

# Cary Street Partners Investment Advisory LLC

## Form ADV Part 2A Firm Brochure

SEC File No. 801-64239

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Revised March 30, 2022

This brochure provides information to clients and prospective clients about the qualifications and business practices of Cary Street Partners Investment Advisory LLC (“CSPIA” 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.

CSPIA 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 CSPIA 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 CSPIA who are registered, or are required to be registered, as investment adviser representatives of CSPIA.

## Item 2 Material Changes

This Brochure, dated March 30, 2022, 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 CSPIA's last Brochure amendment filed on March 31, 2021.

### *Item 4 - Advisory Business*

As of December 31, 2021, CSPIA had **\$1,872,733,664** in assets under management on a discretionary basis and **\$2,073,421,043** in assets under management on a non-discretionary basis.

### Corporate Changes

Effective January 1, 2022, Walter Bayne was promoted from the position of Chief Operating Officer ("COO") to the position of President for the Firm, and Wesley Gallup took over Walter's position of COO from his former position as Deputy COO. In addition, certain updates have been made to Schedule A within CSPIA's Form ADV Part 1A in order to achieve consistency and to accurately reflect the control persons within the Firm.

### Services Offered

On March 23, 2022, the Firm's affiliated advisory firm, Cary Street Partners Asset Management LLC ("CSPAM") launched the Fairlead Tactical Sector ETF ("TACK"). This is the first opportunity for CSPAM to serve as an Investment Adviser to a Registered Investment Company. In addition, Fairlead Strategies will serve as the fund's Subadviser. This fund is a diversified, actively managed exchange-traded fund ("ETF") that will invest in passive domestic equity sector ETFs and ETFs investing in gold and U.S. Treasuries.

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 CSPIA'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 <https://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

CSPIA was established on September 9, 2003 and is an SEC registered investment adviser. In addition, the Firm is a wholly owned subsidiary of Cary Street Partners Financial LLC (“CSPF”), formerly Luxon Financial LLC.

CSPIA 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, and equities; or who want to invest in private equity funds or other alternative investment vehicles. As of December 31, 2021, CSPIA had **\$1,872,733,664** in assets under management on a discretionary basis and **\$2,073,421,043** in assets under management on a non-discretionary basis.

All services described in this brochure begin with a consultation between you and a CSPIA Investment Adviser Representative (“Advisor”, “Financial Advisor”, or “FA”) to review your investment objectives, financial situation, and risk tolerance. Depending on the investment program, you are asked to complete a Client Profile to document the results of this assessment. After review of your profile, working with the FA, you will determine which program is appropriate for your needs.

Your FA will provide advisory services that generally include allocation of assets among different classes, portfolio diversification, managing portfolio risk, portfolio monitoring and evaluation, investment policy statement development, manager search and recommendation, financial planning, and other general economic and financial topics. Your FA will construct a portfolio of securities based on your individual needs, risk tolerance and investment objectives. Account supervision is guided by the stated objectives of the client (*e.g.*, maximum capital appreciation, growth, etc.), and all managed accounts will be maintained with an independent qualified custodian. Certain investment programs, whether offered directly through CSPIA or through a Third-Party Platform, offer investment products or utilize Sub-Managers affiliated with CSPIA.

CSPIA does not generally provide legal or accounting services, so no portion of your consultation with your CSPIA Advisor should be interpreted as legal or accounting advice. At a client’s request, CSPIA will provide professional references in legal, accounting, and other associated areas. In the past, we did have an affiliate who provided tax preparation services—Riverstone Business Advisory Services, Inc.—but that business is no longer affiliated with CSPIA.

### Services Offered

CSPIA offers various services to clients through its advisory programs based on individual client needs including financial planning, and recommendations for separately managed accounts (“SMA”), mutual funds, closed end funds, exchange-traded funds, annuities, fixed income, structured notes, equities, private equity funds, and other alternative investment vehicles.

### Types Of Advisory Services

#### **Wrap Fee Programs**

**Cary Street Partners FA Directed Program (“FA Directed Program”):** CSPIA is the sponsor of the Cary Street Partners FA Directed Wrap Program which provides investment management services on a discretionary basis to each client. Our wrap fee program allows you to pay a single fee that covers advisory services, trade execution, custody, and other standard brokerage and investment services. Each FA develops well-diversified portfolios designed to match the client’s financial goals, needs, risk

tolerance and financial situation. Your FA will recommend that you establish account(s) at Wells Fargo, Charles Schwab, TD Ameritrade, Raymond James or another qualified custodian offering this type of wrap program pricing. Ultimately, though, it is your decision to custody assets with one of these or another qualified custodian of your choosing. CSPIA is independently owned and operated and not affiliated with Wells Fargo, Charles Schwab, TD Ameritrade, Raymond James or any other qualified custodian.

For certain FA Directed wrap fee programs custodied at Wells Fargo, the provisions of our FA Directed program are based on and related to certain wrap fee programs offered by Wells Fargo Advisors (“WFA”). CSPIA has an agreement with WFA, pursuant to which WFA provides advisory and/or other services with respect to certain wrap fee programs (“WFA Programs”) which are related to the Cary Street Partners FA Directed program. Although WFA provides certain services to our FA Directed wrap clients where Wells Fargo is custodian, WFA’s policy is to have CSPIA and their other correspondent firms maintain the role of Sponsor. In addition to the Cary Street Partners Wrap Fee Brochure, please review the appropriate WFA Disclosure Brochure (Form ADV Part 2A Firm Brochure and Wrap Fee Brochure) for a complete description of the services, fees and account minimums for these wrap fee programs. Clients will receive those WFA wrap fee program brochures directly from Wells Fargo.

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 is not 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.

**Cary Street Partners Asset Management LLC Programs:** Cary Street Partners Asset Management LLC (“CSPAM”) and CSPIA are affiliated entities and wholly owned subsidiaries of CSPF. CSPAM provides investment strategy services and is the Portfolio Manager of various wrap fee programs, each sponsored by various unaffiliated third-party registered investment advisers. Please review the CSPAM Disclosure Brochure (Form ADV Part 2A Firm Brochure) for a complete description of its services, fees and account minimums regarding its wrap fee programs, and other CSP Global programs offered by CSPAM.

