC requirements and contains both changes and clarifications that are not deemed material, as well as the following material changes from CSPAM's last Brochure amendment filed on July 29, 2020.

### **Item 4 Advisory Business**

As of December 31, 2020, CSPAM had **\$899,775,660** in assets under management on a discretionary basis and **\$107,719,055** in assets under management on a non-discretionary basis.

### Corporate Changes

Jessica Thompson was hired effective November 1, 2020 as the new Chief Compliance Officer ("CCO") for the Firm.

As previously noted, Tradition Capital Management LLC in Summit, NJ was acquired by Cary Street Partners Financial LLC ("CSPF", the parent company of the Firm), with the transaction closing in May 2019. It continued to operate as a new entity, Tradition Asset Management LLC ("TAM"), until November 2020. At that time, TAM withdrew from registration with the SEC, and its assets and personnel were fully transitioned to the Firm and its other investment advisory affiliate Cary Street Partners Investment Advisory LLC ("CSPIA").

In May 2020, the Firm formally changed the name of its holding company/parent company to Cary Street Partners Financial LLC from Luxon Financial LLC. In addition to the holding company, the asset management and wealth management subsidiary businesses (CSPAM and CSPIA), and the brokerage affiliate, are also associated with the trade name Cary Street Partners.

### Response to the COVID-19 Pandemic and Enacting the CSP Business Continuity Plan

The Firm's policy is to respond to a Significant Business Disruption ("SBD") by safeguarding employees' lives and Firm property, making a financial and operational assessment, quickly recovering and resuming operations, protecting all of the Firm's books and records, and allowing our customers to transact business.

In response to the COVID-19 pandemic, the Firm enacted the Business Continuity Plan. No significant issues were reported to Compliance. Human Resources developed, implemented and communicated protocols specific to various job functions and office locations to align with recommendations made by the United States Centers for Disease Control and Prevention and various state government agencies. Compliance assessed and implemented any enhanced supervision requirements to be undertaken due to the pandemic and people working from home for extended periods.

In the past, we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to SEC rules, we will ensure that you receive a summary of any material changes to this and subsequent brochures within 120 days of the close of our business' fiscal year. As determined necessary, we will provide other ongoing disclosure information about material changes.

We will further provide you with a new brochure, as necessary, based on changes or additional information, at any time, without charge. Please contact CSPAM's Compliance Department at (804) 340-8100 or [info@carystreetpartners.com](mailto:info@carystreetpartners.com) to request our brochure. Our brochure is also available on our website at [www.carystreetpartners.com](http://www.carystreetpartners.com).

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## Cary Street Partners: Mission Statement

Cary Street Partners is committed to providing a higher standard for our clients, our advisors, and our employees by supporting true independence of thought and always putting the client at the center of everything we do.

### Item 4 - Advisory Business

CSPAM is an SEC registered investment adviser and is a Limited Liability Company formed under the laws of and headquartered in the state of Virginia. In addition, the Firm is a wholly owned subsidiary of Cary Street Partners Financial LLC (“CSPF”), formerly known as Luxon Financial LLC. As of December 31, 2020, CSPAM had **\$899,775,660** in assets under management on a discretionary basis and **\$107,719,055** in assets under management on a non-discretionary basis.

CSPAM provides third-party asset management for clients of registered investment advisers (“Advisors”) through advisory programs (“Programs”) at various custodians on a discretionary basis. In addition, CSPAM provides sub-advisory investment management services to clients of affiliated and unaffiliated Investment Advisors (“Advisors”) who have engaged with CSPAM. In limited circumstances, we provide our services directly to retail clients, but generally all services are provided through the Advisors, who then interact with the clients.

Prior to CSPAM providing investment management services, the end-client will be required to enter into a formal agreement with CSPAM, setting forth the terms and conditions under which assets will be managed. The investment management agreement may authorize the broker-dealer/custodian to debit the account for CSPAM’s investment management fee and to directly remit that management fee to CSPAM. As part of the process, the Advisor will obtain information sufficient to determine the client’s financial situation and investment objectives and further assist the client in selecting an appropriate portfolio based on the client’s financial plan. In performing its services, CSPAM is not required to verify information (such as investment objectives and limitations) received from the client, their Advisor, or other professionals; and CSPAM is authorized to rely on the information provided from the Advisor.

