Item 1 - Cover Page

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Form ADV Part 2A

Firm Brochure

March 7, 2025

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. 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 March 5, 2024 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 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.

Item 3 - Table of Contents

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

Charter Wealth Management provides a range of investment advisory solutions to its clients. For those interested in areas such as cash flow and budgeting, education funding, retirement planning, risk management and estate planning, as well as periodic investment advice, we offer our financial planning services. We provide investment management services through the engagement of third-party institutional investment managers, as well as ongoing and continuous supervision of clients' portfolios through our own investment supervisory services offering. We do not offer or serve as portfolio manager for wrap fee investment programs.

A complimentary interview is provided by a representative of our firm to determine the scope of services for your engagement. During or prior to your first meeting, we will provide you with our current Form ADV Part 2A firm brochure that incorporates our privacy policy statement. The firm will also ensure any material conflicts of interest are disclosed regarding our firm and its associates that could be reasonably expected to impair the rendering of unbiased and objective advice.

Should you wish to engage our firm, we must first enter into a written agreement; thereafter, discussion and analysis will be conducted to determine your financial needs, goals, holdings, etc. Depending on the scope of the engagement, we may require current copies of the following documents early in the process:

- Wills, codicils and trusts,
- Insurance policies,
- Mortgage information,
- Tax returns,
- Current financial specifics including W-2s or 1099s,
- Information on current retirement plans and benefits provided by your employer,
- Statements reflecting current investments in retirement and non-retirement accounts, and
- Completed risk profile questionnaires or other forms provided by our firm.

It is important that the information and financial statements you provide to us is accurate. We may, but are not obligated to, verify the information you have provided, which will then be used in the financial planning or investment advisory process. It is necessary that you provide us with an adequate level of information and supporting documentation throughout the term of the engagement, including but not limited to source of funds, income levels, your authority to act on behalf of the account, among other information. This helps us determine the appropriateness of our financial planning or investment strategy for you.

It is also important that you keep us informed on significant changes that may call for an update to your financial and investment plans. Events such as job changes, retirement, a windfall, marriage or divorce, or the purchase or sale of a home or business can have a large impact on your circumstances and needs. We need to be aware of such events, so we can make the adjustments needed to your plan or advice in order to keep you on track toward your goals.

Financial Planning Services

Our financial planning services may be broad-based (sometimes coined "comprehensive planning") or more narrowly focused as you desire. A description of our offered services is provided in the following paragraphs. An estimate of the time needed to complete each service will be described to you prior to the engagement, although the time needed to complete these services may vary depending on the complexity of your engagement. If several or all of the services described are provided together through a broad-based plan, the total time needed to complete these services may be less than the time it would take to complete each service separately because of the efficiency gained by combining more than one service.

Cash Flow and Debt Management

We will conduct a review of your income and expenses to determine your current surplus or deficit along with advice on prioritizing how any surplus should be used or how to reduce expenses if they exceed your income. Advice may also be provided on which debts to pay off first based on factors such as the interest rate of the debt and any income tax ramifications. We may also recommend what we believe to be an appropriate cash reserve that should be considered for emergencies and other financial goals, a review of accounts (such as money market funds) for such reserves, plus strategies to save desired amounts.

Risk Management

Our services include an analysis of your exposure to major risks that could have a significant adverse impact on your financial picture, such as premature death, disability, property and casualty losses, or the need for long-term care. Advice is provided on ways to minimize such risks and about weighing the costs of purchasing insurance versus the benefits of doing so and, likewise, the potential costs of not purchasing insurance (self-insuring).

Employee Benefits

We will provide review and analysis as to whether you, as an employee, are taking the maximum advantage possible in your employee benefits. If you are a business owner, we will consider and/or recommend the various benefit programs that can be structured to meet both business and personal retirement goals.

Retirement Planning

Our retirement planning services typically include projections of your likelihood of achieving your financial goals, with financial independence usually the primary objective. For situations where projections show less than the desired results, we may make recommendations that include showing you the impact on those projections by making changes in certain variables (i.e., working longer, saving more, spending less, taking more risk with investments). If you are near retirement or already retired, advice may be given on appropriate distribution strategies to minimize the likelihood of running out of money or having to adversely alter spending during your retirement years.

