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**Form ADV Part 2A**  
**Firm Brochure**  
**Retirement Plan Services**  
**March 1, 2023**

This firm brochure provides information about the qualifications and business practices of Charter Wealth Management, Inc. If you have any questions about the contents of this brochure, please contact our Chief Compliance Officer at (919) 729-2100.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC). Additional information about Charter Wealth Management, Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Click on the "Investment Adviser Search" link and then search for "Investment Adviser Firm" using the firm's IARD number, which is 162299.

While the firm and its associates may be registered and/or licensed within a particular jurisdiction, that registration and/or licensing in itself does not imply an endorsement by any regulatory authority, nor does it imply a certain level of skill or training on the part of the firm or its associated personnel.

## **Item 2 - Material Changes**

Charter Wealth Management amended its January 27, 2022 firm brochure due to the following changes:

- An update to the firm's reportable assets under management (see Item 4).

The firm may at any time update this document and either send a copy of its updated brochure or provide a summary of material changes to its brochure and an offer to send an electronic or hard copy form of the updated brochure. Clients are also able to download this brochure from the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or may contact our firm at (919) 729-2100 to request a copy at any time.

As with all firm documents, clients and prospective clients are encouraged to review this brochure in its entirety and are encouraged to ask questions at any time prior to or throughout the engagement.

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Throughout this document, Charter Wealth Management, Inc. may be referred to by the following terms: “the firm,” “we,” “us,” or “our.” The client or prospective client may be also referred to as “you,” “your,” or “client,” and refers to a client engagement involving a single *person* as well as two or more *persons*, including natural persons and legal entities. The term “advisor” and “adviser” are used interchangeably where accuracy in identification is necessary (i.e., internet address, etc.).

Our firm maintains a business continuity and succession plan that is integrated within the organization to ensure it appropriately responds to events that pose a significant disruption to its operations. A statement concerning the current plan is available under separate cover upon request.

## **Item 4 - Advisory Business**

### **Description of Our Advisory Firm**

Charter Wealth Management, Inc. is a North Carolina-based SEC-registered investment advisor. Originally formed in Illinois in 2012, our firm operated as a state-registered investment advisor through 2019. We typically use the trade name Charter Wealth Management. Our firm is not a subsidiary of, nor do we control, another financial services industry entity.

Brent A. Plunkett, AIF® is the firm's Chief Executive Officer and Chief Compliance Officer (supervisor). Justin M. Taylor, CFP® is the firm's President. Both officers are majority shareholders of the firm. Additional information about Mr. Plunkett and Mr. Taylor may be found in their respective Form ADV Part 2B brochure supplement.

### **Description of Advisory Services Offered**

Our advisory firm provides a broad range of solutions to its varied client base. In addition to our providing retirement plan services to plan sponsors, we are available to serve individuals interested in financial planning and portfolio management. These individualized services are described in further detail in our separate firm brochure that is available upon request.

Charter Wealth Management provides consulting services that are intended to aid retirement plan clients in understanding the scope of their fiduciary duties and responsibilities, develop prudent practices and procedures to enable them to effectively discharge those duties and responsibilities, and document their actions and decisions. We are available to provide administrative and/or investment fiduciaries in the development of prudent practices and supporting documentation designed to enhance the fiduciary role.

Our firm guides fiduciaries in the development of committee charters, fiduciary eligibility documentation, and committee meeting documentation, investment policy and other activities that generally relate to prudent plan governance. Also included is assistance in preparing an annual report to the board of director or trustees as client deems prudent and appropriate.

Charter Wealth Management can provide process assessments involving the practices currently in place to manage fiduciary duties and responsibilities, as well as offer recommendations to improve current plan practices. We will benchmark service providers by evaluating existing providers and their expenses incurred for their services, and we can prepare a vendor request for information and complete an analysis of the vendor's response. We also provide investment advisory services on either a "non-discretionary" basis serving as a fiduciary as defined in §3(21) of the Employee Retirement Income Security Act of 1974 (ERISA) or on a "discretionary" basis and thus serving as an Investment Manager as defined in §3(38) of ERISA. Account authority is defined in further detail in Item 16 of this brochure.

During or prior to our first meeting the plan sponsor will be provided with a current Form ADV Part 2 firm brochure that includes a statement involving our privacy policy. The sponsor will also receive a Form ADV Part 2B (brochure supplement) from the associate assisting them. We will ensure that we have disclosed any material conflicts of interest that could be reasonably expected to impair the rendering of unbiased and objective advice.

Should a plan sponsor wish to engage our firm, we must enter into a written agreement. Thereafter discussion and analysis will be conducted to determine plan requirements, needs and/or goals, current plan or documentation if one exists, etc. We will then provide written recommendations and deliverables as specified within in our proposal.

### ***Retirement Plan Consultation***

With respect to advisory services provided to a plan sponsor, we are available to conduct:

- Due diligence on existing, potential, and selected investment managers and/or service providers
- Retirement plan asset-class menu recommendations
- Investment Policy Statement (IPS) review or its development and implementation
- Trustee education
- Plan design recommendations
- Plan mid-year and year-end reviews with trustee(s), as appropriate
- Investment monitoring reports
- Substitution recommendations
- Watch list recommendations
- Model portfolio generation for participants
- Participant educational workshops
- Site visits when/where needed, upon request

Upon request, we will review an existing or prepare a new IPS or similar plan document. The purpose of the IPS is to assist plan investment committees in effectively supervising, monitoring and evaluating their company's retirement plan. Topics would include:

- Investment committee's expectations, objectives and guidelines for the plan, as well as ensuring effective communications between the investment committee and all parties involved with investment management decisions;
- Establishing formal criteria for provider selection and evaluation; and
- Complying with all ERISA, fiduciary, prudence and due diligence requirements applicable with laws, rules and regulations from various local, state or federal entities that may impact plan assets.

### ***Retirement Plan Management Services***

Under our plan management service, we will conduct ongoing assessments of selected providers. We may recommend replacement of some or all of plan investments, a recordkeeper, third-party administrator (TPA), and/or custodian. Our recommendations will depend on a combination of plan goals and objectives, updated due diligence information, as well as cost or other service considerations.