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 charged in the Sponsor's program.

### ***Financial Planning***

CSPIA offers financial planning and consulting services to both prospective and existing clients. Your FA will obtain pertinent information about you and use the information as a basis for their recommendations, which generally include, but are not limited to, topics such as insurance, tax and cash flow needs, retirement, investments, education needs, and estate planning. Such financial planning recommendations can be implemented, at your sole discretion, with the professional consultants of your choosing (including your broker, accountant, attorney, etc.).

CSPIA offers three (3) types of financial planning services:

- **Hourly Financial Consultation**: Advisor will provide financial consulting services on an hourly basis. The Adviser's hourly fee will be mutually agreed upon by the Advisor and the Client.
- **Specific Financial Planning**: The Advisor will review all pertinent data provided by the Client, objectives, and mutually agreed upon assumptions and will prepare analysis limited to the topics selected by the Client. The Advisor will provide written reports of all relevant analyses and recommendations to assist the Client with specific financial planning needs.
- **Comprehensive Financial Planning**: After a review of all pertinent Client provided data and objectives and mutually agreed upon assumptions, the Advisor will analyze the Client's financial situation including, but not limited to: net worth (assets and liabilities), corporate benefits, cash flow strategies (current and projected), retirement planning, risk management, investment portfolio, specific financial needs as determined by the client, and tax and estate planning considerations. Upon completion of the analysis, the Advisor will make recommendations including suggested strategies to achieve the Client's stated objectives. The Advisor will provide the Client with a written report of all relevant analyses and recommendations.

### ***Retirement Planning Services***

CSPIA offers advisory services for 401(k), profit sharing, non-qualified deferred compensation and retirement plans that are subject to the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended, and other employee retirement plans not subject to ERISA.

#### **Investment Adviser 3(21) Fiduciary Services.**

CSPIA will serve as a "fiduciary" within the meaning of Section 3(21) of ERISA and provide non-discretionary advice with respect to the Assets and/or Accounts in the Plan ("Non-Discretionary Services").

#### **Investment Manager 3(38) Fiduciary Services.**

CSPIA will serve as an "investment manager" and a "fiduciary" within the meaning of Section 3(38) of ERISA with respect to accounts in the Plan. As an Investment Manager to the Plan, we will provide, in addition to services provided as an Investment Adviser 3(21), services such as Investment Management, selection of Qualified Default Investment Alternatives, and assist in the creation of an Investment Policy Statement.

Neither CSPIA nor any of its FAs will be responsible for rendering any legal, accounting or actuarial advice to any employee or employer.

## ***Lending Services***

### ***Margin Loans***

CSPIA, in conjunction with our affiliate broker-dealer Cary Street Partners LLC (“CSP”), loans money through the custodian for the purpose of purchasing and trading in securities to any of its clients who custody their assets in a margin account held through the custodian. A margin account is also required when trading certain option strategies, short-selling securities and for other types of securities transactions. CSPIA/CSP and the custodian only extend such credit to clients pursuant to a margin account agreement with CSP and the custodian. Margin loans are not available to retirement or custodial accounts. There is no repayment schedule for a margin loan, and the principal can be repaid at the client’s convenience. However, monthly interest charges will accrue on the balance.

Note also that CSP charges an asset-based fee based on the AUM in a client’s account(s). Using margin to purchase additional securities in an advisory account will increase the asset-based fee, with no deduction in consideration of the margin debt on the account.

### ***Non-Purpose Loans***

CSPIA/CSP offer securities-backed lines of credit (“SBLOC”) to clients who custody their assets through Wells Fargo Clearing Services (“WFCS”). SBLOCs are non-purpose loans, which means the proceeds of the loan cannot be used to purchase, carry or trade securities. The loan proceeds can be used for almost any other purpose, including without limitation, home renovations, real estate purchases, tax bills, debt consolidation, private business opportunities and unexpected personal expenses.

SBLOCs are collateralized by eligible and fully-paid-for stocks, mutual funds, bonds and other securities held in a client’s account or an account of another person or entity willing to guaranty the loan. Because an SBLOC cannot be used to purchase or trade securities, a client is able to borrow more against certain securities than is permitted through a margin account. However, accounts pledged as collateral for non-purpose loans must be “cash accounts” and cannot have margin loan privileges.

The SBLOC must be repaid even if the residual value of the securities in the account is insufficient. The interest rates on the SBLOC are adjustable and the annual rate of interest will change without prior notice to the client, in accordance with changes in the base rate provided by WFCS and due to tiering changes in loan balances.

A SBLOC has the effect of magnifying any profit or loss of the assets in the collateralized account. A client can lose more money than deposited in the account. If the value of the securities in the collateralized account decline to the point where they no longer meet the minimum equity value required for the collateral, WFCS has the right to make a maintenance call, requiring the client to deposit more cash or qualified securities into the account or, without contacting the client, forcing a sale of the securities in the account in order to meet the maintenance call. The sale of such securities to meet a maintenance call can also create tax liabilities, by incurring significant capital gains on low-cost basis securities in the account.

### ***Lending Incentives and Conflicts of Interest***

CSPIA and your Advisor will have an incentive to recommend borrowing money on a client account and pledging the assets as collateral through CSP. Both CSPIA and CSP are under common ownership and control, and CSP sets the interest rates on which your margin account or SBLOC will be charged. A portion of the interest charged on the outstanding balance of your margin loan or SBLOC will be paid to CSP and solely with respect to an SBLOC, to your Advisor. Additionally, for margin loans, the purchase of securities in the account will result in increased asset-based fees, which provides an incentive for your Advisor to recommend the use of margin.

An interest rate can be individually negotiated instead of based on the WFCS base rate, and certain negotiated rates have an expiration date, after which CSPIA/CSP can change your rate, without giving you any prior notice of the change, based on factors determined by CSPIA/CSP, in our sole discretion, including without limitation the account activity and our overall business relationship.

## Item 5 Fees and Compensation

CSPIA will be paid a fee for its services as described in the Fee Schedule of the Investment Advisory Agreement and in the sample fee schedule below. The fee schedule is always negotiable and can be amended at any time by mutual agreement of the Client and CSPIA.