Tax Planning Strategies

While our firm does not offer tax preparation, we will work with your tax professional to assist in structuring your financial life to identify tax-saving opportunities. Our advice includes ways to minimize current and future income taxes as a part of your overall financial planning picture. We are not an accounting firm. We recommend that you also consult with your accountant or tax attorney and contact information for an accountant or tax attorney is available if you do not have one on retainer.

College Planning

Our college financing services often include projecting the amount that will be needed to achieve college or other post-secondary education funding goals, along with advice on ways for you to save the desired amount. Recommendations as to savings strategies are included, and advice might also include the "pros-and-cons" of various college savings vehicles such as Section 529 college savings plans and any advantages to you (i.e., reduction of income taxes) of using a particular state's Section 529 plan or prepaid savings plan or another plan, such as Coverdell Education Savings Accounts.

Estate Planning and Charitable Giving

This usually includes an analysis of your exposure to estate taxes and your current estate plan, which may include whether you have a will, powers of attorney, trusts and other related documents. Our advice also typically includes ways for you to minimize or avoid future estate taxes by implementing appropriate estate planning strategies such as the use of applicable trusts. We are not a law firm, but we can recommend an estate planning attorney to you upon request.

Divorce Planning

Separation or divorce can have a major impact on your goals and plans. We will work with you to help you gain an understanding of your unique situation and provide you with a realistic financial picture so that you are in a better situation to communicate with your family law attorney, mediator or soon to be ex-spouse. We can assist in the completion of cash flow and net worth projections, budgetary analysis, as well as help you to understand the financial consequences involving a settlement.

Investment Consultation

Our investment consultation service may involve providing information on the types of investment vehicles available, employee stock options, investment analysis and strategies, asset selection and portfolio design, as well as assisting you in establishing your own investment account at a selected broker/dealer or custodian (collectively, we term as "service providers") of your choosing. The strategies and types of investments we may recommend are further discussed in Item 8 of this brochure.

Broad-Based v. Modular Planning

A broad-based plan is a detailed endeavor, therefore, certain variables can affect the time and cost involved in the development of your financial plan: the quality of your own records, complexity and number of current investments, diversity of insurance products and employee benefits you currently hold, size of the potential estate, special needs of the client or their dependents, among others.

While certain broad-based plans may require 10 or more hours to complete; complex plans may require 20 hours or more to complete. Alternatively, and upon your request, we may concentrate on reviewing only a specific area (modular planning), such as college financial planning, investment advice, portfolio allocations, or evaluating the sufficiency of your retirement plan. Note that when these services focus only on certain areas of your interest or need, however, your overall situation or needs may not be fully addressed due to limitations you may have established. Whether you have requested a broad-based or modular plan, we will present you with a summary of our recommendations, guide you in the implementation of some or all of them, and offer periodic reviews thereafter (see Item 13). In all instances involving our financial planning and investment consultation services, you will retain full discretion over all planning implementation decisions and are free to accept or reject any recommendation that we make.

Unless stated to the contrary in your agreement, upon completion of our presentation or delivery of advice through this form of planning service, our engagement is typically concluded. You are always encouraged to contact our firm at any time in the future to re-engage our services. We urge our clients to notify us of any change in their circumstances, and to schedule a review any time there is such a change. An annual review should be considered even if there is not a substantial change, because tax laws, estate laws, and insurance and investment products are rapidly evolving.

