

## Item 1: Cover page

# Arbor Wealth Management, LLC Firm Brochure - Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of Arbor Wealth Management, LLC. If you have any questions about the contents of this brochure, please contact us at (480) 818-8300 or by email at: [info@arborfirm.com](mailto:info@arborfirm.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.*

*Additional information about Arbor Wealth Management, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Arbor Wealth Management, LLC's CRD number is: 168774.*

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*Registration as an investment adviser does not imply a certain level of skill or training.*

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## **Item 2: Material Changes**

The material changes in this brochure from the last amendment of Arbor Wealth Management, LLC on August 6, 2025, are described below. Material changes relate to Arbor Wealth Management, LLC's policies, practices, or conflicts of interests only.

- Item 4 and Item 5 have been updated to reflect that we offer ERISA Retirement Plan Services.
- Item 12 has been updated to reflect that we do not allow directed brokerage.
- Item 14 has been updated to reflect that we compensate a third-party registered investment adviser for referrals.

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## Item 4: Advisory Business

### Description of the Advisory Firm

Arbor Wealth Management, LLC (hereinafter “AWM”) is a Limited Liability Company organized in the State of Arizona and is registered with the United States Securities and Exchange Commission (“SEC”). The firm was formed in May 2012 and became a registered investment advisor August 2013, and the principal owners are Jake Ulrich and Joseph Arsenault, CPA/PFS.

### Types of Advisory Services

AWM offers the following services to advisory clients:

#### Portfolio Management Services

AWM offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client.

AWM creates an Investment Policy Statement for each client, which outlines the client’s current situation (income, tax levels, and risk tolerance levels) and then constructs a plan to aid in the selection of a portfolio that matches each client’s specific situation. AWM will look at each household on an individual basis when managing the portfolio. AWM may utilize different allocations from the model portfolios based on the financial and tax circumstances of the individual client. Portfolios may be managed on both a household and an individual account level. AWM’s use of short-term trading, short sales, margin transactions, and options trading generally holds greater risk and clients should be aware that there is a material risk of loss using any of those strategies.

Portfolio management services include, but are not limited to, the following:

- Determine investment strategy
- Asset allocation
- Assessment of risk tolerance
- Tailor a personal investment policy
- Asset selection
- Regular portfolio monitoring

AWM evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

AWM seeks to provide that investment decisions are made in accordance with the fiduciary duties owed to its accounts and without consideration of AWM’s economic, investment or other financial interests. To meet its fiduciary obligations, AWM attempts to avoid, among other things, investment, or trading practices that systematically advantage or disadvantage certain client portfolios, and, accordingly, AWM’s policy is to seek fair and equitable allocation of investment opportunities/transactions among its clients to avoid favoring one client over another over time. It is AWM’s policy to allocate investment opportunities and transactions it identifies as being appropriate and prudent among its clients on a fair and equitable basis over time.

This investment adviser is registered under the SEC and other applicable federal and state securities laws, the adviser has a fiduciary duty, as an investment adviser, to act in the best interest of the client.

### **Financial Planning**

Financial plans and financial planning may include, but are not limited to:

- Insurance Planning
- Cash Flow/Budget Analysis
- Long Term Care Planning
- Charitable Gift Planning
- Income Tax Planning & Integration
- Social Security Planning
- Education Planning
- Stock Options Planning
- ROTH Conversion Strategies
- Deferred Compensation
- Gain & Loss Harvesting

In offering financial planning, a conflict exists between the interests of the investment adviser and the interests of the client. The client has the right to choose whether or not to act upon the investment adviser's recommendation. If the client elects to act on any of the recommendations, then the client has the right to choose whether or not to use AWM and is under no obligation to use AWM to carry out the plan. For the sale of insurance products AWM will make a commission. AWM resolves this conflict by disclosing the commissions to the client as they build the entire financial plan. Traditional security investment advice is not included as part AWM financial planning services.