We typically charge an annual investment advisory fee based upon a percentage (%) of the fair market value of assets placed under our management. The annual fee is paid either quarterly in advance or quarterly in arrears (“standard quarterly fee”), as described in the Fee Schedule of the Investment Advisory Agreement. The following is a sample fee schedule provided for illustrative purposes, however actual fee schedules will vary by client and are negotiable.

Asset Value	Annualized Fee Percentage
First \$500,000	1.25%
\$500,001 - \$1,000,000	1.00%
\$1,000,001 - \$3,000,000	0.85%
\$3,000,001 - \$5,000,000	0.75%
\$5,000,001 - \$10,000,000	0.65%
\$10,000,001 - \$25,000,000	0.50%
\$25,000,001 or more	Negotiable

Depending on the client relationship, we sometimes agree to “household” certain client accounts for purposes of fee calculation. For accounts payable in advance, should eligible cash flows in excess of \$50,000 in aggregate per day be added or withdrawn from an account between billing periods, a pro-rated flow fee or flow rebate, respectively, will be processed in addition to the standard quarterly fee and will be calculated based on the amount of inflows or outflows using the effective fee rate for the current quarter. No fee adjustment will be made during any fee period for appreciation or depreciation in the value of the assets in the account during that period.

The Investment Advisory Agreement will include a list of specific services provided to the client and the agreed upon fee structure. Fees and how they are charged are negotiable. At our sole discretion, we sometimes charge a lesser investment advisory fee or waive fees entirely depending on client circumstances. Due to business acquisitions and legacy agreements, fee schedules will vary among clients and fees can be calculated in a different manner. Finally, CSPIA can sometimes assess fee minimums, and certain flat or fixed fee pricing arrangements which sometimes exceed 2% of the total assets under management and are higher than fees charged by certain other advisers that provide the same or similar services.

### Wrap Fee Programs

In most cases, the wrap fee program fees are negotiable. However, certain Wells Fargo Advisors (“WFA”) wrap fee programs will have household minimums that cannot be waived or negotiated. CSPIA has an agreement with Wells Fargo Clearing Services, LLC, also known as WFA, pursuant to which WFA provides advisory and/or other services with respect to certain wrap fee programs (“WFA Programs”) which are related to the FA Directed Program sponsored by CSPIA. Please review the appropriate WFA Disclosure Brochure (Form ADV Part 2A Firm Brochure and Wrap Fee Brochure) and the CSPIA Form ADV Part 2A Wrap Fee Brochure for a complete description of the services, fees and account minimums for the CSPIA and related WFA 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.

## **Financial Planning**

The financial planning fees are negotiable. We typically charge fixed fees for our financial planning/consulting services that range between \$500 and \$25,000, depending on the complexity and scope of services provided. We can also charge hourly fees for specific planning engagements, which would be disclosed in detail in the Client's Financial Planning & Consulting Agreement or Investment Advisory Agreement.

## **Retirement Planning Services**

The retirement planning services fees are negotiable, including minimum and implementation fees.

## **Referral of Third-Party Advisers**

Both the description of services offered, and the assessment of fees charged by third-party advisers, are described in the client's investment advisory agreement with the Third-Party Adviser.

## **Lending Services – Interest Charges**

A portion of the interest charged on the outstanding balances of margin loans or SBLOC will be paid to CSPIA, and solely with respect to an SBLOC, to your FA. An interest rate can be individually negotiated instead of based on the WFCS base rate, and certain negotiated rates have an expiration date, after which CSPIA/CSP can change your rate, without giving you any prior notice of the change, based on factors determined by CSPIA/CSP, in our sole discretion, including without limitation the account activity and our overall business relationship. Note also that CSP charges an asset-based fee based on the AUM in a client's account(s). Using margin to purchase additional securities in an advisory account will increase the asset-based fee, with no deduction in consideration of the margin debt on the account.

## **Additional Compensation**

You recognize and agree that for us to discharge our responsibilities, we must engage in securities brokerage transactions which must be effected through a registered broker-dealer. Broker-dealers charge brokerage commissions and/or transaction fees for executing securities brokerage transactions.

All brokerage commissions and other costs associated with the purchase or sale of securities and other investment instruments, mutual fund or other investment fund fees, or fees of third-party investment managers recommended by CSPIA, custodian fees,

interest, taxes and other Account expenses are the responsibility of Client and are not covered by CSPIA's fee (except in limited circumstances as determined by the Custodian and/or the FA).

In some accounts, clients are permitted to invest in certain "excluded" assets such as illiquid alternative investments. The FA has discretion whether to assess a one-time fee and include the asset balance on which annualized fees are calculated.

In the case of ERISA accounts, the FA is able to place orders for the execution of transactions with or through such brokers, dealers, or banks as are permitted under the terms of the plan and complying with Section 28(e) of the Securities Exchange Act of 1934. Transactions executed through certain broker-dealers are assessed a commission amount that could exceed the amount of commission another broker-dealer would have charged. All brokerage commissions and other costs associated with the purchase or sale of securities and other investment instruments, mutual fund or other investment fund fees, or fees of third-party investment managers recommended by the manager, custodian fees, interest, taxes and other account expenses are the responsibility of the client and are not covered by the Advisor's fee. Except with the prior written consent of the client and provided that the conditions of an applicable exemption under ERISA are satisfied, the manager shall not engage any affiliate of the manager to perform brokerage services.

For advisory variable annuities, client should consider any charges and fees, including mortality and expense charges, administrative charges, and investment management fees and applicable 12b-1 fees for the portfolio options. These charges and fees will reduce the value of your account and return on your investment. If you have selected a rider, or optional feature, there could be an additional cost. In addition to the annuity contract fees and expenses, you are subject to advisory fees on the terms set forth in your investment advisory agreement. This advisory fee will not be taken from the variable annuity contract. Over time, your total expenses to own an advisory variable annuity can be greater than the total expenses to own a similar annuity not subject to the investment management fees.

Cash Sweep Program (the "Sweep Program"): Uninvested cash balances – for which no interest is otherwise earned or paid – in your account are automatically swept into interest-bearing deposit accounts ("Bank Deposit Sweep") or, if available, money market mutual funds ("Money Market Funds") or such other sweep arrangements made available to you (collectively "Cash Sweep Vehicles"), until these balances are invested by you or otherwise needed to satisfy obligations arising in connection with your account.