The following process is applicable to CSPAM’s management of client assets:

1. **Initial Interview** – at the opening of the account, CSPAM, through your Advisor, will obtain from you, information sufficient to determine your financial situation and investment objectives;
2. **Individual Treatment** - your account is managed based on your financial situation and investment objectives; Consultation Available – CSPAM and your Advisor shall be reasonably available to consult with the client relative to the status of their account(s);
3. **Quarterly Statement from Custodian** – You will be provided with a statement, at least quarterly, that is prepared by the custodian and directly delivered from the custodian. That statement shall contain a description of all trade activity in the client’s account(s) during the preceding period;
4. **Termination** – The investment management agreement between CSPAM and the client and/or Advisor will continue in effect unless terminated by either party by written notice in accordance with the terms and conditions of the investment management agreement;
5. **Tax Sensitivity** -- CSPAM will also help manage a client’s tax sensitivity as directed by the client’s Advisor-- This includes, but is not limited to, selling mutual funds ahead of capital gain distributions and replacing with ETFs for a period sufficient to avoid wash sales, and selling securities in an unrealized loss position to offset realized capital gains; and

6. **Separate Account** - a separate account or accounts will be maintained for you with the custodian.

CSPAM also provides investment consulting services for individuals and institutions on a non-discretionary basis. CSPAM provides investment consulting services that relate to matters such as allocation of assets among different classes, portfolio diversification, managing portfolio risk, portfolio monitoring/evaluation, and other general economic and financial topics. Account supervision is guided by the stated objectives of the client.

## Types of Investments

### *CSP Global and CSP Active Management*

CSPAM provides investment management services through its two service offerings: CSP Global and CSP Active Management. CSP Global provides investment strategies using primarily shares of mutual funds and exchange traded funds (ETFs), and separately managed accounts (SMAs); while CSP Active Management provides investment management strategies primarily utilizing individual equity and fixed income securities. Both CSP Global and CSP Active Management offer multiple investment strategies through advisory programs on a discretionary basis. Additional information as to the specific investments and other portfolio composition characteristics and metrics underlying each program strategy are provided to the end-client and the Advisor in advance of the execution of the strategy or strategies by CSPAM. The Firm acknowledges that it is a “fiduciary” when its services are subject to the provisions of the Employee Retirement Income Security Act of 1974 (“ERISA”), as amended.

### *Wrap Fee Programs*

CSPAM provides investment strategy services and is the Portfolio Manager of various wrap fee programs, each sponsored by various registered investment advisers. Please review the CSPAM Wrap Brochure (Form ADV Part 2A Wrap Fee Brochure) for a complete description of its services, fee schedules and account minimums regarding its wrap fee program.

CSPAM manages specific investment strategies in wrap fee programs for both non-discretionary Model and discretionary Wrap Account programs sponsored by unaffiliated financial institutions similar to its management of the same strategies implemented in its CSP Global portfolios for example. In both the Wrap Account/Model programs however, CSPAM personnel primarily support the financial institution sponsoring the wrap program (“Sponsor”) and not the actual underlying client. There are fundamental differences between a Wrap Account and Model program. In a traditional Wrap Account program, a client selects the Sponsor. The Sponsor will work with the client to select an approved discretionary investment adviser, like CSPAM, for a particular investment strategy.

From time to time, the Sponsor will communicate any specific client needs/requests to CSPAM, and CSPAM will evaluate for reasonableness within the strategy. CSPAM relies on the Sponsor to gather the necessary information and assess the suitability of its investment style to the individual needs and financial situation of a Wrap Account client. For Wrap Accounts, CSPAM exercises investment discretion and delivers buy/sell instructions to the Sponsor’s platform. The Sponsor is responsible for execution of each transaction in the client accounts.

Under the Model programs, depending on the model, the Sponsor or its designated representative, sometimes referred to as an “overlay manager,” exercises investment discretion and executes each client’s portfolio transactions based on the Sponsor’s own investment judgment. CSPAM does not tailor the model portfolio to the individual needs of any program client. CSPAM does not evaluate suitability for clients in a Model program.

In both types of wrap sponsored programs, the Sponsor provides a bundle of services for a single fee. Typically, this bundle of services includes the review and monitoring of selected investment advisers approved in the program, performance evaluation of the adviser, execution of the client’s portfolio transactions, custodial services of the client’s assets and payment of CSPAM’s advisory fee and other fees that may be charged in the Sponsor’s program.

The benefits under a wrap fee program depend, in part, upon the size of the account, the costs associated with managing the account, and the frequency or type of securities transactions executed in the account.

- For example, a wrap fee program may not be suitable for all accounts, including, but not limited to, accounts holding primarily, and for any substantial period of time, cash or cash equivalent investments, fixed income securities or no-transaction-fee mutual funds, or any other type of security that can be traded without commissions or other transaction fees.
- In order to evaluate whether a wrap (or bundled) fee arrangement is appropriate for you, you should compare the agreed-upon Wrap Program Fee and any other costs associated with participating in our Wrap Fee Program with the amounts that would be charged by other advisers, broker-dealers, and custodians, for advisory fees, brokerage and execution costs, and custodial services comparable to those provided under the Wrap Fee Program.