### ***Implementation of the Investment Plan***

If the plan does not call for self-directed investing by plan participants, the plan sponsor may choose to engage our firm to assist with implementing investment strategies. Portfolios may involve the employment of one or more strategies, and as well as either a broad range or more narrowly focused choice of investment vehicles, each of which are generally described in Item 8 of this brochure. We do not offer or serve as portfolio manager for wrap fee investment programs.

As stated in each set of investment guidelines, we will account for any reasonable restrictions required involving the management of investment account(s). We want to note that it will remain the plan sponsor's responsibility to promptly notify us if there is a material change so that we may review and/or revise previous restrictions or our investment recommendation.

As of December 31, 2022, our firm had over \$129.6 million of reportable client assets under its management;<sup>1</sup> approximately \$126.17 million in discretionary accounts and \$3.47 million in non-discretionary accounts.

### Investment Supervisory Services

Through our investment supervisory services offering we develop a customized investment offering based on plan guidelines. We may serve as portfolio manager under either a discretionary or non-discretionary agreement and the engagement may include:

- Investment guideline development
- Asset allocation recommendations
- When appropriate, asset selection
- Regular monitoring
- Periodic rebalancing

### **Educational Workshops**

We offer stand-alone workshops on a pre-determined basis for those plan sponsors who want to offer employee education on investments and personal finance. Topics may include issues related to savings, financial planning, retirement strategies, or various other investment topics. Our workshops are educational in nature and do not involve the sale of insurance or investment products. Information presented will not be based on any one person's need nor do we provide individualized investment advice to attendees during our general sessions.

## **Item 5 - Fees and Compensation**

### Method of Compensation and Fee Schedule

For all forms of advisory engagements with our firm, the services to be provided and their specific fees will be detailed in the engagement agreement. Our published fees are negotiable and at the discretion of our firm. Third-party investment manager fees are negotiable solely at their own firm's discretion. We strive to offer fees that are fair and reasonable in light of the experience of the firm and the services to be rendered. Similar services may be made available from other entities, and potentially at a lower fee.

### **Hourly Fees**

We may be engaged for our plan consultation services under an hourly fee arrangement. The hourly rate is \$400 per hour; billed in 15-minute increments and partial increments (e.g., nine minutes) will be treated as a whole increment. The hourly fee rate will take into consideration such factors as the expertise dedicated to the engagement, geographic location of the services to be rendered, as well as any special services the plan sponsor may require. Prior to entering into an agreement with the firm the plan sponsor will receive an estimate of the overall cost based on specific plan requirements and the time involved.

### **Fixed Fees**

### Consultation and Management Services

We offer both plan and plan management services on a fixed-fee basis, typically ranging from \$1,500 up to \$50,000 on an annual basis for more extensive engagements. We take into consideration factors such as the

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<sup>1</sup> The term "assets under management" and rounding per the *General Instructions for Part 2 of Form ADV*.

estimated amount of time dedicated to the engagement, project complexity, as well as the number of associates needed to meet program needs. When a plan management engagement involves ongoing monitoring, the fee may also reflect the assets that comprise the plan, number of participants, required review frequency, among other factors that will be described in writing within the agreement.

#### Educational Workshops

We assess a fixed fee for our educational workshops that is payable by the workshop sponsor; not plan participants. The fee range is generally between \$1,500 and \$3,000 and takes into consideration the number of attendees, materials required, session(s) frequency, length and depth of information provided. Should there be any, reasonable travel and accommodation costs may be expensed, and will be agreed to by the engaged parties in writing.

#### Payment of Hourly and Fixed Fees

We may require advance payment for our services in the following engagements: (1) an initial deposit of up to \$500 for our consultation services hourly engagements which will be defined in the engagement agreement; and (2) workshop fees, if any, are to be paid in advance of the first session by the sponsor. Fees may be paid by check or teller's draft from US-based banks, as well as through automated payment processing through a qualified unaffiliated third-party processor. We do not accept cash, money orders, or similar forms of payment for our engagements. Fees are due as stated in the engagement agreement with our firm and may occur on a monthly or quarterly basis as well as upon delivery of our plan advice.

#### **Asset-Based Fees**

Fees for investment supervisory services and third-party investment manager programs are assessed an annualized asset-based fee that will be calculated based on the reporting period ending value of plan accounts. These fees will be billed quarterly, in arrears.

#### Investment Supervisory Services

Our advisory firm provides its investment supervisory services to retirement plans on an annualized asset-based fee not to exceed 1.50% (150 basis points). Fees will be calculated based on the reporting period ending value of the account(s), and will be billed quarterly, in arrears. For the benefit of discounting asset-based fees, we will aggregate plan accounts involving investment supervisory services.

#### Payment of Asset-Based Fees

Annualized asset-based fees will be billed quarterly, in arrears. All fees deducted will be clearly noted on account statements that each participant receives from the custodian of record and/or third-party administrator on a quarterly or more frequent basis. The plan's first billing cycle will begin once our agreement is executed and plan assets have settled into accounts held by the custodian of record. Fees for partial quarters will be prorated based on the remaining days in the reporting period in which the firm and/or third-party manager services the account. Fee payments will generally be assessed within 15 days of the beginning of each billing cycle.

Accounts will be valued in accordance with the values disclosed on the statement the plan sponsor and/or participant receives from the custodian for the purpose of verifying the computation of the advisory fee. In the rare absence of a reportable market value, our firm may seek a third-party opinion from a recognized industry source (e.g., public accounting firm), and our clients/plan participants may choose to separately seek such an opinion at their own expense as to the valuation of "hard-to-price" securities if necessary.

By signing our firm's engagement agreement, as well as the selected custodian account opening documents and/or third-party administrator forms, the plan/plan participant is authorizing the withdrawal of both advisory and transactional fees (see following section) from their account. The withdrawal of these fees will be accomplished by the selected custodian or third-party administrator, not by our firm, and our fees will be remitted directly to our firm. We encourage account holders to verify the accuracy of fee calculations; the custodian does not verify fee accuracy.

### ***Termination of Services***

Either party may terminate the engagement agreement at any time by communicating the intent to terminate in writing. For those plans who utilize our investment management and investment supervisory services, our firm will not be responsible for future allocations, investment advice or transactional services (except closing transactions) upon receipt of termination notice. It will also be necessary that we inform the custodian of record, any third-party investment manager and/or third-party administrator serving the plan that the relationship between our firm and the plan has been terminated.