CSPIA and our affiliates, in some cases receive fees and benefits for services provided in connection with the Sweep Program, and we generally choose to make available the Cash Sweep Vehicles that are more profitable to us than other Money Market Funds or Bank Deposit Sweep accounts. A portion of these fees are paid to your FA.

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

Our advisory services do not impose performance-based fees. Fees are based on the value of the assets in your account, and Cary Street Partners shall not be compensated on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of client (i.e., performance fee).

## **Item 7 Types of Clients**

These advisory services are provided to individuals, pension or profit-sharing plans, trusts, estates or non-profit organizations, corporations or other business entities and governmental entities, educational institutions, as well as banks or thrift institutions.

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

### Methods of Analysis and Investment Strategies

The investment strategies utilized depend on your investment objectives and financial goals as provided to us. Most portfolios are constructed along basic investment objective categories such as:

- Conservative Growth;
- Conservative Growth and Income;
- Conservative Income;
- Moderate Growth;
- Moderate Growth and Income;
- Moderate Income;
- Long-Term Growth;
- Long-Term Growth and Income; and
- Long-Term Income.

Portfolios include investments in companies of all sizes and in any sector, public and private, including investments in energy, natural resources, distressed securities, real estate, venture capital and buy-out, and other private equity, as well as any other business sectors or types of investments. In some cases, FAs invest in securities and financial instruments that employ hedging or other non-traditional investing techniques, such as long and short equity investing, relative value and event driven arbitrage strategies, distressed securities investing, trading and short selling strategies, opportunistic investing in global equity and fixed income investing, and specialized equity investing.

FAs choose managers for their expertise, investment strategies, and demonstrated ability to achieve risk adjusted rates of return greater than those available through traditional public equity investing. FAs place emphasis on managers who engage in extensive research and fundamental analysis. In selecting managers, FAs consider factors, including, but not limited to:

- Strong consistent historical returns;
- Well-articulated and understandable investment strategies;
- Reasonable expenses;
- Tax efficiency;
- Transparency;
- Manageable downside risk; and
- A strong cohesive team that is aligned with investor interests.

### Risk of Loss

For all of the investment and market risks described here, it should be noted that investing in securities involves a risk of loss that clients should be prepared to bear. There is no performance guarantee associated with investing in any investment strategy or security type. Certain investments are considered to be higher risk than others due to such factors as individual security trading liquidity, and foreign and domestic market liquidity, among other factors.

For example, products, such as structured notes, contain higher levels of risk than other products. Structured products come in different forms and typically consist of a debt security that is structured to make interest and principal payments based upon various assets, rates, or formulas. Investment in structured products includes significant risks, including valuation, liquidity, price, credit, and market risks. One common risk associated with structured products is a relative lack of liquidity due to the highly customized nature of the investment. Moreover, the full extent of returns from the complex performance features are

often not realized until maturity. As such, structured products tend to be more of a buy-and-hold investment decision, rather than a means of getting in and out of a position with speed and efficiency.

Another potential risk with structured products is the credit quality of the issuer. Although the cash flows are generally derived from other sources, the products themselves are legally considered to be the issuing financial institution's liabilities. Clients should weigh all of these risks against any possible investment performance when investing in such structured products.

CSPIA 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 CSPIA will provide a better return than other investment strategies. Some specific descriptions of certain types of risks which you as the client generally encounter are as follows:

**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 CSPIA 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 will lead, to increased market and liquidity volatility and exchange trading suspensions and closures. These events will likely have adverse effects on the U.S. and world economies and markets generally, each of which will likely negatively impact CSPIA'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 sometimes 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. CSPIA 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.

CSPIA helps manage or mitigate the risks discussed above by selecting investment strategies, investment managers, investment structures, and individual securities within diversified portfolios, which 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. CSPIA 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 will generally cause your investments to lose value. CSPIA 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 CSPIA, nor its management personnel, are involved, and have not been involved, in any legal or disciplinary events.

## Item 10 Other Financial Industry Activities and Affiliations

CSPIA is a registered investment adviser with the SEC. The appropriate personnel of CSPIA 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 CSPIA.

### ***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 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 CSPIA, 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.

CSP offers a securities-backed loan program (offering securities-backed lines of credit (“SBLOC”) through its clearing firm, WFCS, and CSPIA refers clients to the CSP/WFCS program. The loans are secured by eligible marketable securities held in custody at WFCS.

CSPIA and your Advisor will have an incentive to recommend borrowing money on a client account and pledging the assets as collateral through CSP. Both CSPIA and CSP are affiliated entities and wholly owned subsidiaries of CSPF. CSP sets the interest rates on which your margin account or SBLOC will be charged. A portion of the interest charged on the outstanding balance of your margin loan or SBLOC will be paid to CSPIA, and solely with respect to an SBLOC, to your Advisor. Additionally, for margin loans, the purchase of securities in the account will result in increased asset-based fees, which provides an incentive for your Advisor to recommend the use of margin.

#### ***Luxon Insurance Services LLC***

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

#### ***Cary Street Partners Asset Management LLC***

Cary Street Partners Asset Management LLC (“CSPAM”) is an affiliated entity of CSPIA and a wholly owned investment advisory subsidiary of CSPF. CSPAM provides sub-advisory investment management services to clients of affiliated and unaffiliated Investment Advisors who have engaged with CSPAM. In limited circumstances, CSPAM provides its services directly to retail clients, but generally all services are provided through Advisors, who then interact with the clients.

#### ***Other Investment Advisers—Sub-Advisory Services***

CSPIA will engage with other investment advisers whereby CSPIA agrees to provide certain services to clients of the investment adviser in exchange for a portion of the investment advisory fee paid to the investment advisers by their clients.

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

CSPIA 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. CSPIA’s associates are required to comply with the CSPIA’s Code of Ethics, Code of Conduct and related policies which are made available to all employees.

Pursuant to the SEC’s adoption of this rule, CSPIA 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, can be imposed for violations of this Code of Ethics.

The Firm’s Advisory Code of Ethics consists of the Code of Ethics, Personal Trading policies, and other targeted policies, together with the CSPIA 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. Any violation of the Privacy Policy is also considered a violation of this Code of Ethics.