Portfolio Management Services

Investment Supervisory Services

You may engage our firm to implement investment strategies that we have recommended to you. Depending on your risk profile, needs, among other considerations, your portfolio may involve the employment of one or more investment strategies, as well as either a broad range or more narrowly focused choice of investment vehicles which is described in further detail in Item 8 of this brochure. We provide our investment supervisory services on a discretionary or non-discretionary basis (defined in Item 16), and our services may include the following**:**

- Risk Tolerance Assessment
- Determining Investment Strategy
- Investment Policy Statement (IPS) Development
- Asset Selection and Allocation
- Regular Portfolio Monitoring

Your investment guidelines will reflect your investment objectives, time horizon, tolerance for risk, as well as any reasonable account constraints you may have for the portfolio. For example, you have the right to exclude certain securities (e.g., options, "sin stocks," etc.). Your investment guidelines will be designed to be specific enough to provide future guidance while allowing flexibility to work with changing market conditions.

Third-Party Investment Managers

Following our consultation session and plan development, we may recommend you engage an institutional third-party investment manager to implement a portion or your entire investment plan. Prior to recommending a third-party investment manager, our firm will conduct what we believe to be an appropriate level of due diligence to include ensuring the firm is appropriately registered or notice-filed within your jurisdiction, if required. At least annually thereafter, a due diligence review will be performed from both a compliance and performance perspective to determine that the selected third-party manager remains an appropriate fit. We will review each third-party investment manager's performance over an extended period of time and on a continuing basis, as well as at least quarterly to discuss any potential concerns or recommended changes of program third-party managers.

Under this type of engagement, we will gather information from you about your financial situation, investment objectives, reasonable restrictions you may want to impose on the management of the account, and we will then provide this data to the third-party investment manager to develop the portfolio. Third-party managers will invest on behalf of a client account in accordance with the strategies set forth in their own requisite documents which will be provided to you by our firm prior to your portfolio employing their strategies. The selected third-party investment manager typically assumes discretionary authority over an account (see Item 16), and some of these programs may not be available for those clients who prefer an account to be managed under a non-discretionary engagement.

Retirement Plan Advice and Rollovers

As a registered investment adviser, our firm is a fiduciary to every client, meaning that we are obligated to act in our clients' best interests at all times. In addition to our fiduciary status as an investment adviser firm, when our firm provides advice to retirement investors, such as advice on an employer-sponsored retirement plan, Individual Retirement Account (IRA) or other qualified retirement plan, we may also be considered by the Department of Labor and the Internal Revenue Service to be acting as a fiduciary under Title I of ERISA and the Internal Revenue Code. These fiduciary obligations include requirements that we disclose our services and fees, conflicts of interest, and the reasons our recommendations are in the client's best interests.

After an analysis of the client's situation and plan documents, we will consider relevant factors including but not limited to the following:

- Alternatives to rolling the employer plan to an IRA, including leaving the money in an employer's retirement plan (if permitted); rolling the money to a new employer plan if available; or cashing out;
- The fees and expenses associated with both the employer's plan and the rollover IRA (or other alternatives such as noted above) and whether the employer current pays for some or all of the plan's expenses;
- The different levels of services and investments available under the employer plan and the rollover IRA, and other alternatives;
- Evidence that a rollover is the most appropriate choice in light of any additional costs and the resultant decrease in the client's returns;
- How withdrawals are treated under each alternative (*e.g.*, penalties up to age 55 vs. 59-1/2);
- Protection from creditors and legal judgments (unlimited vs. bankruptcy only; federal- and state-specific);
- Required minimum distributions;
- Tax implications of rolling shares of employer stock;
- The impact of economically significant investment features such as surrender schedules and index annuity cap and participation rates (such as in an employer-sponsored 403(b) plan account);
- Any other relevant variables particular to the client's situation.

The client will be made aware of conflicts of interest including but not limited to whether our firm will profit from a recommendation through financial planning and/or investment management fees, and whether services we offer are already provided by or available through the current plan, potentially at no additional cost.

As of December 31, 2024, our firm had over $175.5 million of reportable client assets under its management;[1] approximately $172.3 million in discretionary accounts and $3.2 million in non-discretionary accounts.

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 to you and their specific fees will be detailed in your 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.

Financial Planning

We may be engaged for our financial planning services under an hourly fee arrangement. Fees for these services are $200 per hour. You are billed in 15-minute increments, and partial increments (e.g., nine minutes) will be treated as a whole. An estimate of the amount of time necessary to develop and deliver your plan or investment advice will be stated to you at the beginning engagement.