The plan sponsor has the right to terminate the engagement without penalty within five business days after entering into the agreement. Should a sponsor terminate an engagement after this time period, they may be assessed fees for any time (at our hourly rate) or charges incurred by our firm in the preparation of their plan, and we may assess our asset-based fee on a prorated basis from the date of last payment to the date of termination. We will promptly return any prepaid unearned amount (if any) upon receipt of a written termination notice.

### **Potential Additional Fees**

Any custodial or transactional fees (sometimes termed *brokerage fees*) assessed by selected service providers, individual retirement account fees, or qualified retirement plan account termination fees will be borne by the accountholder and are per those provided in current, separate fee schedules of any selected service provider. Fees paid by our clients to our firm for our advisory services are separate from any transactional charges a client may pay, as well as those for mutual funds, exchange-traded funds (ETFs), or other similar forms of investment. Further information about our fees in relationship to our operational and brokerage practices are noted in Item 12 of this document.

### **External Compensation**

We do not charge or receive a commission or mark-up on your securities transactions, nor will the firm and our associates be paid a commission on your purchase of a securities holding that we recommend. We do not receive "trailer" or SEC Rule 12b-1 fees from an investment company we may recommend. Clients have the right to purchase recommended investments through their own service provider.

When there is the potential for the receipt of a commission and other similar compensation via an insurance product transaction (e.g., purchase of a fixed annuity, group life insurance policy, etc.), an associate of our firm that is licensed as an insurance agent has an incentive to make such a recommendation based on the compensation they may receive rather than a client's needs. Our advisory firm and its associates take their responsibilities seriously and only intend to recommend investments, insurance or advisory services we believe appropriate for each client. Please refer to Items 10 and 11 of this firm brochure, in addition to Item 4 of the associate's brochure supplement for details.



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

Charter Wealth Management's fees will not be based upon a share of capital gains or capital appreciation (growth) of any portion of managed funds, also known as "performance-based fees." Our fees are also not based on side-by-side management, which refers to a firm simultaneously managing accounts that do pay performance-based fees (such as a hedge fund) and those that do not. Neither type of noted fee arrangement conforms to our firm's business practices.

## **Item 7 - Types of Clients**

Collectively, we provide advisory services to individuals and high net worth individuals, trusts, estates, charitable organizations, businesses of various scale, as well as pension and profit-sharing plans. Our retirement plan services are oriented toward businesses of various scale and their pension and profit-sharing plans. Our firm does not require minimum income levels, minimum level of assets or other conditions for its services, and we will inform plan sponsors in advance of any account minimums or other restrictions of any third-party investment manager that may be engaged. We reserve the right to decline services to any prospective client for any non-discriminatory reason.

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

### ***Method of Analysis***

We employ what we believe to be an appropriate blend of various forms of analyses. For example, we utilize a fundamental analysis to evaluate economic factors including interest rates, the current state of the economy, or the future growth of an industry sector. Technical, cyclical and charting analyses are used to study the historical patterns and trends of securities, markets, or economies as a whole in an effort to determine potential future behaviors, the estimation of price movement, and an evaluation of a transaction before entry into the market in terms of risk and profit potential.

In addition to our own research, the firm's main sources of information to assist in our recommendations may also be drawn from research sources that include financial publications, materials from outside professional sources and rating services, internet research, market timing services, annual reports, prospectuses and other regulatory filings, and company press releases.

We make asset allocation and investment policy decisions based on the above-noted elements and any other reasonable plan requirements. We will discuss with the plan sponsor, in our best judgment, to meet their objectives while at the same time seeking a prudent level of risk exposure.

### ***Investment Strategies***

We recognize that each plan requirements are different; subsequently, portfolio strategies and underlying investment vehicles may vary. Portfolios may contain stocks, bonds, mutual funds and ETFs, as well as cash equivalents. The following are common strategies utilized within our client's portfolios:

### **Active Asset Management**

A portfolio manager engaging in an active asset management strategy believes it is possible to create a profit from identifying or leveraging mispriced securities, or producing similar returns with less risk, or producing returns greater than a stated benchmark, such as a well-known index. For example, a "large cap stock" portfolio might be designed to attempt to outperform the Standard & Poor's 500 Index by purchasing underpriced stocks or derivative instruments representing these positions. If we feel risk in the stock market is low, we may increase exposure to equities to attempt to take advantage of growth opportunities. When

risk in the stock market is considered high, all or a portion of the portfolio's equity exposure may be moved to more stable short-term fixed income instruments and cash equivalent alternatives in order to preserve capital.

### Modern Portfolio Theory

Modern Portfolio Theory is oriented toward reducing risk by diversifying among a range of asset classes such as domestic and international equities, fixed-income securities, and real estate as underlying investments. Portfolios constructed under this theory are tilted to have a greater exposure toward a specific market capitalization,<sup>2</sup> value stocks,<sup>3</sup> or highly profitable stocks in an effort to capture risk premiums historically associated with those asset classes.

### Core + Satellite

We may employ Core + Satellite investment strategies; blending passive (or index) and active investing, where passive investments are used as the basis or “core” of a portfolio and actively managed investments are added as “satellite” positions. With this strategy, the portfolio core holdings are indexed to potentially more efficient asset classes, while outlying selections are often limited to active holdings that are attempting to outperform a particular sector, or a selection of particular positions to increase core diversification, or to improve portfolio performance, or reduce risk during downward trends in the market and during times of uncertainty.

### **Risk of Loss**

Our firm believes its strategies and investment recommendations are designed to produce the appropriate potential return for the given level of risk; however, there is no guarantee that a planning goal or investment objective will be achieved. Past performance is not necessarily indicative of future results. Investing in securities involves risk of loss that clients should be prepared to bear. While the following list is not exhaustive, we provide some examples of such risk in the following paragraphs, and we believe it is important that our clients review and consider each prior to investing.

Active Management - A portfolio that employs active management strategies may, at times, outperform or underperform various benchmarks or other strategies. In an effort to meet or surpass these benchmarks, active portfolio management may require more frequent trading or “turnover.” This may result in shorter holding periods, higher transactional costs and/or taxable events generally borne by the client, thereby potentially reducing or negating certain benefits of active asset management.