### **Erisa Retirement Plan Services**

The Employee Retirement Income Security Act of 1974 ("ERISA") is the law governing the operation of employee benefit plans. The Firm provides investment advisory and consulting services to Plan Sponsors of ERISA plans under Sections 3(21) of ERISA. When providing services to a Plan Sponsor, the Plan Sponsor is the client. The Firm provides ongoing investment monitoring and investment recommendation services as outlined in the written agreement between the Firm and the Plan Sponsor. Under the 3(21) Service, the Firm does not have investment discretion and does not have the power to manage, acquire, or dispose of any plan assets. The Plan Sponsor retains ultimate decision-making authority for the investments and may accept or reject the recommendations of the Firm under this Service.

### **Services Limited to Specific Types of Investments**

AWM generally limits its investment advice to equities, fixed income securities, ETFs (including ETFs in the gold and precious metal sectors and other commodities), non-U.S. securities, insurance products including annuities, although AWM primarily recommends Stocks and low-cost ETFs to a majority of its clients. The passive investing strategy would be allocated based on risk score and comprised of ETFs only to capture major indexes and asset classes. AWM may use other securities

as well to help diversify a portfolio when applicable for active investing.

### **Client Tailored Services and Client Imposed Restrictions**

AWM offers the same suite of services to all of its clients and uses model portfolios to provide its portfolio management. Nevertheless, AWM may utilize different allocations from the model portfolios based on the financial and tax circumstances of the individual client. Moreover, specific client investment strategies and their implementation are dependent upon the client Investment Policy Statement which outlines each client's current situation (income, tax levels, and risk tolerance levels).

Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs, which will be documented in the client's Investment Policy Statement. However, if the restrictions prevent AWM from properly servicing the client account, or if the restrictions would require AWM to deviate from its standard suite of services, AWM reserves the right to end the relationship.

### **Wrap Fee Programs**

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

### **Assets Under Management**

AWM has the following assets under management:

<b>Discretionary Amounts:</b>	<b>Non-discretionary Amounts:</b>	<b>Date Calculated:</b>
\$138,051,761	\$0.00	December 31, 2025

## **Item 5: Fees and Compensation**

### **Fee Schedule**

*Lower fees for comparable services may be available from other sources.*

#### **Portfolio Management Services Fees**

##### **Custom Management**

**\*Offered to Aggressive Risk Tolerance or Higher and / or Legacy Accounts and certain tax positions at AWM's discretion.**

Total Assets Under Management	Maximum Annual Fee
\$0.00 - \$2,500,000.00	1.00%
\$2,500,001.00 to \$5,000,000.00	0.75%
\$5,000,001.00 +	0.65%

### **ETF Models**

**\*Models may have other constituents based on tax positions or client requests at AWM's discretion.**

Total Assets Under Management	Maximum Annual Fee
\$0.00 - \$2,500,000.00	0.85%
\$2,500,001.00 - \$5,000,000.00	0.50%
\$5,000,001.00 +	0.40%

For ETF services AWM will create, manage, and monitor a fully ETF portfolio account. This is still monitored daily and re-balanced as necessary according to goals and risk tolerance.

AWM calculates the balance in the client's account on the last market day of the quarter for purposes of determining the market value of the assets upon which the advisory fee is based. These fees are negotiable, and the final fee schedule is attached as Exhibit II of the Investment Advisory Contract. The fees are negotiable based on competition in the industry, family, friends, households, and referrals. AWM has the discretion to accept a negotiated rate when bringing on a new client or reviewing a current client. Clients may terminate the agreement without penalty, for full refund of AWM's fees, within five business days of AWM signing the Investment Advisory Contract.

### **Financial Planning Fees**

At AWM it is our goal to have a complete understanding of our client's financial goals and risk tolerance.

AWM charges an hourly rate of \$250 for the client's initial financial plan. This total cost is determined by the complexity of the financial plan and is determined by the estimated hours of completion times the hourly rate. The final fee is disclosed in the Financial Planning Agreement in Exhibit V. This planning fee will be earned at the plan delivery meeting and/or uploaded to the client portal. Clients may terminate the agreement without penalty AND for full refund of AWM's fees, within five business days of signing the Financial Planning Agreement. Thereafter, clients may terminate the Financial Planning Agreement generally with thirty day's written notice.