## Item 5 - Fees and Compensation

### Fee Schedule

CSPAM charges clients either an investment management fee based upon a percentage of the market value of the assets being managed by CSPAM or a flat fee for investment consulting services. The annual investment management fee rate charged will vary depending upon the market value of the assets under management and the specific services and program strategies being provided. The annual investment management fee that CSPAM will charge a client for any investment program strategy typically ranges between 0.05% and 0.25% of assets being managed, depending on the specific strategy utilized.

Investment management and investment consulting services fees are negotiable, subject to volume discounts, and may be modified on a case-by-case basis. Fees are usually payable at the beginning of each quarter (i.e., “in advance”) and deducted directly from the client’s account. CSPAM uses the value of each account on the last day of the previous quarter to calculate the quarterly fee.

The client’s Advisor may charge investment management fees that are different from other Advisors that use the services of CSPAM. Variations in Advisor compensation are attributed to service levels provided to the client and whether the Advisor is affiliated with CSPAM. Such arrangements, and the terms and conditions thereof, are determined between the client and their Advisor.

### Wrap Fee Programs

A wrap fee is not based directly on the number of transactions in your account. Various factors influence the relative cost of our wrap fee program to you, including the cost of our investment advice, custody and brokerage services if you purchased them separately, the types of investments held in your account, and the frequency, type and size of trades in your account. The wrap fee program could cost you more or less than purchasing our investment advice and custody/brokerage services separately.

Our wrap fee covers our advisory services and the brokerage services provided by your qualified custodian including custody of assets, equity trades, ETFs, and agency transactions in fixed income securities. As a result, we have an incentive to execute transactions for your account with your qualified custodian.

Our wrap fee does not cover all fees and costs. The fees not included in the wrap fee include the following: charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund’s prospectus (i.e., fund management fees and other fund expenses); mark-ups and mark-downs; spreads paid to market makers; fees (such as a commission or markup) for trades executed away from your qualified custodian at another broker-dealer; wire transfer fees; and other fees and taxes on brokerage accounts and securities transactions.

When managing a client's account on a wrap fee basis, we receive as compensation for our investment advisory services, the balance of the total wrap (or program) fee you pay after custodial, trading and other management costs (including execution

and transaction fees) have been deducted. Accordingly, we have a conflict of interest because we have a financial incentive to maximize our compensation by seeking to reduce or minimize the total costs incurred in your account(s) subject to a wrap fee.

## Payment of Fees

Generally, CSPAM is responsible for the calculation of its portion of the management or consulting fees it charges. Fees are paid via one of the following methods:

- CSPAM bills the client's account(s) for its management fees and the payment is debited from the client's account(s) by the custodian, and then sent to CSPAM by the custodian.
- CSPAM bills the client's directly for services rendered. This method of payment is typically a negotiated flat fee for consultation services.
- The client's Advisor bills the client's account(s) or invoices the client for its management fees, as well as CSPAM's fees. The Advisor then sends CSPAM's portion of the management fees to CSPAM.

## Other Costs of Investing

- In addition to CSPAM's investment management fee, each client's Advisor typically charges advisory or other related fees.
- Clients with assets held in mutual fund shares and exchange traded funds (ETFs) will be charged expenses that include mutual fund management fees and potentially other fund expenses.
- Clients are charged by their account custodian for transactions in their account(s). These charges may come in the form of commissions, mark-ups, and redemption fees. Clients may also be charged fees and expenses for certain types of accounts, such as IRA and other qualified retirement plan fees.
- CSPAM does not receive any portion of the brokerage commission or transaction fees charged, or any fees assessed by the third-parties listed above.

## Item 6 - Performance-based Fees

CSPAM does not charge or accept performance-based fees.

## Item 7 - Types of Clients

CSPAM services the following types of clients:

- Individuals;
- Trusts, Estates and Charitable Organizations;
- Corporations and Institutions; and
- Retirement Plans.

Affiliated Advisors may have minimum asset size requirements in order to service accounts.

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

### Methods of Analysis

CSPAM's methods of analysis vary by its two service offerings. CSP Global utilizes model portfolio strategies developed using an academically vetted, quantitative, efficient frontier asset allocation model. The asset allocation model is then combined with CSPAM's manager research process which fully vets only liquid mutual funds. A mutual fund is an investment vehicle made up of a pool of funds collected from many investors for the purpose of investing in securities such as stocks, bonds, money market instruments and similar assets. Mutual funds are operated by money managers, who invest the fund's capital and attempt to

produce capital gains and income for the fund's investors. A mutual fund's portfolio is structured and maintained to match the investment objectives stated in its prospectus.

CSP Active Management utilizes a qualitative selection process to design portfolio strategies comprised of primarily individual stocks and bonds based on the fundamental analysis of economic drivers of intrinsic company value such as profitability, free cash flow generation, and growth rates. The process of initial and ongoing position sizing and allocation decisions is designed to provide exposure to the risk-adjusted returns of growing companies at reasonable prices. Because most of CSP Active Management's portfolio strategies are comprised of individual securities, there are certain risks the investor will bear, which we comment on in more detail below.