Charting and Technical Analysis - The risk of investing based on technical analyses and their supporting charts is that they may not consistently predict a future price movement; the current price of a security may

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<sup>2</sup> Market capitalization (“cap”) assists investors in understanding the relative size of a company versus another. It aids in measuring the worth of a company in the open market and the market’s perception of its future since it reflects what investors may be willing to pay for the company’s stock. Examples include:

- Large-Cap – Established companies with market values of \$10 billion or more; reputations for producing quality goods and services; history of consistent dividend payments and steady growth.
- Mid-Cap – Companies with market values between \$2 billion and \$10 billion; established companies in industries experiencing or expected to experience rapid growth and increasing market share and/or improving competitiveness.
- Small-Cap – Newer companies with market values of \$300 million to \$2 billion; typically serving niche markets or emerging industries. Aggressive risk category investment; may be impacted by economic downturn, vulnerable to competition and uncertainties of their market.

<sup>3</sup> Value investing involves buying above-average positions (holdings) at below-average prices. Conversely, when a holding is considered over-priced, it becomes a candidate to be sold.

reflect all known information. Further, a particular change in the market price of a security may follow a random pattern and may not be as predictable as desired.

Company Risk - When investing in securities, there is always a certain level of company or industry-specific risk that is inherent in each company or issuer. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry.

Core + Satellite Strategy - Portfolio strategies involving Core + Satellite investing may have the potential to be affected by “active risk” or “tracking error risk,” which might be defined as a deviation from the stated benchmark. Since the core portfolio attempts to closely replicate a stated benchmark, the source of the tracking error or deviation may come from a satellite portfolio or position, or from a “sample” or “optimized” index fund or ETF that may not as closely align the stated benchmark.

Cyclical Analysis - An economic cycle may not be as predictable as preferred; many fluctuations may occur between long term expansions and contractions. The length of an economic cycle may be difficult to predict with accuracy and therefore the risk of cyclical analyses is the difficulty in predicting economic trends. Consequently, the changing value of securities is affected.

Failure to Implement - Financial planning clients are free to accept or reject any or all of the recommendations made to them by our firm. While no advisory firm can guarantee future performance, no plan can succeed if it is not implemented. Clients who choose not to take the steps recommended may face an increased risk that their goals and objectives are not met.

Financial Risk - Excessive borrowing to finance a business operation increases profitability risk because the company must meet the terms of its obligations in good and bad times. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

Firm Research – When the firm’s research and analyses are based on commercially available software, rating services, general market and financial information, or due diligence reviews, the firm is relying on the accuracy and validity of the information or capabilities provided by selected vendors, rating services, market data, and the issuers themselves. The firm makes every effort to determine the accuracy of the information received but it cannot predict the outcome of events or actions taken or not taken, or the validity of all information it has researched or provided, which may or may not affect the advice on or investment management of an account.

Fundamental Analysis - The challenge involved in employing fundamental analysis is that information obtained may be incorrect; the analysis may not provide an accurate estimate of earnings, which may be the basis for a security’s value. If a security's price adjusts rapidly to new information, a fundamental analysis may result in unfavorable performance.

Inflation Risk - Also called *purchasing power risk*, is the chance that the cash flows from an investment won’t be worth as much in the future because of changes in purchasing power due to inflation.

Management Risk - An investment with a firm varies with the success and failure of its investment strategies, research, analysis and determination of its portfolio. If an investment strategy were not to produce expected returns, the value of the investment would decrease.

Market Risk - When the stock market as a whole or an industry as a whole falls, it can cause the prices of individual stocks to fall indiscriminately. This is also called systemic or systematic risk.

Passive Investing - A portfolio that employs a passive, efficient markets approach has the risk of generating lower-than-expected returns due to its broad diversification when compared to a portfolio more narrowly focused.

Political Risk - The risk of financial and market loss because of political decisions or disruptions in a particular country or region and may also be known as "geopolitical risk."

Socially Conscious Investing - If an investor requires their portfolio to be invested according to socially conscious principles, they need to be aware that returns on investments of this type may be limited and because of this limitation they may not be able to be as well diversified among various asset classes. The number of publicly traded companies that meet socially conscious investment parameters is also limited, and due to this limitation, there is a probability of similarity or overlap of holdings, especially among socially conscious mutual funds or ETFs. There could be a more pronounced positive or negative impact on a socially conscious portfolio, which could be more volatile than a fully diversified portfolio.

### **Security-Specific Risks**

Equity (Stock) Risk - Common stocks are susceptible to general stock market fluctuations and to volatile increases or decreases in value as market confidence in and perceptions of their issuers change. If an investor held common stock or common stock equivalents of any given issuer, they may be exposed to greater risk than if they held preferred stocks and debt obligations of the issuer.

Preferred stocks can be affected by interest rate and liquidity risks (described in adjacent paragraphs). Also note that their dividend payment is not guaranteed; some are subject to a call provision, meaning the issuer can redeem its preferred shares on demand, and usually when interest rates have fallen.

ETFs - ETF risks include risk due to underlying securities (e.g., stocks, bonds, derivatives, etc.), and ETFs can be affected by risks such as market, credit, political, interest rate, etc., that are described in adjacent paragraphs. The liquidity of the underlying stocks in the index can affect "ETF liquidity." Liquidity risk can result from an insufficient number of Active Participants performing their duties as intermediaries and liquidity providers in the ETF market. "Spread risk" may also occur, which is the difference between the bid and the ask price of a security. Since ETF transactions are priced throughout the day and are traded on the exchanges like stocks, widening spreads may occur and have impact on certain portfolios or transactions. As with any security, if the ETF "fails," the investor may lose their gains and invested principal. ETFs may carry additional expenses based on their share of operating expenses and certain brokerage fees. Indexed ETFs have the potential to be affected by "active risk;" a deviation from its stated index. We do not recommend leveraged or inverse ETFs due to their inherent heightened risk.

Fixed Income Risks - Various forms of fixed income instruments, such as bonds, money market funds, bond funds, and certificates of deposit, may be affected by various forms of risk, including:

- **Credit Risk** - The potential risk that an issuer would be unable to pay scheduled interest or repay principal at maturity, sometimes referred to as "default risk." Credit risk may also occur when an issuer's ability to make payments of principal and interest when due is interrupted. This may result in a negative impact on all forms of debt instruments, as well as funds or ETF share values that hold these issues. Bondholders are creditors of an issuer and have priority to assets before equity holders (i.e., stockholders) when receiving a payout from liquidation or restructuring. When defaults occur due to bankruptcy, the type of bond held will determine seniority of payment.