Personal trading by CSPIA Associates must be conducted in compliance with all applicable laws and procedures adopted by CSPIA. CSPIA places restrictions upon certain personnel in connection with the purchase or sale of securities recommended to you. It is CSPIA's internal policy that certain management personnel do 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 Practices

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

When, and if, CSPIA has discretion to determine the broker-dealer to be used in a securities transaction, the general policy, in conjunction with CSPIA'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 (considering all the factors listed above), and under the requirements of all applicable laws and regulations. Lowest possible cost is not the determinative factor. As a general policy, we will direct such brokerage transactions through broker-dealers that we reasonably believe will provide best execution given prevailing market conditions. We generally execute transactions for clients with the account custodian; however, transactions are cleared through other broker-dealers when determined to be appropriate (considering the factors listed above). In addition, certain custodians charge clients a flat dollar amount or "trade away" fee for each trade executed by a different broker-dealer. As a result, the client could incur both the fee (commission, mark-up/mark-down) charged by the executing broker and the separate "trade away" or "step-out" fee charged by the custodian. These are all considerations when selecting specific broker-dealer relationships.

Finally, 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, CSPIA will not be able to negotiate commissions and generally will 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. If a client does designate a particular broker-dealer, they must do so in writing. In that case, the client will negotiate the terms and arrangements with that broker-dealer, and we will not seek better execution services or prices from other broker-dealers.

## The Brokers and Custodians We Use

CSPIA does not maintain custody of your assets, although we are deemed to have custody of your assets if you give us authority to withdraw assets from your account (see Item 15 Custody below). Your assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank.

Depending on the product or service, CSPIA recommends that you establish account(s) at Wells Fargo Clearing Services (“WFCS”), Charles Schwab & Co., Inc. (“Schwab”), TD Ameritrade Inc. (“TD Ameritrade”), Fidelity Brokerage Services LLC (“Fidelity”) or another qualified custodian. Ultimately, though, it is the client’s decision to choose where to custody assets, and you, as the client, will enter into an account agreement directly with that custodian. CSPIA is independently owned and operated and not affiliated with WFCS, Schwab, TD Ameritrade, Fidelity, or any other qualified custodian. Conflicts of interest associated with this arrangement are described below as well as in Item 14 (Client Referrals and Other Compensation). You should consider these conflicts of interest when selecting your custodian.

## Your Brokerage and Custody Costs—Schwab as Custodian

For our clients’ accounts that Schwab maintains, Schwab generally does not charge you separately for custody services, but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. Certain trades (for example, mutual funds and ETFs) do not incur Schwab commissions or transaction fees. Schwab is also compensated by earning interest on the uninvested cash in your account in Schwab’s Cash Features Program. In addition to commissions and other fees, Schwab charges you a flat dollar amount as a “prime broker” or “trade away” fee for each trade that we have executed by a different broker-dealer but where the securities bought, or the funds from the securities sold, are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account.

**Products and Services Available to Us from Schwab.** Schwab Advisor Services is Schwab’s business serving independent investment advisory firms like us. They provide us and our clients with access to their institutional brokerage services (trading, custody, reporting, and related services), many of which are not typically available to Schwab retail customers. However, certain retail customers can get access to institutional brokerage services from Schwab without going through us. Schwab also makes available various support services. Some of those services help us manage or administer our clients’ accounts, while others help us manage and grow our business. Schwab’s support services are generally available on an unsolicited basis (we don’t have to request them) and at no charge to us. Here is a more detailed description of Schwab’s support services:

**Services that Benefit You.** Schwab’s institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab’s services described in this paragraph generally benefit you and your account.

**Services that Do Not Directly Benefit You.** Schwab also makes available to us other products and services that benefit us, but do not directly benefit you or your account. These products and services assist us in managing and administering our clients’ accounts and operating our firm. They include investment research, both Schwab’s own and that of third-parties. We use this

research to service all, or a substantial number, of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provides access to client account data (such as duplicate trade confirmations and account statements);
- Facilitates trade execution and allocates aggregated trade orders for multiple client accounts;
- Provides pricing and other market data;
- Facilitates payment of our fees from our clients' accounts; and
- Assists with back-office functions, recordkeeping, and client reporting.

**Services that Generally Benefit Only Us.** Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- Educational conferences and events;
- Consulting on technology and business needs;
- Consulting on legal and related compliance needs;
- Publications and conferences on practice management and business succession;
- Access to employee benefits providers, human capital consultants, and insurance providers; and
- Marketing consulting and support.

Schwab provides some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab also discounts or waives its fees for some of these services or pays all or a part of a third-party's fees. Schwab also provides us with other benefits, such as occasional business entertainment of our personnel. If you did not maintain your account with Schwab, we would be required to pay for these services from our own resources.

**Our Interest in Schwab's Services.** The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services. Schwab has also agreed to pay for certain technology, research, marketing, and compliance consulting products and services on our behalf. The fact that we receive these benefits from Schwab is an incentive for us to recommend the use of Schwab, rather than making such a decision based exclusively on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a conflict of interest. We believe, however, that taken in the aggregate, our recommendation of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see "How We Select Brokers/Custodians" at the beginning of this Item 12 section) and not Schwab's services that benefit only us.

## Soft Dollars

CSPIA is authorized to pay higher prices for the purchase of securities from, or accept lower prices for the sale of securities to, brokerage firms that provide it with investment and research information, or to pay higher commissions to such brokerage firms, if we determine such prices or commissions are reasonable in relation to the overall services provided. Research services furnished by brokers include written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; statistics and pricing or appraisal services; discussions with research personnel; and invitations to attend conferences or meetings with management or industry consultants. CSPIA is not required to weigh any of these factors equally.

Receipt by an investment adviser of products and services provided by brokers, without any cash payment by an investment adviser, based on the volume of brokerage commission revenues generated from securities transactions executed through those brokers on behalf of the investment adviser's clients is commonly referred to as "soft dollars". By utilizing client brokerage commissions to obtain research or other products and services, CSPIA 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 CSPIA'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 CSPIA's investment decision making responsibilities? 3) Has CSPIA 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? These considerations are provided under Section 28(e) of the Securities Exchange Act of 1934 which provides a "safe harbor" to investment advisers with respect to potential liability for violating their duty to obtain best execution. All of this said, CSPIA does not currently have any formal soft dollar arrangements. CSPIA is not required to allocate either a stated dollar amount or stated percentage of its brokerage business to any broker for any minimum time period.