## Investment Strategies

The portfolio strategies offered by CSPAM range from full equity models with higher levels of risk to full bond models with lower levels of risk, as well as a range of ETF portfolios with a varied blend of equity and bond exposure that fall between them. In addition, we offer strategies that include alternative assets.

Specifically, CSP Global model portfolios are designed to meet investor needs for diversified portfolio solutions meeting defined risk objectives using mutual funds and ETFs and direct SMA holdings. Each model is built around a targeted strategic asset allocation utilizing the following major asset classes - fixed income, domestic and international equity securities and cash or cash equivalents. These strategic asset allocation targets are based upon CSP Global's recommended long-term strategy guidelines and may change from time to time as determined by CSP Global's research and analysis.

CSP Active Management portfolios are designed to provide primarily equity exposure to the risk-adjusted returns of growing companies at reasonable prices. Margin of safety, preservation of capital, and positive risk-adjusted returns are the primary factors determining security selection, with a focus on value-oriented opportunistic investments resulting from events such as new company management, business restructuring, or new product launches. In addition, certain portfolio strategies also include bond exposure to provide additional asset class diversification, consistent with stated investment objectives.

## Risk of Loss

All investments in securities include a risk of loss of principal (invested amount) and any profits that have not been realized (i.e., the securities were not sold to "lock in" the profit). Stock markets and bond markets fluctuate substantially over time. In addition, performance of any investment is not guaranteed. As a result, there is a risk of loss of the assets CSPAM manages.

CSPAM does not represent, warrant, or imply that the services or methods of analysis used can or will predict future results, successfully identify market tops or bottoms, or insulate clients from major losses due to market corrections or crashes. No guarantees are offered that clients' goals or objectives will be achieved. Further, no promises or assumptions can be made that the advisory services offered by CSPAM will provide a better return than other investment strategies.

**Equity Security Risks.** Equity markets are volatile and impacted by liquidity and investor sentiment. Many issues impact investor sentiment and thus investors' willingness to participate or purchase equity securities or thus provide liquidity to the market. Investor sentiment is impacted by economic conditions, sovereign monetary policy, political climate, world events, tax rates and other social factors. Sentiment can change rapidly causing major stock price declines in short order. It is difficult, if not impossible, to forecast these changes in sentiment and the resulting price declines. Thus, investing in stocks is a risky proposition that could result in significant losses that are not related to an individual company's fundamentals. However, individual companies also have the potential to report poor results or be negatively affected by industry and/or economic trends and developments. The prices of securities issued by such companies can suffer a decline in response. These factors contribute to price volatility, which is the principal risk of investing in equity securities.

**Market Event Risks.** Some countries and regions in which CSPAM invests have experienced security concerns, outbreaks of infectious diseases, pandemics, war or threats of war and aggression, terrorism, economic uncertainty, natural and environmental disasters and/or systemic market dislocations which have led, and in the future may lead, to increased market



and liquidity volatility and exchange trading suspensions and closures. These events may have adverse effects on the U.S. and world economies and markets generally, each of which may negatively impact CSPAM's investments and performance.

**Individual Security Risks.** Each equity security has the risks mentioned above and has company or industry related fundamental risks. As above, sentiment and liquidity can create price declines or negatively impact valuation metrics. In addition, companies are faced with other fundamental risks like changes in industry, competition, lower demand for products, technological obsolescence, competitor innovation, patents, regulatory changes, political risks, cost inflation, labor relations, environmental issues, product liability and numerous other fundamental factors. Negative fundamental factors can reduce a company's equity value. In addition, some companies also face financial risks as they are dependent on raising capital in the financial markets to fund their operations. Financial markets may refuse to provide this funding.

**Fixed Income Security Risks.** Fixed income investments have the same liquidity and volatility risks of all financial assets. In addition, they have several other asset-class specific risks. Inflation risk reduces the real value of such investments as purchasing power declines on nominal dollars that are received as principal and interest. Interest rate risk comes from a rise in interest rates that causes a fixed income security to decline in price in order to make the market price-based yield competitive with the prevailing interest rate climate. Fixed income securities are also at risk of issuer default or the markets' perception that default risk has increased. In default, either some or all the securities' interest and principal payments will be omitted or delayed. The increase of this possibility can, in itself, cause the market price for a fixed income security to fall. CSPAM attempts to manage these risks by designing strategies that focus on fixed income diversification.