At the start of the first anniversary and annually thereafter, AWM charges a \$1,000 fee for Financial Plan updates. This planning fee will be earned upon an updated plan being uploaded to the client portal. This fee is disclosed in the Financial Planning Agreement in Exhibit V. Clients may terminate the agreement without penalty AND for full refund of AWM's fees, within five business days of signing the Financial Planning Agreement. Thereafter, clients may terminate the Financial

Planning Agreement generally with thirty day's written notice.

AWM utilizes a \$250/hour factor for any additional work requested in addition to the fees listed above and will be disclosed in writing to the client. Clients may terminate the agreement without penalty AND for full refund of AWM's fees, within five business days of signing the Financial Planning Agreement. Thereafter, clients may terminate the Financial Planning Agreement generally with thirty day's written notice.

### **Erisa Retirement Plan Services**

Fees for retirement plan services provided to ERISA Plan Sponsors are negotiated by AWM and the Plan Sponsor and will not exceed 0.75%.

## **Payment of Fees**

### **Payment of Portfolio Management Fees**

Portfolio management fees are withdrawn directly from the client's accounts with client's written authorization. Clients should refer to Item 15 for further details regarding direct fee deduction. Fees are paid quarterly in advance.

### **Payment of Financial Planning Fees**

Financial planning fees are paid via check or withdrawn directly from the client's accounts with client's written authorization. Clients should refer to Item 15 for further details regarding direct fee deduction.

- Full Service: fees are paid annually in arrears as work is completed.

### **Erisa Retirement Plan Services**

A Plan Sponsor's agreement with the recordkeeper will determine the frequency at which fees are paid. For example, fees may be calculated and billed quarterly in arrears or advance; however, some recordkeepers may calculate and bill more frequently.

## **Clients Are Responsible for Third Party Fees**

Clients are responsible for the payment of all third-party fees (i.e. custodian fees, brokerage fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by AWM. Please see Item 12 of this brochure regarding broker/custodian.

## **Prepayment of Fees**

AWM collects fees for portfolio management services in advance. Refunds for unearned fees paid in advance will be returned promptly to the client via check or return deposit back into the client's account.

For all unearned asset-based fees paid in advance, the fee refunded will be the balance of the fees collected in advance minus the daily rate\* times the number of days in the billing period up to and including the day of termination. (\*The daily rate is calculated by dividing the annual asset-based fee by 365.)

Full service financial planning fees are charged in arrears.

For limited financial planning engagements, fees are typically collected 50% in advance, with the remaining balance due upon completion. The Firm does not require prepayment of more than \$1,200 in fees per client, six months or more in advance. For any unearned fixed financial planning fees that are collected in advance the fee refunded will be the balance of the fees collected in advance minus an hourly rate of \$250 times the number of hours of work that has been completed up to and including the day of termination.

### **Outside Compensation for the Sale of Securities to Clients**

Jake Ulrich and Joseph Arsenault, CPA/PFS, in their role as licensed insurance agents, accept compensation for the sale of insurance products to AWM clients. This presents a conflict of interest and gives the supervised person an incentive to recommend products based on the compensation received rather than on the client's needs. When recommending the sale of insurance products for which supervised persons receive compensation, they will inform the client of the conflict of interest. In order to address and mitigate this conflict of interest, AWM will ensure it always acts in the best interest of its clients consistent with its fiduciary duty as an investment adviser.

Clients always have the right to choose whether or not to purchase AWM-recommended products through other brokers or agents that are not affiliated with AWM. Advisory fees that are charged to clients are not reduced to offset the commissions on insurance products recommended to clients. Commissions are not AWM's primary source of compensation for advisory services.