- *Duration Risk* - Duration is a measure of a bond's volatility, expressed in years to be repaid by its internal cash flow (interest payments). Bonds with longer durations carry more risk and have higher price volatility than bonds with shorter durations.
- *Interest Rate Risk* - The risk that the value of the fixed income holding will decrease because of an increase in interest rates.
- *Liquidity Risk* - The inability to readily buy or sell an investment for a price close to the true underlying value of the asset due to a lack of buyers or sellers. While certain types of fixed income are generally liquid (i.e., bonds), there are risks which may occur such as when an issue trading on any given period does not readily support buys and sells at an efficient price. Conversely, when trading volume is high, there is also a risk of not being able to purchase a particular issue at the desired price.
- *Reinvestment Risk* - With declining interest rates, investors may have to reinvest interest income or principal at a lower rate.

### Mutual Funds

Mutual funds are affected by risks such as market, interest rate, currency, credit, political, active risk, etc., as described in adjacent paragraphs. It is important to note that even "conservative" funds, such as a money market fund or fixed income fund, can and have lost their value below the principal amount invested. Mutual funds typically carry additional expenses based on their share of operating expenses and trading (brokerage) fees, which may result in the potential duplication of certain fees paid by the investor. Index mutual funds can also be adversely affected by QDI ratios as described in this section.

There are essentially nine main types of mutual fund shares classes, as well as sub-classes for some of these. Some mutual funds are sold through brokerage firms and assess a commission ("load) in addition to their underlying fees earlier noted, while others are offered through investment advisors, retirement plans and other institutions. "No load" funds are also available to the public through brokerage firms, and they usually incur trading (brokerage) fees. If a client chooses to purchase a mutual fund on their own through a broker/dealer, they should consider the trading fees, internal operating costs, as well as potential commissions they may pay through that executing firm. Our firm is not a broker/dealer and (per Item 10) does not recommend nor is compensated by a "loaded" fund.

QDI Ratios - While many ETFs and index mutual funds are known for their potential tax-efficiency and higher "qualified dividend income" (QDI) percentages, there are asset classes within these investment vehicles or holding periods within that may not benefit. Shorter holding periods, as well as commodities and currencies (that may be part of an ETF or mutual fund portfolio), may be considered "non-qualified" under certain tax code provisions. We will consider a holding's QDI when tax-efficiency is an important aspect of the client's portfolio.

### Item 9 - Disciplinary Information

Neither the firm nor its management has been involved in a material criminal or civil action in a domestic, foreign or military jurisdiction, an administrative enforcement action, or self-regulatory organization proceeding that would reflect poorly upon our offering advisory business or its integrity.

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

Firm policies require associated persons to conduct business activities in a manner that avoids conflicts of interest between the firm and its clients, or that may be contrary to law. We will provide disclosure prior to and throughout the term of an engagement regarding any conflicts of interest involving its business relationships that might reasonably compromise its impartiality or independence.

Our advisory firm and its management are not registered nor have an application pending to register as a Financial Industry Regulatory Authority (FINRA) or National Futures Association (NFA) member firm or associated person of such a firm, nor are we required to be registered with or supervised by such entities. Neither our firm nor its management is or has a material relationship with any of the following types of entities:

- accounting firm or accountant
- another financial planning firm
- bank, credit union or thrift institution, or their separately identifiable departments or divisions
- lawyer or law firm
- another pension consultant
- real estate broker or dealer
- sponsor or syndicator of limited partnerships
- trust company
- issuer of a security, to include investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund)

Officers and associates of our advisory firm are licensed insurance agents, appointed with various unaffiliated insurance carriers via unaffiliated insurance agencies, where they earn commissions and renewal income if a client purchases an insurance or fixed-annuity contract. Advisory firm clients may therefore have more than one business relationship with an associated person depending on the service and advice being provided. Whether they are serving a client in one or more capacities, they are required to disclose in advance how they are being compensated and if there is a conflict of interest involving any advice or service being provided. At no time will there be *tying* between business practices and/or services; a condition where a client or prospective client would be required to accept one product or service which is conditional upon the selection of a second, distinctive tied product or service.

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

We hold ourselves to a fiduciary standard, which means our firm and its associates will act in the utmost good faith and perform in a manner believed to be in the best interest of our clients. As fiduciaries, we are obligated to put our clients first.

### ***Code of Ethics Description***

We have adopted a Code of Ethics that establishes policies for ethical conduct for all our personnel. Our firm accepts the obligation not only to comply with all applicable laws and regulations but also to act in an ethical and professionally responsible manner in all professional services and activities. Our policies include prohibitions against insider trading, circulation of industry rumors, and certain political contributions, among others. We periodically review and amend our Code of Ethics to ensure that it remains current, and we

require all firm access persons to attest to their understanding of and adherence to the Code of Ethics at least annually. Our firm will provide a copy of its Code of Ethics to any client or prospective client upon request.

### ***Privacy Policy Statement***

We respect the privacy of all our clients and prospective clients, both past and present. We recognize that clients have entrusted us with non-public personal information, and it is important to us that all employees and clients of our firm know our policy concerning what we do with that information.

We collect personal information about our clients from the following sources:

- Information our clients provide to us to complete their financial plan or investment recommendation;
- Information our clients provide to us in agreements, account applications, and other documents completed in connection with the opening and maintenance of their accounts;
- Information our clients provide to us verbally; and
- Information we may receive from service providers, such as custodians, about client transactions.

We do not disclose non-public personal information about our clients to anyone, except in the following circumstances:

- When required to provide services our clients have requested;
- When our clients have specifically authorized us to do so;
- When required during the course of a firm assessment (i.e., independent audit); or
- When permitted or required by law (i.e., periodic regulatory examination).

Within our firm, we restrict access to client information to staff that need to know that information. All personnel and our service providers understand that everything handled in our offices are confidential and they are instructed to not discuss client information with someone else that may request information about an account unless they are specifically authorized in writing by the client to do so. This includes providing information about a spouse's IRA, children about a parent's account, etc.