The credit rating or financial condition of an issuer can affect the value of a fixed income or debt security. Generally, the lower the quality rating of a security, the greater the risk that the issuer will fail to pay interest fully and return principal in a timely manner. The issuer of an investment grade security is more likely to pay interest and repay principal than an issuer of a lower rated bond. Adverse economic conditions or changing circumstances, however, can weaken the capacity of the issuer to pay interest and repay principal. High yield or "junk" bonds are considered to be "less than investment grade" (rated BB and lower) and can be highly speculative securities that are usually issued by less creditworthy and/or highly leveraged (indebted) companies. Compared with investment grade bonds, high yield bonds can carry a greater degree of risk and can be less likely to make payments of interest and principal.

**Liquidity Risks.** Despite the heavy volume of trading in securities and futures, the markets for some securities and futures, such as certain private funds or interval funds, have limited liquidity and depth. This lack of depth could disadvantage an investor, both in the realization of the prices which are quoted and in the execution of orders at desired prices.

**Option Security Risks.** Options involve risks and are not suitable for everyone. Options trading can be speculative in nature and can carry substantial risk of loss.

CSPAM helps manage or mitigate the risks discussed above by selecting investment strategies, investment managers, investment structures, and, specifically for strategies offered through CSP Active Management, individual securities within diversified portfolios, that spread security risk across numerous asset classes, companies, sectors of investment, and strategic allocation targets.

**Cybersecurity Risks.** Any significant limitation on the use of our facilities or the failure or security breach of our software applications or operating systems and networks, including the potential risk of cyber-attacks, could result in the disclosure of confidential client information and financial losses. CSPAM maintains policies and procedures to reduce risks related to cybersecurity.

**Business Disruption Risks.** Business disruptions resulting from catastrophic and other material events (such as a pandemic) could negatively impact our ability to continue to transact business. Any significant limitation on the use of our facilities or our software applications, operating systems and networks could result in financial losses. Similar types of business disruption risks are also present for issuers of securities in which we invest, which could result in material adverse consequences for such issuers and may cause your investments to lose value. CSPAM maintains business continuity and disaster recovery policies and procedures that seek to identify and plan for potential disruptions; these policies and procedures are tested at least annually.

## Item 9 - Disciplinary Information

Neither CSPAM, nor its management personnel, are involved, and have not been involved, in any legal or disciplinary events that are considered material.

## Item 10 - Other Financial Industry Activities and Affiliations

CSPAM is a registered investment adviser with the SEC. The appropriate personnel of CSPAM are registered as investment adviser representatives within their state jurisdiction. Currently, there is not a pending application for registration as a futures commission merchant, commodity pool operator, commodity trading advisor or an associated person for CSPAM.

### *Cary Street Partners LLC*

Cary Street Partners LLC (“CSP”) is a registered broker-dealer and member of the Financial Industry Regulatory Authority (“FINRA”). CSP provides investment banking, wealth management and brokerage services to its clients. Client accounts of CSP are custodied at Wells Fargo Clearing Services (“WFCS”). Currently, there is not a pending application for registration as a futures commission merchant, commodity pool operator, commodity trading advisor or an associated person for CSP, the broker-dealer affiliate or any management person.

CSP, will serve, periodically, as a private placement agent for issuers of equity and debt securities. In that capacity, certain advisory clients who are accredited investors and qualified advisory clients for which the private placement is suitable are shown transactions represented by CSP. If they elect to do so and are acceptable to the issuer and its counsel, these clients purchase securities in some of those offerings.

In addition, CSPF, the holding company for CSP and CSPAM, has completed private placements of securities and some of our qualified advisory clients invested in those offerings. The Firm could offer similar investments to our investment advisory clients in the future.

### *Cary Street Partners Investment Advisory LLC*

Cary Street Partners Investment Advisory LLC (“CSPIA”) is an SEC registered investment adviser and provides individualized non-discretionary and discretionary advisory services to various categories of institutional and individual clients who wish to participate in financial planning, separately managed accounts (“SMA”), mutual funds, closed end funds, exchange traded funds, annuities, fixed income, structured notes, equities, or who want to invest in private equity funds or other alternative investment vehicles. CSPIA is an affiliate of CSPAM and a wholly owned subsidiary of CSPF.

### *Riverstone Business Advisory Services, Inc.*

RiverStone Business Advisory Services, Inc. (“RBAS”), is an affiliated entity of CSPAM and a wholly owned subsidiary of CSPF. Through this entity, certain FAs provide business consulting, bookkeeping services and tax services. Only a limited number of FAs participate in this entity.

### *Luxon Insurance Services LLC*

Luxon Insurance Services LLC (“Luxon Insurance”) is an affiliated entity of CSPAM and a wholly owned subsidiary of CSPF. Luxon Insurance provides business insurance services to clients and corporate entities.

CSPAM associates accept payment for reasonable travel and lodging expenses from money managers when performing due diligence reviews or educational meetings related to those money managers’ investment management activities. These payments are to compensate CSPAM for travel related expenses incurred on these business trips. Any payments received in these situations are monitored and reviewed and are considered immaterial in relation to the Firm’s income.