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

AWM does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## **Item 7: Types of Clients**

AWM generally provides advisory services to the following types of clients:

- ❖ Individuals
- ❖ High net worth individuals
- ❖ Small Businesses

The household minimum investable assets are \$500,000 or more for custom portfolios, which can be

waived at the discretion of the firm. Households under \$500,000 will only be allowed to use the ETF only Portfolio Strategy.

AWM currently provides advisory services to individuals, including high net worth individuals. AWM does not screen prospective clients for particular investment profiles but does strive to work with clients looking for a collaborative advisory relationship.

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

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

#### **Methods of Analysis**

AWM's methods of analysis include charting analysis, fundamental analysis, technical analysis, cyclical analysis, and modern portfolio theory.

**Charting analysis** involves the use of patterns in performance charts. AWM uses this technique to search for patterns used to help predict favorable conditions for buying and/or selling a security.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

**Technical analysis** involves the analysis of past market data, primarily price and volume.

**Cyclical analysis** involved the analysis of business cycles to find favorable conditions for buying and/or selling a security.

**Modern portfolio theory** is a theory of investment which attempts to maximize portfolio expected return for a given amount of portfolio risk or equivalently minimize risk for a given level of expected return, by carefully choosing the proportions of various assets.

#### **Investment Strategies**

AWM uses long term trading for its model portfolios. AWM offers an Investing Strategy, allocated based on risk score and comprised of ETFs only to capture major indexes and asset classes.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### **Material Risks Involved**

#### **Methods of Analysis**

**Charting analysis** strategy involves using and comparing various charts to predict long and short-term performance or market trends. The risk involved in using this method is that only past performance data is considered without using other methods to crosscheck data. Using charting analysis without other methods of analysis would be making the assumption that past performance will be indicative of future performance. This may not be the case.

**Fundamental analysis** concentrates on factors that determine a company's value and expected

future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

**Technical analysis** attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not work long term.

**Cyclical analysis** assumes that the markets react in cyclical patterns which, once identified, can be pulled to provide performance. The risks with this strategy are two-fold:

1) the markets do not always repeat cyclical patterns and 2) if too many investors begin to implement this strategy, it changes the very cycles these investors are trying to exploit.

**Modern Portfolio Theory** assumes that investors are risk adverse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better expected returns.

**Model portfolios** utilized by AWM are designed to capture return and risk at market rates. AWM seeks to provide clients with diversification benefits help to smooth returns, reduce volatility, and decrease asset-class and single-strategy risks. Risks specific to using model portfolios include the possibility that the model portfolio will underperform the market and the possibility that the model will not be able take advantage of opportunities that a non-model portfolio management approach might capture. Model portfolios entail inflation (purchasing power) risk, interest rate risk, economic risk, market risk, political/regulatory risk, and asset allocation risk – meaning that any given asset allocation strategy does not guarantee any specific result or profit nor protect against a loss.

**Long term trading** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

**Short term trading** risks include liquidity, economic stability, and inflation, in addition to the long-term trading risks listed above. Frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

**Short sales** entail the possibility of infinite loss; clients should be aware that losses can exceed the amount invested. An increase in the applicable securities' prices will result in a loss and, over time, the market has historically trended upward.

**Margin transactions** use leverage that is borrowed from a brokerage firm as collateral. When losses occur, the value of the margin account may fall below the brokerage firm's threshold thereby triggering a margin call. This may force the account holder to either allocate more funds to the account or sell assets on a shorter time frame than desired. Accordingly, an investor's losses can exceed the amount invested.

**Options** The purchaser of a put or call option can lose all of the cost of the option (the premium). Most options expire “out of the money,” meaning the purchaser will lose his or her premium on most options purchased. There are additional significant risks involved in selling uncovered or “naked” puts or calls, that is, puts or calls on securities in which you as the client do not already own an underlying position in the security.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### **Risks of Specific Securities Utilized**

**Equity** investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry market conditions, and general economic environments.

**Fixed income** investments generally pay a return on a fixed schedule, though the amount of the payments can vary and include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best-known type of fixed income security. In general, the fixed income market is volatile, and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.