For more extensive engagements we also provide our financial planning services on a fixed-fee basis, with fees typically ranging from $1,500 to $15,000. The fee will take into consideration such factors as the estimated amount of time dedicated to the engagement, the complexity of your project, your financial profile, and any special requests you may require.

We typically require an initial deposit of up to one half of your engagement fee for our financial planning services, which will be defined in your agreement. Financial planning fees may be paid by check or bank draft; cash, money orders, or similar forms of payment for our engagements are not accepted. Fees are generally due upon your receipt of our invoice. Non-continuous service engagements that are greater than three months in duration may be billed quarterly, in arrears.

Portfolio Management

Annualized asset-based fees for investment supervisory services and third-party investment management programs will be billed quarterly. Your first billing cycle will begin once your agreement is executed and your account is funded; fees for a partial period will be prorated accordingly. Fee payments will generally be assessed within 15 days of each billing cycle.

Investment Supervisory Services

We assess an annualized asset-based fee up to 1.50% for those accounts our firm provides its investment supervisory services. Fees will be calculated based on the reporting period ending value of the account(s), and will be billed quarterly, in arrears. Accounts will be valued in accordance with the values disclosed on the statement the client receives from the custodian for the purpose of verifying the computation of the advisory fee. In the rare absence of a market value, we may seek an independent third-party opinion or a good faith determination by a qualified associate of our firm.

[1] The term "assets under management" and rounding per the *General Instructions for Part 2 of Form ADV*.

Third-Party Investment Managers

An annualized fee that our firm will share in part for its continued consultation services will be charged to your account under a third-party investment manager program. Each program has a stated fee that will be described to you prior to your investing but will generally range from 0.25% to 2.00% depending upon the program selected, third-party manager engaged, size of the account, and the services to be provided. Our firm fees will be separate of third party manager fees and will be clearly detailed in your client agreement. At their discretion and as described within the selected third-party investment manager's advisory brochure, a third-party investment manager may aggregate client accounts for the purpose of discounting fees, similar to that described in the previous section.

By signing the firm's advisory agreement, as well as the custodian and third-party investment manager agreements, the client will be authorizing the withdrawal of transactional (see following section), investment supervisory and third-party investment management fees from their account. All fees will be clearly noted on your statements. The withdrawal of these fees will be accomplished by the selected custodian, not by our firm, and the custodian will remit investment supervisory services and our portion of the third-party investment management fee directly to our firm.

Termination of Services

Either party may terminate the engagement agreement at any time by communicating the intent to terminate in writing. Our firm will not be responsible for investment allocation, advice or transactional services (except for limited closing transactions) upon receipt of a termination notice. It will also be necessary that we inform the custodian of record and/or third-party investment manager that the relationship between parties has been terminated.

If you are a new client, you may terminate an agreement with our firm within five business days after the signing of our engagement agreement without penalty. Should you terminate a planning engagement after this date, you are assessed an hourly fee for any time incurred by our firm in the preparation of your financial plan. We will assess our asset-based fee on a prorated basis from the date of last payment to the date of termination for a portfolio management engagement. We will promptly return any 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), exchange-traded notes (ETNs), or other investments of this type. Further information about our fees in relationship to our operational and brokerage practices are noted in Items 12 and 14 of this document.

External Compensation

Our firm and its associates are engaged for fee-only services and we attempt to recommend "no load" investments whenever appropriate. 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. Fees charged by issuers are detailed in prospectuses or product descriptions and you are encouraged to read these documents before investing. You will always have the option to purchase recommended investments through your selected 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, 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

We provide our 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 (described in another firm brochure). Our firm does not require minimum income levels, minimum level of assets or other similar conditions for its financial planning or investment supervisory services engagements, and we will inform you in advance of any account minimums or other restrictions of any third-party investment manager you may wish to engage. 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 requirements you may prescribe. We will discuss with you how, in our best judgment, to meet your objectives while at the same time seeking a prudent level of risk exposure.