## Item 11 - Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading

CSPAM is guided in all actions by the highest ethical and professional standards. Accordingly, the Firm has embraced the SEC's adoption of the "Code of Ethics rule", as an opportunity to affirm its duty to its clients. CSPAM's Associates are required to comply with the Firm's Code of Conduct and related policies which are made available to all employees.

Pursuant to the SEC's adoption of this rule, CSPAM has adopted this Code of Ethics ("the Code") in order to set the standards of conduct to be followed by all persons associated with the Firm. The policies and guidelines set forth in this Code of Ethics must be strictly adhered to by all employees. Severe disciplinary actions, including dismissal, may be imposed for violations of this Code of Ethics.

The Firm's Advisory Code of Ethics consists of the Code of Ethics and Personal Trading policies, together with the CSPAM Code of Conduct. All Advisory Supervised Persons are subject to the requirements of this Code of Ethics. Advisory Supervised Persons are IA employees acting in an investment advisory capacity and have a fiduciary obligation to their advisory clients to:

- Place the advisory clients' interests over their own;
- Comply with this Code of Ethics and the Firm's Investment Adviser Policies and Procedures Manual;
- Comply with applicable federal and state securities laws; and
- Avoid actual or potential conflicts of interest or fully disclose them to the client.

In addition, we have adopted a Privacy Policy to prohibit the transmission, distribution or communication of any information regarding securities transactions in client accounts or other non-public client information. Violation of the Privacy Policy is also considered a violation of this Code of Ethics.

Personal trading by CSPAM Associates must be conducted in compliance with all applicable laws and procedures adopted by CSPAM. CSPAM places restrictions upon certain personnel in connection with the purchase or sale of securities recommended to you. It is CSPAM's internal policy that certain management personnel not recommend the purchase of a security that they have purchased for their own account or the account of a closely related party within an established number of days, unless such shares are sold prior to issuance of a buy recommendation. Some advisors are prohibited from purchasing securities that we have recommended for 24 hours following the official release of the recommendation except within the models which trade concurrent with client accounts. All trades in accounts of the personnel in these departments and their immediate relatives are subject to supervisory review. Policies and procedures have been designed to prevent, among other things, any improper conduct wherever any potential conflict of interest exists with respect to any client.

## Item 12 - Brokerage Practice

### How We Select Brokers/Custodians

We seek to recommend a custodian/broker who will hold your assets and execute transactions on terms that are, overall, competitive when compared to other available providers and their services. We consider a wide range of factors, including, among others:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody);
- Capability to execute, clear, and settle trades (buy and sell securities for your account);
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.);
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds ("ETFs"), etc.);
- Availability of investment research and tools that assist us in making investment decisions;
- Quality of service;

- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices;
- Reputation, financial strength and stability; and
- Prior service to us and our other clients.

When, and if, CSPAM has discretion to determine the broker-dealer to be used in a securities transaction, the general policy, in conjunction with CSPAM's duty to obtain best execution, is to select or recommend, as applicable, broker-dealers on the basis of the best combination of market price, responsiveness, financial responsibility and execution capability, under the requirements of all applicable laws and regulations. Lowest possible cost is not the determinative factor.

A client who designates use of a particular broker-dealer, including a client who directs use of a broker who will also serve as custodian of the client's securities, should recognize that such designation has the possibility to operate to the client's disadvantage, as under those circumstances CSPAM will not be able to negotiate commissions and may not be able to obtain volume discounts or best execution. This designation can cost the client more money. In addition, a disparity in commission charges can exist between the commissions charged to clients who direct the broker-dealer selection and other clients who do not direct the selection.

## Soft Dollars

In limited cases, CSPAM receives research and other products or services, other than execution, from broker-dealers or third parties in connection with client securities transactions ("soft dollar benefits"). By utilizing client brokerage commissions to obtain research or other products and services, CSPAM receives a benefit because it does not have to produce or pay for such research, products or services. Any research, products or services considered for use under CSPAM's Soft Dollar policy must pass the SEC's three-fold test: 1.) Does the product or service meet the eligibility criteria for brokerage or research, as defined in Section 28(e)(3)? 2.) Does the item actually provide lawful and appropriate assistance in the performance of CSPAM's investment decision making responsibilities? 3.) Has CSPAM made a good faith determination that the commissions paid are reasonable in relation to the value of the goods and services provided by the broker-dealer?

Research and brokerage services obtained and permitted by Section 28(e) of the Securities Exchange Act of 1934 that are obtained from various industry sources include services such as: historical and forecasted financial and valuation information on individual companies, indices, markets and the economy; industry and individual company analysis; comparative information on individual companies and industries; charting services; and proprietary database information.