**Exchange Traded Funds (ETFs):** An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern for ETFs include the lack of transparency in products and increasing complexity, conflicts of interest, and the possibility of inadequate regulatory compliance. The price of Precious Metal ETFs (e.g., Gold, Silver, or Palladium Bullion backed “electronic shares” not physical metal) may be negatively impacted by several factors, among them (1) large sales by the official sector which own a significant portion of aggregate world holdings in gold and other precious metals, (2) a significant increase in hedging activities by producers of gold or other precious metals, (3) a significant change in the attitude of speculators and investors.

**Cryptocurrency:** From time to time, clients may obtain indirect exposure to cryptocurrencies through ETFs. The value of these products is often intended to reflect the value of one or more cryptocurrencies, and the risks of investing in these products are similar to the risks of investing in cryptocurrencies generally, as well as the risks specific to investing in the applicable investment product (ETFs). Cryptocurrency is susceptible to extreme volatility of trading prices that many digital assets have experienced in recent periods and may continue to experience. The value of cryptocurrency is not backed by any government, corporation, or other identified body. Value is determined by (and fluctuates often, according to) supply and demand factors, the number of merchants that accept it, and/or the value that various market participants place on it through their mutual agreement, barter, or transactions. The unregulated nature and lack of transparency

surrounding the operations of Digital Asset Exchanges may adversely affect the value of the digital asset. Regulatory changes or actions by the U.S. Congress or any U.S. federal or state agencies may affect the value of cryptocurrency or restrict the use of one or more digital assets, mining activity or the operation of their networks or the Digital Asset Exchange Market.

**Options** are contracts to purchase a security at a given price, risking that an option may expire out of the money resulting in minimal or no value. An uncovered option is a type of options contract that is not backed by an offsetting position that would help mitigate risk. The risk for a “naked” or uncovered put is not unlimited, whereas the potential loss for an uncovered call option is limitless. Spread option positions entail buying and selling multiple options on the same underlying security, but with different strike prices or expiration dates, which helps limit the risk of other option trading strategies. Option writing also involves risks including but not limited to economic risk, market risk, sector risk, idiosyncratic risk, political/regulatory risk, inflation (purchasing power) risk, and interest rate risk.

**Commodities** are tangible assets used to manufacture and produce goods or services. Commodity prices are affected by different risk factors, such as disease, storage capacity, supply, demand, delivery constraints, and weather. Because of those risk factors, even a well-diversified investment in commodities can be uncertain. AWM will not invest directly in commodities but may seek exposure through ETFs.

**Non-U.S. securities** present certain risks such as currency fluctuation, political and economic change, social unrest, changes in government regulation, differences in accounting and the lesser degree of accurate public information available.

**Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## Item 9: Disciplinary Information

### Criminal or Civil Actions

There are no criminal or civil actions to report.

### Administrative Proceedings

There are no administrative proceedings to report.

### Self-regulatory Organization (SRO) Proceedings

There are no self-regulatory organization proceedings to report.

## Item 10: Other Financial Industry Activities and Affiliations

### Registration as a Broker/Dealer or Broker/Dealer Representative

Neither AWM nor its representatives are registered as, or have pending applications to become, a broker/dealer or a representative of a broker/dealer.

## **Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither AWM nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

## **Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Jake Ulrich and Joseph Arsenault, CPA/PFS are licensed insurance agents. From time to time, they will offer clients advice or products from those activities. Clients should be aware that these services pay a commission or other compensation and involve a conflict of interest. Specifically, the payment of commissions constitutes a conflict is because the AWM representatives are incentivized to recommend products for which they receive a commission in addition to AWM's standard advisory fee. Nevertheless, AWM always acts in the best interest of the client, including the sale of commissionable products to advisory clients. The client has the right to choose whether or not to utilize the services of any AWM representative in such individuals outside capacities.

## **Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections**

AWM does not utilize nor select third-party investment advisers. All assets are managed by AWM.

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

## **Code of Ethics**

AWM has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Our Code of Ethics is available free upon request to any client or prospective client.