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer custodian, the Firm generally receives from Schwab, WFCS, TD Ameritrade or Fidelity (or another broker-dealer custodian) without cost (and/or at a discount) support services and/or products certain of which assist us to better monitor and service client accounts maintained at such institutions. Possible support services the Firm receives include: investment-related research; pricing information and market data; software and other technology that provide access to client account data; compliance and/or practice management publications; discounted or gratis consulting services; discounted and/or gratis attendance at conferences, meetings and other educational or social events; marketing support; computer hardware and/or software; or other products used by the Firm in furtherance of its investment advisory business operations.

See Item 14 for further disclosure and clarification on the conflict of interest that exists through CSPIA's participation in the Schwab Advisor Network and similar programs with respect to utilization of Schwab and others for brokerage services.

### **Item 13 Review of Accounts**

CSPIA associates will review your account on a periodic basis to evaluate performance, concentration, style drift, cash flows, adherence to investment guidelines or restrictions, investment selection, and asset quality and other metrics of the investment vehicle. CSPIA, if requested, will show you how the investment compares to its peers and/or relevant benchmark and provide other assessments.

In performing its services, CSPIA is not required to verify any information received from the client or from the client's other professionals. Clients are advised to promptly notify us if there are ever any changes in their financial situation or investment objectives, or if they wish to impose any reasonable restrictions upon CSPIA's management services. The client can impose restrictions on investing in certain securities or types of securities.

Upon the opening of each account, your investment objectives and strategy are reviewed for approval and consistency. Thereafter, accounts are 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. Additional reviews take place during the year as requested by each client. Finally, your custodian will transmit to you, a statement of account activity at least quarterly.

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

CSPIA, 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 generally 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. CSPIA's CCO must approve any solicitor arrangement. Upon Compliance approval, CSPIA 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.

CSPIA, 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 CSPIA.

Clients who have investment advisory accounts with CSPIA 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, if any, in the investment advisory accounts.

### **Schwab Support Services and Schwab Advisor Network**

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab. You do not pay more for assets maintained at Schwab as a result of these arrangements. However, we benefit from the referral arrangement because the cost of these services would otherwise be borne directly by us. You should consider these conflicts of interest when selecting a custodian. The products and services provided by Schwab, how they benefit us, and the related conflicts of interest are described above (see Item 12 Brokerage Practices).

CSPIA receives client referrals from Schwab through our participation in Schwab Advisor Network® (“the Service”). The Service is designed to help investors find an independent investment advisor. Schwab is a broker-dealer, independent of and unaffiliated with CSPIA. Schwab does not supervise us and has no responsibility for CSPIA’s management of clients’ portfolios or our other advice or services. CSPIA pays Schwab fees to receive client referrals through the Service. Our participation in the Service raises potential conflicts of interest described below.

CSPIA pays Schwab a Participation Fee on all referred clients’ accounts that are maintained in custody at Schwab and a separate one-time Transfer Fee on all accounts that are transferred to another custodian. The Transfer Fee creates a conflict of interest that encourages CSPIA to recommend that client accounts be held in custody at Schwab. The Participation Fee paid by us is a percentage of the value of the assets in the client’s account. CSPIA pays Schwab the Participation Fee for so long as the referred client’s account remains in custody at Schwab. The Participation Fee and any Transfer fee is paid by us and not by the client. CSPIA has agreed not to charge clients referred through the Service fees or costs greater than the fees or costs we charge clients with similar portfolios who were not referred through the Service.

The Participation and Transfer Fees are based on assets in accounts of our clients who were referred by Schwab and those referred clients’ family members living in the same household. Thus, CSPIA will have incentives to recommend that client accounts and household members of clients referred through the Service maintain custody of their accounts at Schwab. CSPIA’s participation in the Schwab Advisor Network does not diminish its duty to seek best execution of trades for client accounts.

### **Item 15 Custody**

As a matter of policy and practice, CSPIA 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 CSPIA does provide relevant information regarding various custodians, custodian selection is ultimately the client’s decision. CSPIA urges its clients to carefully review Custodian statements, which are the official custodial records of the client’s account. CSPIA statements or reports can vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

In certain cases, CSPIA 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 CSPIA employees are occasionally appointed as a trustee or other fiduciary position involving CSPIA 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, CSPIA would not be deemed to have custody. This is especially true where an outside third-party co-trustee serves alongside the CSPIA employee.

CSPIA gives instructions to the Custodian with respect to all investment decisions regarding the assets, and the Custodian is authorized and directed to effect transactions, deliver securities, make payments, and otherwise take such actions we direct. For non-discretionary accounts, we generally request documentation from you that such instructions are authorized.

## **Item 16 Investment Discretion**

The client generally grants discretionary authority to CSPIA by signing the CSPIA Investment Advisory Agreement. We will have full discretionary power to supervise and direct the investments in these accounts, as long as the accounts have the same client registration, based on your Investment Policy Statement and any other written investment guidelines or restrictions you have provided to us.

## **Item 17 Voting Client Securities**

CSPIA acknowledges it has a fiduciary obligation to its clients that requires it to monitor corporate events and vote client proxies in cases where clients have assigned that responsibility to the Firm. CSPIA can vote proxies for securities over which it maintains discretionary authority consistent with its proxy voting policy. We have adopted policies and procedures reasonably designed to ensure proxies are voted in clients' and shareholders' best interests, and reasonably consistent with, wherever possible, enhancing long-term shareholder value and leading corporate governance practices. CSPIA has retained the services of Broadridge ProxyEdge ("ProxyEdge") to vote securities on its behalf. ProxyEdge provides its Proxy Policies and Insights (or PPI) product. PPI uses data driven voting guidelines, also called the Shareholder Value Template, derived from publicly disclosed vote records of top fund families with the goal of maximizing shareholder value. Finally, Adviser recognizes that it (i) has a fiduciary responsibility under the Employee Retirement Income Securities Act (ERISA) to vote proxies prudently and solely in the best interests of plan participants and beneficiaries and (ii) will vote proxies in the best interest of the client (non-ERISA) when directed.