Investment Strategies

We recognize that each client's needs and goals 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,[2] value stocks,[3] 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

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[2] 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.

[3] 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.

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 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.

Exchange-Traded Funds

Exchange-traded fund (ETF) risks include risks due to their underlying securities (e.g., stocks, bonds, derivatives, etc.), and can be affected by risks such as market, currency, 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 can 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.

Leveraged and/or inverse ETFs attempt to achieve multiples of the performance of an index or benchmark through the opposite (inverse) of the performance of the tracked index or benchmark. This strategy attempts to profit from, or hedge exposures to, downward drifting markets. There is risk involving this strategy and part of the concern is due to leveraged and inverse exchange traded funds "reset" daily, which means they are designed to achieve their stated objectives on a *daily basis.* It is due to the compounding effect of daily adjustments that ETF performance over longer periods of time can differ significantly from the performance (or inverse of the performance) of an underlying index or benchmark during the same period. This effect is potentially magnified during volatile markets. If effects contrary to the ETF strategy occur, losses may be significant; therefore, leveraged and/or inverse ETFs will be considered for portfolios either properly hedged or for clients able to sustain potentially higher risks. Leveraged and inverse ETFs are normally not used in portfolios where a "buy-and-hold" philosophy is important.

<u>Index Investing</u>

Index ETFs and indexed funds have the potential to be affected by “active risk” or “tracking error risk;” which might be defined as a deviation from a 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” indexed ETF or mutual fund that may not as closely align the stated benchmark.

<u>Fixed Income Risks</u> - 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.

<u>Mutual Funds</u>

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.

<u>QDI Ratios</u> - 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 to each client 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)

The third-party investment managers that we recommend to clients are required to be registered as an investment advisor. As referenced in Item 5 of this brochure, each firm is compensated for their respective services by the client through an advisory fee that is disclosed to you before engaging with that manager. There is the potential for clients' fees assessed via these engagements to be higher than had a client obtained them directly from a third-party investment manager or the client were able to purchase similar underlying investments on their own. Clients are encouraged to review all our offerings and their stated fees prior to the engagement, and each client has the right to purchase recommended or similar investments through their own provider. It should be noted that certain third-party investment managers and/or underlying investments may not be available to self-directed investors or at the same cost.

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 you – *our client* – 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 you 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 you 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, 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 you are under no obligation to act on our recommendations and, if you elect to do so, you 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

Your accounts will be 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 an investment consultation service, we may recommend the service provider with whom your assets are currently maintained. Should you prefer a new service provider, our recommendation of another service provider would be based on your 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.

If you have engaged our firm to provide investment supervisory services, we generally recommend our individual investment clients use the institutional services division of Charels Schwab, Inc. Member FINRA/SIPC.[4] As stated earlier, our firm is independently owned and operated and is not legally affiliated with Charels Schwab, Inc. ("Charels Schwab Institutional") or any other firm we may recommend. While we recommend that you use Charels Schwab as your custodian, you will decide whether to do so and will open your account with Charels Schwab by entering into an account agreement directly with them. We do not open the account for you, although we will assist you in doing so. We may also serve accounts maintained at your custodian of choice if that custodian's policies allow us to do so and following your written authorization via limited power of attorney.

Charels Schwab offers independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Our firm receives some benefits from Charels Schwab through participation in their programs (please refer Item 14). We periodically conduct an assessment of any service provider we recommend, including Charels Schwab, which generally includes a review of their range of services, reasonableness of fees, among other items, in comparison to their industry peers.

[4] Our firm is not, nor required to be, a FINRA or Securities Investor Protection Corporation (SIPC) member. You 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.

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 5th, 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.

Trade Errors

The firm corrects its trading errors through an account maintained by its custodian, and the firm may be responsible for trading error losses that occur within a client account. Clients should be aware that trading error gains in accounts maintained at Charels Schwab Institutional is swept out to a designated account and donated to a 501(c)(3) charity of the firm's choice.