To ensure security and confidentiality, we maintain physical, electronic, and procedural safeguards to protect the privacy of client information.

We will provide our clients with our privacy policy at any time, in advance, if our policy is expected to change.

### ***Investment Recommendations and Conflicts of Interest***

Neither our firm nor its associates are authorized to recommend to a client, or effect a transaction for a client, involving any security in which our firm or a "related person" (associates, their immediate family members, etc.) has a material financial interest, such as in the capacity as an underwriter, advisor to the issuer, etc.

Our associates are prohibited from borrowing from or lending to a client unless the client is an approved financial institution.

Our firm is able to provide a broad range of services to its clients, including financial planning, portfolio management, retirement plan services, as well as insurance product offerings. We may be paid a fee or

commission for some or all these services. Due to our firm and/or its associates' ability to offer two or more of these services and possibly be compensated for each aspect of the engagement, a conflict of interest may exist. We therefore note that clients are under no obligation to act on our recommendations and, if they elect to do so, they are under no obligation to complete all of them through our firm or our recommended service providers.

Charter Wealth Management and its related persons may buy or sell securities that are the same as, similar to, or different from, those we recommend to clients for their accounts. A recommendation made to one client may be different in nature or in timing from a recommendation made to a different client. Clients often have different objectives and risk tolerances. At no time will our firm or any related person receive preferential treatment over our clients. In an effort to reduce or eliminate certain conflicts of interest involving the firm or personal trading, our policy may require that we restrict or prohibit associates' transactions in specific securities transactions. Any exceptions or trading pre-clearance must be approved by our Chief Compliance Officer in advance of the transaction in an account.

## **Item 12 - Brokerage Practices**

### ***Factors Used to Select Broker/Dealers for Client Transactions***

Plan accounts are separately maintained by a qualified, independent custodian (generally a broker/dealer, trust company or national bank) that is frequently reviewed for its capabilities to serve in that capacity by their respective industry regulatory authority. Our firm is not a custodian, and there is not an affiliate that is a custodian, nor does a custodian supervise our firm, its activities, or our associates. We do not receive referrals from a custodian, nor are client referrals a factor in our recommendation of a custodian.

When engaged to provide plan consultation services, we may recommend the service provider with whom plan assets are currently maintained. Should the plan prefer a new service provider, our recommendation of another service provider would be based on the plan's needs, overall cost, and ease of use.

Accounts served by a third-party investment manager are to be maintained at one or more custodians that have been selected by the respective third-party investment manager and they will be disclosed in the third-party investment manager's disclosure documents and account opening forms.

We typically recommend Charles Schwab & Co., Inc. and GWFS Equities, Inc. (doing business as Empower Retirement™) to serve as custodian of record for plan accounts.<sup>4</sup> Both custodians are FINRA and SIPC members,<sup>5</sup> as well as SEC-registered broker/dealers. While we recommend that a plan use a particular custodian, the plan sponsor must decide whether to do so. Plan accounts are initiated by entering into an account agreement directly with custodian. We do not technically open account for plans, but we will assist in doing so. If a plan does not wish to place plan assets with one of our preferred custodians, we may be able to manage plan assets at the plan sponsor's preferred custodian depending on that custodian's account trading policies.

We seek to use a custodian who will hold plan assets and execute transactions on terms that are overall advantageous when compared to other available providers and their services. Our firm considers a wide range of factors, including, among others, these:

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<sup>4</sup> While not our primary custodian recommendations, we have a de minimis number of plan assets held with or through (1) Acensus, LLC, (2) Principal Financial Group, (3) T Rowe Price and (4) Voya Financial.

<sup>5</sup> Our advisory firm is not, nor required to be, a Securities Investor Protection Corporation (SIPC) member. Clients may learn more about the SIPC and how it serves member firms and the investing public by going to their website at <http://www.sipc.org>.



- combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- capability to execute, clear and settle trades (buy and sell securities for an account)
- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- breadth of investment products made available (stocks, bonds, mutual 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 them
- reputation, financial strength and stability of the provider
- their prior service to us and our other clients
- availability of other products and services that benefit us, as discussed below.

When plan assets are maintained at our recommended custodian, plan accounts are typically not charged separately for custody services and the custodian is compensated by charging a commission or other fees on trades that they execute or that settle with that custodian. Typically, commission rates applicable to our client accounts were negotiated based on our commitment to maintain a certain amount of assets in accounts held at that custodian. This commitment benefits our client because overall rates are lower than they would be if we had not made the commitment. Custodians may provide our firm and our clients with access to its institutional brokerage - trading, custody, reporting and related services - many of which are not typically available to broker/dealer retail customers. A custodian may make available various support services to our firm. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. These support services are generally available to us on an unsolicited basis (we don't have to request them) and at no charge to us as long as we keep a certain level of our clients' assets in accounts at that custodian. If we have less than the desired amount of client assets at Schwab, they may charge us quarterly service fees that we pay from our operating account. A custodian'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 a custodian include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Those services described in previous paragraphs generally benefit our clients as well. A custodian also makes available to our firm other products and services that benefit us but may not directly benefit each client's account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both the custodian's own and that of third parties. We may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at that custodian. In addition to investment research, a custodian 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.

Our custodians also offer other services intended to help us manage and further develop our business enterprise, such as:

- educational conferences and events;

- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.

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

Some of the noted tools and services made available by a custodian may benefit our advisory firm but may not directly benefit a client account. Certain tools, services or discounts made available to our firm by our custodian benefit our advisory firm but may not directly benefit each client account. While our firm does not think these services are considered "brokerage or research services" under Section 28(e) of the Securities Exchange Act of 1934, certain jurisdictions where we serve client accounts believe they fall under this definition. The availability of these services benefits our firm because we do not have to produce or purchase them as long as clients maintain assets in accounts at our recommended custodian. There is a conflict of interest since our firm has an incentive to select or recommend a custodian based on our firm's interest in receiving these benefits rather than the client's interests in receiving favorable trade execution. It is important to mention that the benefit received by our firm through participation in any custodian's program does not depend on the amount of brokerage transactions directed to that custodian, and our selection of a custodian is primarily supported by the scope, quality, and cost of services provided as a whole, not just those services that benefit only our advisory firm. Further, we will act in the best interest of our clients regardless of the custodian we may select. Our firm conducts periodic assessments of any recommended service provider which generally involves a review of the range and quality of services, reasonableness of fees, among other items, in comparison to industry peers.