CSPAM uses research services obtained through soft dollar arrangements in its management of certain directed accounts. The use of soft dollars presents a potential conflict of interest, as CSPAM has the incentive to select a broker-dealer based on its interest in receiving the research or other products or services, rather than on its client's interest in receiving most favorable execution. While CSPAM has an incentive to continue to use a broker-dealer who provides research, CSPAM evaluates a broker-dealer's ability to achieve best execution on a regular basis, and the reasonableness of each brokerage arrangement is evaluated on an ongoing basis.

Specifically, custodians also make available to CSPAM, other products and services that benefit CSPAM, but may not benefit clients. Some of these other products and services assist us in managing and administering Client accounts. These include software and other technology that provide access to Client account data (such as trade confirmation and account statements); facilitate trade execution; provide research, pricing information and other market data; facilitate payment of our fees from our clients' accounts; and assist with back-office functions, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of our accounts, including accounts not maintained at the broker/dealer. Custodians also make available other services intended to help CSPAM manage and further develop our business. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. Receipt of these services and benefits may create an incentive for us to recommend broker/dealers based on those services and benefits. CSPAM does not receive referrals from any broker/dealer.

## Trade Errors

CSPAM has implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with our fiduciary duty, it is our policy to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client will be responsible for any loss resulting from the correction. In situations where the client did not cause the trade error, the client will be made whole and any loss resulting from the trade error will be absorbed by CSPAM if the error was caused by the Firm. If the error is caused by the broker/dealer or an Advisor, the broker/dealer or Advisor will be responsible for covering the costs of the error. Depending on the specific circumstances of the trade error, the client may not be able to receive any resulting gains as it may not be permissible for clients to retain the gain. CSPAM may confer with clients or the Advisor to determine if the client should forego any gain (e.g., due to tax reasons). CSPAM will not profit from trade errors.

## Aggregation of Client Orders – Block Trading Policy

Transactions implemented for client accounts of the same securities are generally executed for multiple clients at approximately the same time. This process is referred to as aggregating orders, bunching orders, batch trading, or block trading and is used by the Firm when it believes such action may prove advantageous to clients. When we aggregate client orders, the allocation of securities among client accounts will be done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates, to allocate orders among clients on an equitable basis, and to avoid differences in prices and transaction costs that might be obtained if orders were placed independently. Under this process, transactions are averaged as to price and will be allocated among the Firm's clients in proportion to the purchase and sale orders placed for each client account on any given day. CSPAM does not receive any additional compensation as a result of aggregation.

## Item 13 - Review of Accounts

CSPAM will regularly monitor the investments in client accounts and perform at least quarterly reviews of account holdings for all clients. Client accounts are reviewed for consistency with the model portfolio's investment strategy and objectives, compliance with investment restrictions provided by the client (if applicable), asset allocation, style drift, cash flows, investment selection, risk tolerance and performance relative to the appropriate benchmark. CSPAM monitors on a continuous basis the securities it recommends for its model portfolios. CSPAM's Investment Team is responsible for the monitoring of the securities which are used in its model portfolios.

## Portfolio Management Services

For accounts for which CSPAM provides Portfolio Management Services, we generally rebalance portfolios on a quarterly basis, but monitor the portfolios daily to confirm the stated asset allocation for the model portfolio does not exceed the position threshold by 30%.

## Investment Consulting Services

When providing Investment Consulting Services, we will monitor the account as required per the investment advisory agreement executed between CSPAM and the client. The client's accounts may be reviewed on a transaction, monthly, quarterly or annual basis, as applicable, to monitor the account's performance, the individual mutual funds for appropriateness, and certain restrictions that apply.

## Reports

CSPAM generally does not provide performance reports for individual client accounts. Clients will receive monthly statements from the custodian for each household account held by the custodian. If the client's account has no activity, the custodian, at a minimum, will provide a quarterly statement. The custodian's statement will include information about the assets held in the

account, the current value of each asset, as well as reflect the deduction of any fees from the client's account. Clients are encouraged to review their statements with their primary advisor for discrepancies.

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

CSPAM, as a matter policy and practice, compensates persons, i.e., individuals or entities, for the referral of advisory clients to the Firm, provided appropriate disclosures and regulatory requirements are met. Under the SEC Cash Solicitation Rule (Rule 206(4)-3) and comparable rules adopted by most states, investment advisers may compensate persons who solicit advisory clients for a firm if appropriate agreements exist, specific disclosures are made, and other conditions are met under the rules. CSPAM's CCO must approve any solicitor arrangement. Upon Compliance approval, CSPAM will enter into solicitation agreements providing cash compensation to solicitors who secure clients for its investment advisory programs. These agreements are fully disclosed to the client.