### **Proxy Voting Guidelines**

Generally, where the disclosed vote records align, routine and/or non-controversial, corporate governance issues are normally voted with management; this would include the approval of independent auditors for example. Occasionally, ProxyEdge votes against management's proposal on a particular issue; such issues would generally be those deemed likely to reduce shareholder control over management, entrench management at the expense of shareholders, or in some way diminish shareholders' present or future value. CSPIA generally believes that voting proxies in a manner that is favorable to a business's long-term performance and valuation is in its clients' best interests. However, a uniform voting policy is sometimes not in the best interest of all clients. CSPIA applies the ProxyEdge standard guidelines to most clients but will utilize alternate policy guidelines to meet specific requirements where appropriate. From time to time, we will receive and act upon the client's specific instructions regarding proxy proposals. However, such requests must be received in writing no later than 30 days in advance of the proxy voting deadline. CSPIA reserves the right to vote against any proposals motivated by political, ethical or social concerns. A complete summary of the ProxyEdge voting guidelines, the Shareholder Value Template, can be requested by contacting us.

### **Conflicts of Interest**

Occasions arise during the voting process in which the best interests of the clients or shareholders conflict with our interests. Examples of conflicts of interest generally include (i) business relationships where CSPIA has a substantial business relationship with, or is actively soliciting business from, a company soliciting proxies and (ii) personal or family relationships whereby an employee of CSPIA has a family member or other personal relationship that is affiliated with a company soliciting

proxies, such as a spouse who serves as a director of a public company. A potential conflict occurs if a substantial business relationship exists with a proponent or opponent of a particular initiative. If we determine that a material conflict of interest exists, CSPIA will instruct ProxyEdge to vote using its standard policy guidelines which are derived independently from CSPIA.

## Proxy Voting Process

- Upon timely receipt of proxy materials, ProxyEdge will automatically release vote instructions on a client's behalf as soon as analysis is completed. CSPIA retains authority to override the votes (before cut-off date) if we disagree with the vote recommendation.
- The Proxy Coordinator or their delegate at CSPIA (employees at the Firm responsible for administration and oversight of proxy voting) will monitor the voting process at ProxyEdge via the Broadridge ProxyEdge proxy voting portal (ProxyEdge's online voting platform). Records of which accounts are voted, how accounts are voted, and how many shares are voted are kept electronically with ProxyEdge.
- For proxies not received by ProxyEdge, CSPIA and ProxyEdge will make a best effort attempt to receive ballots from the client's custodian prior to the vote cut-off date.
- CSPIA, through its Proxy Coordinator or delegates, is responsible for account maintenance – opening and closing of accounts, transmission of holdings and account environment monitoring.
- The Proxy Coordinator will keep abreast of any critical or exceptional events, or events qualifying as a conflict of interest, via the ProxyEdge portal and email.
- Investment teams should keep the Proxy Coordinator and delegates informed of material issues affecting pending or upcoming proxy votes. If the Proxy Coordinator or delegates become aware of additional information that would reasonably be expected to affect CSPIA's vote, then this information should be considered prior to voting.
- Adviser has the ability to override ProxyEdge vote instructions and will do so if believed to be in the best interest of the client. All changes are documented and coordinated between the Proxy Coordinator and the Portfolio Manager and/or Research Analyst if applicable. Changes generally occur as a result of CSPIA's communication with issuer management regarding matters pertaining to securities held when the issuer questions or disputes the ProxyEdge voting guidelines. All proxies are voted solely in the best interest of clients on a best-efforts basis.

## Practical Limitations Related to Proxy Voting

While CSPIA makes a best effort to vote proxies, in certain circumstances it will be impractical or impossible for us to do so. Identifiable circumstances include:

- Limited Value. Where CSPIA has concluded that to do so would have no identifiable economic benefit to the client or shareholder.
- Unjustifiable Cost. When the costs of or disadvantages resulting from voting, in our judgment, outweigh the economic benefits of voting.
- Securities Lending. If securities are on loan at the record date, the client lending the security cannot vote the proxy. Because CSPIA generally is not aware of when a security is on loan, it will not have the opportunity to recall the security prior to the record date.
- Failure to Receive Proxy Statements. CSPIA is sometimes not be able to vote proxies in connection with certain holdings, most frequently for foreign securities, if it does not receive the account's proxy statement in time to vote the proxy.

## Proxy Voting Records and Reports

The proxy information is maintained by ProxyEdge on our behalf and includes the following: (i) name of the issuer; (ii) the exchange ticker symbol; (iii) the shareholder meeting date; (iv) a brief description of the matter brought to vote; (v) whether the proposal was submitted by management or a shareholder; (vi) how the proxy was voted (for, against, abstained); (vii) whether the proxy was voted for or against management; and (viii) documentation materials to make the decision. CSPIA's Proxy Coordinator coordinates retrieval and report production as required or requested.

A copy of how CSPIA voted on securities held in a client's account is available free of charge upon request. A complete copy of CSPIA's Proxy Policy will be provided to any current or prospective client upon request. In some instances, clients of CSPIA have reserved the right to vote their own proxies. In such cases, CSPIA does not have the authority to vote on the client's behalf, and arrangements should be made by the client to have the custodian and/or transfer agent deliver the proxy solicitations directly to them.

## 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. CSPIA has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.

## Item 19 Other Information: Privacy Policy

### Privacy Statement

#### FACTS

#### WHAT DOES CARY STREET PARTNERS DO WITH YOUR PERSONAL INFORMATION?

<b>Why?</b>	Financial companies choose how they share your personal information. Federal laws, and certain state privacy laws, give consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.
<b>What?</b>	To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. What this means for you: when you open an account, we will ask for your name, address, date of birth, and other information that will allow us to identify you. We may also ask to see your driver's license or other identifying documents. The types of personal information we collect and share depend on the product(s) or service(s) you have with us. This information can include: <ul style="list-style-type: none"><li>• Your account opening documentation, applications or other forms, which include name, address, phone number, social security number and date of birth.</li><li>• Your potential or actual transactions with our affiliates, others or us.</li><li>• Information, such as credit history or employment status, from non-affiliated third parties.</li><li>• Information for special services offered by a third party, such as bill payment requests.</li><li>• For Investment Banking engagements, information we receive from you and your directors, officers, employees and agents about your business including its finances, technology, processes and customers.</li></ul>
<b>How?</b>	All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons Cary Street Partners chooses to share and whether you can limit this sharing.