## **Recommendations Involving Material Financial Interests**

AWM does not recommend that clients buy or sell any security in which a related person to AWM or AWM has a material financial interest.

### **Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of AWM may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of AWM to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions create a conflict of interest. AWM will always document any conflicts of interest and will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

### **Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of AWM may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of AWM to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions create a conflict of interest; however, AWM will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

The investment adviser registered under the SEC and other applicable federal and state securities laws, the advisor has a fiduciary duty, as an investment adviser, to act in the best interest of the client.

## **Item 12: Brokerage Practices**

### **Factors Used to Select Custodians and/or Broker/Dealers**

We typically recommend Charles Schwab & Co., Inc. ("Schwab"), a registered broker-dealer, member SIPC, as the qualified custodian.

AWM is independently owned and operated and is not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we recommend that you use Schwab as a custodian, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so.

### **Products and services available to the Firm from Schwab**

Schwab Advisor Services™ is Schwab's business serving independent investment advisory firms like us. Schwab provides AWM and our clients with access to institutional brokerage – trading, custody, reporting, and related services – many of which are not typically available to Schwab retail customers. 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 described below are generally available on an unsolicited basis (i.e., we do not have to request them) and at no charge to us. Here is a more detailed description of Schwab's support services:

## **Services that Benefit Clients Directly**

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 each client.

## **Services that May Not Directly Benefit Clients**

Schwab also makes available to us other products and services that benefit us but may not directly benefit a specific client. These products and services assist us in managing and administering our clients' accounts. 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. In addition to investment research, Schwab also makes available software and other technology that:

- Provides access to client account data (such as trade confirmations and account statements).
- Facilitates trade execution and allocate 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 (among others) the following:

- Educational conferences and events
- Technology, compliance, legal, and business consulting
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers

Schwab will provide some of these services itself or will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third-party's fees. Schwab may also provide us with other benefits, such as occasional business entertainment of our personnel.

## **Our Interest in Schwab's Services**

The availability of the services described above from Schwab benefits us because we do not have to produce or purchase them. They are not contingent upon AWM committing any specific amount of business to Schwab in trading commissions or assets in custody. 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 a custodian and broker is in the best interest of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services, and not Schwab's services that benefit only us.

### **Research and Other Soft-Dollar Benefits**

AWM receives research, products, or other services from custodians and broker-dealers in connection with client securities transactions ("soft dollar benefits"). AWM may enter into soft-dollar arrangements consistent with (and not outside of) the safe harbor contained in Section 28(e) of the Securities Exchange Act of 1934, as amended. There can be no assurance that any particular client will benefit from soft dollar research, whether or not the client's transactions paid for it, and AWM does not seek to allocate benefits to client accounts proportionate to any soft dollar credits generated by the accounts. AWM benefits by not having to produce or pay for the research, products, or services, and AWM will have an incentive to recommend a custodian or broker-dealer based on receiving research or services. This constitutes a conflict of interest; however, this conflict is mitigated because soft dollar benefits can help AWM in its portfolio management and AWM will always act in the best interest of its clients, including in connection with selecting custodians and/or broker-dealers. Clients should be aware that AWM's acceptance of soft dollar benefits may result in higher commissions charged to the client.

### **Brokerage for Client Referrals**

AWM receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

### **Clients Directing Which Broker/Dealer/Custodian to Use**

Since we recommend the custodian where discretionary portfolio management Clients' transactions are executed, AWM can be deemed to be requesting that Clients instruct AWM to execute transactions through the respective custodian as a directed broker. Not all advisers require their clients to utilize direct brokerage.

### **Aggregating (Block) Trading for Multiple Client Accounts**

If AWM buys or sells the same securities on behalf of more than one client, it might, but would be under no obligation to, aggregate or bunch, to the extent permitted by applicable law and regulations, the securities to be purchased or sold for multiple Clients in order to seek more favorable prices, lower brokerage commissions or more efficient execution. In such case, AWM would place an aggregate order with the broker on behalf of all such clients in order to ensure fairness for all clients; provided, however, that trades would be reviewed periodically to ensure that accounts are not systematically disadvantaged by this policy. AWM would determine the appropriate number of shares to place with brokers and will select the appropriate brokers consistent with the Adviser's duty to seek best execution, except for those accounts with specific brokerage direction (if any).