Item 13 - Review of Accounts

Schedule for Periodic Review of Client Accounts

Financial Planning Services

Periodic financial check-ups or reviews are recommended if you are receiving our financial planning service, and we recommend that they occur at least on an annual basis whenever practical. Reviews will be conducted by your assigned financial planner and normally involve analysis and possible revision of your previous financial plan or investment allocation. Unless provided for in your engagement agreement, reviews are generally conducted under a new or amended agreement and will be assessed at our current hourly rate.

Investment Supervisory Services

Investment supervisory services accounts are reviewed on a quarterly or more frequent basis by your selected representative or supervisory personnel (i.e., our Chief Compliance Officer).

Third-Party Investment Managers

For accounts served by a recommended third-party investment manager, we will periodically review reports provided to you by your third-party investment manager and contact you at least annually to review your financial situation and objectives. We will communicate information to your third-party investment manager as warranted and assist you in understanding and evaluating the services provided by the third-party manager. In certain instances, you may be able to communicate with your selected third-party investment manager.

Review of Client Accounts on Non-Periodic Basis

Financial Planning Services

You are free to contact our firm for additional reviews when there are material changes that occur in your financial situation (i.e., loss of a job, early retirement, receipt of a significant bonus, an inheritance, the birth of a new child, or other circumstances), or should you prefer to change requirements involving your account. Non-periodic reviews are generally conducted by your financial planner and under a new or amended agreement and will be assessed at our published rate.

Investment Supervisory Services

Additional reviews by your investment advisor representative and/or supervisory personnel 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 client's stated tolerance for risk and investment objectives, may also trigger a review.

Third-Party Investment Managers

For non-periodic events, we will communicate information to your third-party investment manager as warranted and in certain circumstances you may be able to communicate directly with the selected third-party investment manager.

Content of Client Provided Reports and Frequency

If you have opened and maintained an investment account on your own or with our assistance, you will receive account statements sent directly from mutual fund companies, transfer agents, custodians or brokerage companies where your investments are held. We urge you to carefully review these statements for accuracy and clarity, and to ask questions when something is not clear.

We may provide portfolio reports if we are engaged to provide periodic asset allocation or investment advice; however, we do not provide ongoing performance reporting under our financial planning engagements.

For our investment supervisory services accounts, our firm may provide written performance summary reports, and annual realized gains/loss reports for taxable accounts. Some of our clients may receive

additional reports depending on their specific requirements. You may also receive quarterly portfolio or performance reports directly from your selected third-party investment manager. All firm performance reports (if any are provided) will be in prepared in accordance with current jurisdictional guidance.
We urge our clients to carefully review and compare account statements that they have received from their custodian of record with any report they receive from any source (including our firm) if that report contains any type of investment performance information.

Item 14 - Client Referrals and Other Compensation

Economic Benefit from External Sources and Conflicts of Interest

We receive economic benefit from external sources in the form of the support products and services they make available to us and other independent investment advisors. As disclosed under Item 12, our firm participates in Charles Schwab's Institutional advisor support program and we recommend Charles Schwab to our clients for custody and brokerage services. There is no direct link between our participation in the program and the investment advice we give our clients, although our firm receives economic benefits through our participation in the program. These benefits include the following products and services (provided either without cost or at a discount):

- receipt of duplicate client statements and confirmations;
- research related products and tools;
- consulting services;
- access to a trading desk serving our clients;
- access to block trading (which provides our ability to aggregate securities transactions for execution and then allocate the appropriate shares to our client's accounts);
- the ability to have advisory fees deducted directly from our client's accounts per our written agreement;
- access to an electronic communications network for client order entry and account information;
- access to mutual funds with no transaction fees, and to certain institutional money managers; and
- discounts on compliance, marketing, research, technology, and practice management products or services provided to our firm by third party vendors.

Charles Schwab may provide some of these services itself. In other cases, they may arrange for third-party vendors to provide the services to us. Charles 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. Charles Schwab 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 Charles Schwab 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 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.