Reasons we can share your personal information	Does Cary Street Partners share?	Can you limit this sharing?
For our everyday business purposes - such as to process your transactions, maintain your account(s), respond to court orders, audits, regulatory examinations, and legal investigations, or report to credit bureaus	yes	no
For our marketing purposes - to offer our products and services to you	yes	no
For joint marketing with other financial companies	yes	yes
For our affiliates' everyday business purposes - information about your transactions and experiences	yes	no
For our affiliates' everyday business purposes - information about your credit worthiness	yes	yes
For our affiliates to market to you	yes	yes
For nonaffiliates to market to you	yes, in limited circumstances*	see note*
<b>To limit our sharing or to request additional information regarding our privacy policies</b>	<ul style="list-style-type: none"> <li>• Contact your Financial Advisor by telephone or in-person.</li> <li>• Mail or email page 2 of this form using the addresses provided.</li> <li>• Opt-out through email notification at <a href="mailto:info@carystreetpartners.com">info@carystreetpartners.com</a></li> </ul> <p>Please note: If you are a new customer, we can begin sharing your information for non-business purposes 30 days from the date we sent this notice. When you are no longer our customer, we continue to share your information as described in this notice. However, you can contact us at any time to limit our sharing.</p>	
<b>Questions?</b>	Contact your Financial Advisor or <a href="mailto:info@carystreetpartners.com">info@carystreetpartners.com</a>	

\*Should your Financial Advisor resign from the firm under the "Broker Protocol," we will share your name, address, phone number, account title and email address with the new firm. We may also share information in limited cases for joint marketing or events. Otherwise, we do not share data with nonaffiliates.

Mail-in Form		
<b>Leave Blank OR</b> if you have a joint account, your choice(s) will apply to everyone on your account unless you mark below: <input type="checkbox"/> apply my choices only to me		
Mark any/all updates you want to limit: <input type="checkbox"/> Do not share information about my credit worthiness with your affiliates for their everyday business purposes. <input type="checkbox"/> Do not allow your affiliates or nonaffiliates to use my personal information to market to me.		
<b>Name</b>		<b>Mail to:</b> Cary Street Partners Operations - Privacy 901 East Byrd Street Suite 1001 Richmond, VA 23219  <b>Email to:</b> <a href="mailto:info@carystreetpartners.com">info@carystreetpartners.com</a>
<b>Address</b>		
<b>City, State, Zip</b>		
<b>Account # (last 4 digits)</b>		
<b>Advisor Name</b>		
Who we are		
Who is providing this notice?	Cary Street Partners - Cary Street Partners is the trade name used by Cary Street Partners LLC, Member FINRA/SIPC; Cary Street Partners Investment Advisory LLC and Cary Street Partners Asset Management LLC, registered investment advisers.	

<b>What we do</b>	
How does Cary Street Partners protect my personal information?	<ul style="list-style-type: none"> <li>• We train our employees to protect customer information.</li> <li>• We require independent contractors and outside companies who work with us to adhere to strict privacy standards through their contracts with us.</li> <li>• We continually enhance our security tools and processes.</li> <li>• We take steps to protect customer data and accounts by asking you for information that only you should know when you contact us.</li> </ul>
How does Cary Street Partners collect my personal information?	<p>Cary Street Partners may collect non-public personal information about you from the following sources:</p> <ul style="list-style-type: none"> <li>• Your account opening documentation, applications or other forms.</li> <li>• Your potential or actual transactions with our affiliates, others or us.</li> <li>• Information, such as credit history or employment status, from non-affiliated third parties.</li> <li>• Information for special services offered by a third party, such as bill payment requests.</li> <li>• For Investment Banking engagements, information we receive from you and your directors, officers, employees and agents about your business including its finances, technology, processes and customers.</li> </ul>
Why can't I limit all sharing?	<p>Federal law gives you the right to limit only:</p> <ul style="list-style-type: none"> <li>• Sharing for affiliates' everyday business purposes – information about your creditworthiness.</li> <li>• Affiliates from using your information to market to you.</li> <li>• Sharing for nonaffiliates to market to you.</li> <li>• State laws and individual companies may give you additional rights.</li> </ul>
What happens when I limit sharing for an account I hold jointly with someone else?	Your choice will apply to everyone on your account unless you tell us otherwise.
<b>Definitions</b>	
Affiliates	Any other entity with common ownership and/or control.
Nonaffiliates	An entity that has no common ownership and/or control with Cary Street Partners.
Joint Marketing	A formal agreement or arrangement between nonaffiliated financial companies that together market financial products or services to you.

<b>Privacy Statement-California – This Section Applies to CA Consumers Only</b>
<p>This PRIVACY NOTICE FOR CALIFORNIA RESIDENTS supplements the information contained in the Privacy Statement of Cary Street Partners and its subsidiaries and applies solely to visitors, users, and others who reside in the State of California (“consumers” or “you”). We adopt this notice to comply with the California Consumer Privacy Act (“CCPA”). Any terms defined in the CCPA have the same meaning when used in this notice.</p> <p>The categories of information Cary Street Partners collects and how we use such personal information is explained above in the section titled “Reasons we can share your personal information” and in the section of our website titled “Use of Technology and Cookies”. If a consumer wishes to have their information deleted, then they may request that the firm do so; however, the firm can refuse to delete personal information that the firm maintains in order to do any of things listed in section 1798.105 (d)(1)-(9) of the CCPA.</p> <p>The consumer has the right to request a report concerning their personal information that contains the information specified in section 1798.110 (a) of the CCPA concerning the consumer’s personal information. The firm will not discriminate against a consumer who makes a request under the CCPA. To request a report, the consumer can reach out to the Chief Marketing Officer at <a href="mailto:info@carystreetpartners.com">info@carystreetpartners.com</a> or call the following toll-free number (877) 865-9549.</p> <p>Cary Street Partners does not ever sell consumers’ personal information and does not otherwise share personal information except in the ordinary course of business. Cary Street Partners also does not provide personal information to third parties except as outlined above.</p>