### **Best Execution**

"Best execution" means the most favorable terms for a transaction based on all relevant factors, including those listed in the earlier paragraphs. We recognize our obligation in seeking best execution for our clients; however, it is our belief that the determinative factor is not always the lowest possible cost but whether the selected custodian's transactions represent the best "qualitative execution" while taking into consideration the full range of services provided. Our firm will seek services involving competitive rates, but it may not necessarily correlate into the lowest possible rate for each transaction. We have determined having our portfolio management clients' accounts trades completed through our recommended custodian is consistent with our obligation to seek best execution of client trades. A review is regularly conducted with regard to recommending a custodian to our clients in light of our duty to seek best execution.

Our firm may, in its discretion and following custodian approval, accept a client's transfer of preexisting retail ("loaded") mutual funds into their account. A transfer-in-kind of retail share class mutual funds may potentially benefit the client since they are able to invest in their portfolio more quickly, mitigate tax and/or short-term trading liabilities, and/or avoid contingent deferred sales charges (CDSC). Our firm regularly reviews accounts that have transferred different share classes of mutual funds and will convert share classes to a lower expense share class when we believe doing so would be beneficial to the client. In addition, if account assets remain in a retail share class and within a CDSC period, we may exclude those assets from our advisory fee until they have been converted to what we believe is a more appropriate share class.

While our firm has access to a broad range of securities through our custodian, it is a finite number. In addition, not all investment managers (mutual funds), share classes, etc., are represented at each custodian. Due to these normal and customary limitations, not all portfolio holdings will be readily available, least

expensive, best performing, etc. It is an unrealistic expectation for an investor to maintain a premise otherwise.

### ***Directed Brokerage***

Our internal policy and operational relationship with our custodian require client accounts custodied with them to have trades executed per their order routing requirements. We do not direct which executing broker should be selected for client account trades; whether that is an affiliate of our preferred custodian or another executing broker of our custodian's choice. As a result, the client may pay higher commissions or other transaction costs, experience greater spreads, or receive less favorable net prices on transactions than might otherwise be the case. In addition, since we routinely recommend a custodian to our advisory clients, and that custodian may choose to use the execution services of its broker affiliate for some or all of our client account transactions, there is an inherent conflict of interest involving our recommendation since our advisory firm receives various products or services described above from that custodian. Note that we are not compensated for trade routing/order flow, nor are we paid commissions on such trades. We do not receive interest on an account's cash balance.

Client accounts maintained at our custodian are unable to direct brokerage. As a result, they may pay higher commissions or other transaction costs, potentially experience greater spreads, or receive less favorable net prices on transactions for their account than would otherwise be the case if they had the opportunity to direct brokerage.

For accounts maintained at a custodian of the client's choice (e.g., held-away accounts), the client may choose to request that a particular broker is used to execute some or all account transactions. Under these circumstances, the client will be responsible for negotiating, in advance of each trade, the terms and/or arrangements involving their account with that broker, and whether the selected broker is affiliated with their custodian of record or not. We will not be obligated to seek better execution services or prices from these other brokers, and we will be unable to aggregate transactions for execution via our custodian with other orders for accounts managed by our firm. As a result, the client may pay higher commissions or other transaction costs, potentially experience greater spreads, or receive less favorable net prices on transactions for their account than would otherwise be the case.

### ***Aggregating Securities Transactions***

Trade aggregation involves the purchase or sale of the same security for several clients/accounts at approximately the same time. This may also be termed "blocked" or "batched" orders. Aggregated orders are effected in an attempt to obtain better execution, negotiate favorable transaction rates, or to allocate equitably among multiple client accounts should there be differences in prices, brokerage commissions or other transactional costs that might otherwise be unobtainable through separately placed orders. Our firm may, but is not obligated, to aggregate orders, and our firm does not receive additional compensation or remuneration as a result of aggregated transactions.

Transaction charges and/or prices may vary due to account size and/or method of receipt. To the extent that the firm determines to aggregate client orders for the purchase or sale of securities, including securities in which a related person may invest, the firm will generally do so in accordance with the parameters set forth in SEC No Action Letter, *SMC Capital, Inc.* (publicly available September 5<sup>th</sup>, 1995) (<https://www.sec.gov/divisions/investment/noaction/smccapital090595.htm>). A copy of the referenced No Action Letter will be provided upon request.

Please note that when trade aggregation is not allowed or infeasible and necessitates individual transactions (e.g., withdrawal or liquidation requests, odd-lot trades, non-discretionary accounts, etc.), an account may potentially be assessed higher costs or less favorable prices than those where aggregation has occurred.

We review firm trading processes on a periodic basis to ensure they remain within stated policies and regulation. Our clients will be informed, in advance, should trading practices change at any point in the future.

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

#### **Review of Client Accounts**

##### ***Plan Consultation and Management Services***

Plan sponsors should contact our firm for additional reviews when making decisions about changes to their plan. Periodic reviews are recommended on an annual basis whenever practical. Reviews will be conducted by the assigned investment advisor representative associated with our firm, as well as other plan advisors if requested. These reviews normally involve an analysis and possible plan revision recommendations, and a copy of the review, revised plans or reports will be provided. Unless provided for in the engagement agreement with our firm, reviews are generally conducted under a new or amended agreement.

##### ***Investment Supervisory Services***

Investment supervisory services accounts are reviewed on a quarterly or more frequent basis by assigned investment advisor representatives and/or firm supervisory personnel. We may also engage qualified independent consultants to conduct periodic assessments. Additional reviews may be triggered by news or research related to a specific holding, a change in our view of the investment merits of a holding, or news related to the macroeconomic climate affecting a sector or holding within that sector. Accounts may be reviewed for an additional holding or when an increase in a current position is under consideration. Account cash levels above or below what we deem appropriate for the investment environment, given the account holder's stated tolerance for risk and investment objectives, may also trigger a review. A copy of a revised IPS or asset allocation report will be provided upon request.

#### **Reports and Frequency**

Account holders will receive account statements sent directly from the custodian of record where investments are held. Each account holder is urged to carefully review these statements for accuracy and clarity, and to ask questions when something is not clear.