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

### **Factors Used to Select Custodians and/or Broker/Dealers**

All client portfolio management accounts are reviewed at least quarterly with regard to clients' respective investment policies and risk tolerance levels. All financial planning accounts are reviewed upon financial plan creation and plan delivery by both Joseph Arsenault and Jake Ulrich. AWM provides ongoing financial planning services, and reviews are conducted at least semi-annually by both Joseph Arsenault and Ulrich. AWM may manage portfolios outside the model portfolio allocations due to individual financial situations.

AWM will maintain written information about each client that is the basis for making any recommendation or providing any investment advice to such client. The written information about the client includes, but is not limited to, the client's age, other investments, financial situation and needs, tax status, investment objectives, investment experience, investment time horizon, liquidity needs, risk tolerance, and any other information the client may disclose to AWM in connection with such recommendation or investment advice. On an annual basis, AWM will make a reasonable effort to confirm or update the written information about each investment advisory client.

### **Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Portfolio management reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance). It is the client's responsibility to notify AWM if there are any material changes that may affect the need to change a portfolio. AWM may manage portfolios outside the model portfolio allocations due to individual financial situations.

### **Content and Frequency of Regular Reports Provided to Clients**

Each portfolio management client will receive, at least quarterly, a written report from the account custodian that details the client's account including assets held and asset value.

Each financial planning client will receive the financial plan upon completion.

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

### **Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

Nobody other than clients provides an economic benefit to AWM for providing investment advice or other advisory services to clients. However, as described above in Item 12, the custodial broker-dealer(s) recommended for client accounts provides certain products and services that are intended to directly benefit AWM, clients, or both.

### **Compensation to Non-Advisory Personnel for Client Referrals**

AWM has entered into a client referral agreement with a lead-generation firm whereby AWM compensates a firm in the form of fixed platform fee for potential introductions to prospective clients. AWM pays a fee regardless of whether you decide to engage our Firm. In all such instances, referred clients will be provided with a solicitor's disclosure statement that describes the relationship between AWM and the referral source. In no instance will a referred client's advisory fees be increased as a result of being referred by a referral source, as such costs are borne solely by AWM.

## **Item 15: Custody**

For advisory fees deducted directly from client accounts at client's custodian, AWM will be deemed to have limited custody of client's assets and will:

- (A) Possess written authorization from the client to deduct advisory fees from an account held by a qualified custodian.
- (B) Utilize a custodian that sends at least quarterly statements reflecting all additions and deductions, including the amount of advisory fees.
- (C) Send the qualified custodian written notice when required of the amount of the fee to be deducted.

Clients will receive all account statements from Schwab, and we encourage clients to carefully review those statements for accuracy.

## **Item 16: Investment Discretion**

AWM provides discretionary investment advisory services to clients. The Investment Advisory Contract established with each client outlines the discretionary authority for trading. Where investment discretion has been granted, AWM generally manages the client's account and makes investment decisions without consultation with the client as to what securities to buy or sell, when the securities are to be bought or sold for the account, the total amount of the securities to be bought/sold, the price per share. In some instances, AWM's discretionary authority in making these

determinations may be limited by conditions imposed by a client (in investment guidelines or objectives, or client instructions otherwise provided to AWM).

### **Item 17: Voting Client Securities (Proxy Voting)**

AWM will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

### **Item 18: Financial Information**

#### **Balance Sheet**

AWM neither requires nor solicits prepayment of more than \$1200 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

#### **Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither AWM nor its management has any financial condition that is likely to reasonably impair AWM's ability to meet contractual commitments to clients.

#### **Bankruptcy Petitions in Previous Ten Years AWM**

AWM has not been the subject of a bankruptcy petition in the last ten years.