Advisory Firm Payments for Client Referrals

Upon your request, we may provide referrals to various professionals, such as an attorney or accountant. We do not have an agreement with or receive fees from these professionals for these informal referrals. Any fees charged by these other entities for their services are completely separate from fees charged by our firm.

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

Accounts will be maintained by an unaffiliated, qualified custodian; accounts are not to be maintained by our firm or any associate of our firm. In keeping with this policy involving our clients' funds or securities, Charter Wealth Management:

- restricts the firm and associates from serving as trustee or having full power of attorney over a client account;
- is prohibited 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 a qualified custodian maintaining your account assets, per your written approval;
- does 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 a client's account access information (i.e., online 401(k), brokerage or bank accounts) when such access might result in physical control over client assets.

You will be provided with transaction confirmations and summary account statements provided directly to you by your custodian of record. Typically, these statements are provided on a monthly or quarterly basis (depending on the type of account), or as transactions occur. We will not create an account statement for you nor be the sole recipient of your account statements.

If you receive periodic reports from our firm that includes investment performance information, you are urged to carefully review and compare your account statements that you have received directly from your service provider with any performance report from our firm.

Item 16 - Investment Discretion

We provide our various forms of investment advisory services (as described in Item 4) on either *discretionary* or *non-discretionary* basis (authority), and as determined by your written engagement agreement. Via limited power of attorney signed by the client, 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 the client's prior authorization for each transaction in order to meet stated investment objectives. This authority will be granted through your execution of both our engagement agreement and the selected custodian's account opening documents. Note that your custodian will specifically limit our firm's authority within your account to the placement of trade orders and the request for the deduction of our advisory fees.

We will manage a client account on a non-discretionary basis, but we may accommodate such requests on a case-by-case basis. Such non-discretionary account authority requires your ongoing prior approval involving the investment and reinvestment of account assets, as well as portfolio rebalancing. You 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. Please note that, in light of the requirement for your pre-approval, you must make yourself available and keep our firm updated on your contact information so that instructions can be efficiently and timely effected on your behalf.

You may amend our account authority by providing our firm revised written instructions. As noted in Item 4, we will allow for reasonable restrictions involving the management of your account. It remains your responsibility to notify us if there is any change in your situation and/or investment objective so that we may reevaluate previous investment recommendations or portfolio holdings.

You should review the advisory brochure for each prospective third-party investment manager to determine their account authority. Generally, a third-party investment manager requires accounts to be supervised under a discretionary engagement agreement. Should an investor prefer their account be managed under a non-discretionary agreement, it is not uncommon for the third-party investment manager to retain the right to assess a higher investment management fee for their services, or to reject or terminate the agreement. We will serve a third-party investment management account on a discretionary basis if that investment manager's policies allow us to do so and following the client's written authorization.

Item 17 - Voting Client Securities

Account holders of record may periodically receive proxies or other similar solicitations sent directly from their custodian or transfer agent. If we receive a duplicate copy, note that we do not forward these or any correspondence relating to the voting of clients' securities, class action litigation, or other corporate actions.

Our firm does not vote proxies on behalf of an account holder, including accounts we serve on a discretionary basis. We do not offer guidance on how to vote proxies, nor will we offer advice involving a 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. We will answer limited questions via a scheduled meeting with respect to what a proxy voting request or other corporate matter may be and how to reach the issuer or their legal representative.

If an account is supervised by a third-party investment manager, that client should review the third-party investment manager's Form ADV Part 2 to determine their proxy voting policies. Otherwise, each account holder will maintain 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 legal matters or events pertaining to holdings. Clients should consider contacting the issuer or their legal counsel involving specific questions they may have with respect to a particular proxy solicitation or corporate action.

Item 18 - Financial Information

Our firm will not take physical custody of your assets, nor do we have the type of account authority to have such control over account assets. Fee withdrawals must be done through a qualified intermediary (e.g., account custodian of record) per the client's prior written agreement.

Our engagements do not require that we will collect fees from you of $1,200 or more for our advisory services 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.