CSPAM, at its sole discretion, will engage in joint marketing activities with investment managers and/or sponsors of mutual funds in the investment advisory programs it offers. These managers and/or sponsors pay a portion, or all, of the cost of the activities, which payment at times takes the form of reimbursement to CSP.

CSPAM or its affiliates from time to time enter into solicitation agreements providing cash compensation to solicitors who secure clients for its investment advisory programs. CSPAM also from time to time enters into solicitation agreements under which it receives cash compensation for referring clients to other investment managers, including one or more of its affiliates. These agreements are fully disclosed to the client.

Clients who have investment advisory accounts with CSPAM may also have other accounts with the firm or its affiliates in which management fees are not charged. The payment of commissions in these non-managed accounts is negotiated on an entirely separate basis from the payment of fees and commissions under investment advisory agreements.

## **Item 15 - Custody**

As a matter of policy and practice, CSPAM does not permit its employees or the Firm to accept or maintain possession or custody of client assets. Instead, assets will be held by an independent, qualified custodian ("Custodian") that will provide monthly or quarterly statements to the client. Each client must designate a Custodian, and although CSPAM does provide relevant information regarding various custodians, custodian selection is ultimately the client's decision. CSPAM urges its clients to carefully review Custodian statements, which are the official custodial records of the client's account. CSPAM statements or reports can vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

In certain cases, CSPAM is deemed to have custody of clients' assets due to standing letters of authorization involving third-party recipients, or due to other grants of authority including serving as trustee of a client's trust. All trusts maintain accounts with qualified custodians. In cases where CSPAM employees are occasionally appointed as a trustee or other fiduciary position involving CSPAM clients, these trustee appointments are usually initiated on the basis of a personal or family relationship the client has with the employee, rather than that employee's employment with the Firm. In such cases, CSPAM would not be deemed to have custody. This is especially true where an outside third-party co-trustee serves alongside the CSPAM employee.

## **Item 16 - Investment Discretion**

CSPAM receives discretionary authority from most of its clients at the outset of an advisory relationship to select the types of securities as well as the allocation of those securities in a client's account(s). This is documented via a client's execution of an investment management agreement between the client and CSPAM. Additionally, the custodian will require the client to execute a limited power of attorney ("LPOA") when opening or turning over the custodial account to CSPAM's discretionary management. The LPOA will grant CSPAM the authority to:

- 1) Trade securities on the client's behalf in the account;
- 2) Authorize the disbursement of our quarterly investment advisory fee; and
- 3) Authorize us to instruct the custodian to disburse a check or money electronic transfers from the client's custodial account to their address of record or, with additional paperwork signed by the client, to a bank account registered in the client's name. In the event a client requires the Firm to manage an account on a non-discretionary basis, we will not be able to trade a client's account without the client's written consent.

Furthermore, CSPAM agrees to comply with the investment guidelines and/or limitations set forth in negotiated client agreements, including asset allocations and restrictions. Guidelines and/or limitations may vary from client to client based upon client objectives and other factors.

## **Item 17 - Voting Client Securities**

CSPAM acknowledges it has a fiduciary obligation to its clients that requires it to monitor corporate events and vote client proxies where clients have assigned that responsibility to CSPAM. The Firm may vote proxies for securities over which it maintains discretionary authority consistent with its proxy voting policy. CSPAM has developed its policy to be consistent with, wherever possible, enhancing long-term shareholder value and leading corporate governance practices. CSPAM has retained the services of Broadridge ProxyEdge to vote securities on its behalf. Broadridge ProxyEdge provides voting recommendations to CSPAM and votes accounts on CSPAM's behalf under the guidance of ProxyEdge's PPI voting guidelines.

CSPAM may vote proxies for securities over which it maintains discretionary authority consistent with its proxy voting policy. Clients may choose to assign to CSPAM the responsibility for voting all proxies solicited by issuers of securities held in discretionary accounts managed by CSPAM. When the responsibility to vote proxies has been assigned to CSPAM, CSPAM engages the services of Broadridge ProxyEdge to vote securities on the Client's behalf. Clients may direct CSPAM's vote if the request is received in writing no later than 30 days in advance of the proxy voting deadline. Clients may contact our Chief Compliance Officer for more information on CSPAM's Proxy policies.

## **Item 18 - Financial Information**

Registered investment advisers are required in this item to provide you with certain financial information or disclosures about their financial condition. The Firm has made large investments in technology and its infrastructure. To date, client billings have been insufficient to pay for all the Firm's ongoing operating expenses. Thus, the Firm has relied upon, and intends to continue to rely upon, capital contributions from CSPF to cover the shortfall between client billings and the Firm's operating expenses. In support of this arrangement, the Firm has entered into a guaranty agreement with CSPF pursuant to which CSPF has guaranteed the Firm's obligations to its clients arising from or related to the provision of investment advisory services, whether now existing or hereafter arising.