We may provide certain reports when we are engaged to provide periodic retirement plan reviews; however, we do not provide our own performance reporting under this form of engagement.

For our own investment supervisory services accounts, our firm may provide written performance reports. Some of our clients may receive additional reports depending on their specific plan requirements. Account holders may receive portfolio performance reports directly from the selected third-party investment manager and/or custodian of record. All firm performance reports, if provided, will be prepared in accordance with appropriate jurisdictional guidance. Account holders are always urged to carefully review and compare account statements they have received directly from the custodian of record with any performance report received from our firm.

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

We receive an economic benefit from one or more recommended custodian in the form of the support products and services they make available to us and other independent investment advisors as disclosed in Item 12.

We do not engage in solicitation activities involving unregistered persons. If we receive or offer an introduction to a client, we do not pay or earn referral fee, nor are there established *quid pro quo* arrangements. Each client retains the right to accept or deny such referral or their subsequent services.

#### **Item 15 - Custody**

Plan assets will be maintained by an unaffiliated, qualified custodian, such as a bank, broker/dealer, mutual fund companies, or transfer agent; they are not physically maintained by Charter Wealth Management or any associate of our firm. In keeping with this policy involving investor funds and securities, we:

- Restrict the firm or an associate from serving as trustee or having general power of attorney over a client account;
- Prohibit an associate of the firm from having authority to directly withdraw securities or cash assets from a client account. Advisory fees will only be withdrawn from a client investment account through the engagement of a qualified custodian maintaining client account assets, via prior written client approval;
- Do not accept or forward client securities (i.e., stock certificates) erroneously delivered to our firm;
- Will not collect advance fees of \$1,200 or more for services that are to be performed six months or more into the future; and
- Will not authorize an associate to have knowledge of our client's account access information (i.e., online 401(k), brokerage or bank accounts) if such access might result in physical control of an account.

Account holders will be provided with transaction confirmations and summary account statements sent directly to them from their custodian of record. Typically, statements are provided on at least a quarterly basis or as transactions occur within their account. Our firm will not create an account statement for an account holder or serve as the sole recipient of account statements.

If an account holder receives a performance report from our firm, they are urged to carefully review and compare their account statements received directly from their custodian of record with any performance report from our advisory firm.

#### **Item 16 - Investment Discretion**

##### ***Investment Supervisory Services***

Charter Wealth Management generally provides its investment supervisory services on a *discretionary* basis. Discretionary authority allows our firm to implement investment decisions, such as the purchase or sale of a security on behalf of an account, without requiring account holder prior authorization for each transaction in order to meet stated investment objectives. This authority is granted through the execution of both our engagement agreement and the selected custodian's account opening documents. Note that the custodian will specifically limit our firm's authority within an account to the placement of trade orders and the request for the deduction of our advisory fees.

Our firm prefers to not manage client accounts on a *non-discretionary basis*, but we may accommodate such requests on a case-by-case basis. Such account authority requires ongoing prior approval involving the investment and reinvestment of account assets, portfolio rebalancing, or for our firm to give instructions to the custodian maintaining an account (i.e., wire instructions, etc.). Should it be necessary to require such restrictions, our advisory firm may choose to not serve as portfolio manager, or we may assess the higher fee range due to the additional operational costs involved managing such accounts. Please note that in light of the requirement for pre-approval, the account holder must be continuously available and keep our firm updated on their contact information so that instructions can be efficiently effected on their behalf. The account holder will be required to execute our firm's client services agreement that describes our limited account authority, as well as the custodian of record's account opening document that includes their limited power of attorney form or clause.

### ***Investment Management Services***

Third-party investment managers provide their services on a discretionary basis as earlier described. This authority will be granted by the account holder through the execution of account opening documents and will limit the manager's authority in the account to the placement of trade orders and the request of their portion of advisory fees. If the plan sponsor or account holder requires accounts to be managed on a non-discretionary basis, most third-party investment managers retain the right to either refuse or terminate an account or continue to manage the account under a higher asset-based fee due to increased operational costs. We will inform the plan sponsor in advance of the recommended third-party manager's requirements involving investment authority.

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

Account holders of record may receive voting proxies or other similar solicitations sent directly from the custodian of record or transfer agent. Note that we do not forward duplicate copies of these or any correspondence relating to the voting of securities, class action litigation, or other corporate actions.

Our firm does not vote proxies on behalf of account holders nor do we offer guidance on how to vote proxies, including accounts served on a discretionary basis. Each account holder will maintain exclusive responsibility for directing the manner in which proxies solicited by issuers of securities that are beneficially owned shall be voted, as well as making all other elections relative to mergers, acquisitions, tender offers or other events pertaining to such holdings.

Accounts managed through a selected third-party investment manager may have proxy voting executed by the portfolio manager or another qualified industry entity. It is important to review the selected third-party investment manager's Form ADV Part 2A to determine their proxy voting policies. Plan sponsors and account holders may also obtain copies of the third-party manager's written proxy voting policies and procedures as well as information on how proxies were voted for an account by requesting such information directly from that entity. They will generally not disclose proxy votes to other clients or third parties unless specifically requested, in writing, by the plan sponsor, account holder or their legal representative.

Charter Wealth Management does not offer guidance on or have the power, authority, responsibility, or obligation to take any action with regard to any claim or potential claim in any bankruptcy proceeding, class action securities litigation or other litigation or proceeding relating to securities held at any time in a client account, including, without limitation, to file proofs of claim or other documents related to such proceeding, or to investigate, initiate, supervise or monitor class action or other litigation involving client assets.

### **Item 18 - Financial Information**

Charter Wealth Management will not take physical custody of plan assets, nor do we have the type of account authority to have such control over an account. Fee withdrawals must be done through a qualified intermediary (e.g., account custodian of record) per prior written agreements.

Our engagements do not require that we will collect fees of \$1,200 or more for our advisory services that we will perform six months or more in advance.

Neither our firm nor its management serve as general partner for a partnership or trustee for a trust in which the firm's advisory clients are either partners of the partnership or beneficiaries of the trust.

The firm and its management do not have a financial condition likely to impair its ability to meet commitments to clients, nor has the firm and its management been the subject of a bankruptcy petition.

Due to the nature of our firm's advisory services and operational practices, an audited balance sheet is not required nor included in this brochure.