

Item 1: Cover Page

# Eads & Heald Wealth Management

## Part 2A of Form ADV Brochure Filing - U.S. Securities & Exchange Commission

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*As of Date:*

*December 31, 2018*

The following disclosure is required by the U.S. Securities & Exchange Commission: This brochure provides information about the qualifications and business practices of Eads & Heald Wealth Management. If you have any questions about the contents of this brochure, please contact us at 770-988-9556. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about Eads & Heald Wealth Management is also available on the SEC's web site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). We are required to state that being a registered investment adviser does not imply a certain level of skill or training.

Item 2: Material Changes

As of May 2017, we added financial planning services to our offering. Otherwise, there are no material changes from our previous filing.

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#### **Item 4: Discussion on Ethics and “Fiduciary” Duties to Clients**

Eads & Heald Wealth Management’s portfolio managers hold the CFA (Chartered Financial Analyst) designation and are members of the CFA Institute. The CFA Institute maintains a strict set of codes and standards to which we adhere.

##### *The CFA Institute Code Of Ethics*

Members of CFA Institute (including CFA charterholders) and candidates for the CFA designation (“Members and Candidates”) must:

- Act with integrity, competence, diligence, respect and in an ethical manner with the public, clients, prospective clients, employers, employees, colleagues in the investment profession, and other participants in the global capital markets.
- Place the integrity of the investment profession and the interests of clients above their own personal interests.
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities.
- Practice and encourage others to practice in a professional and ethical manner that will reflect credit on themselves and the profession.
- Promote the integrity and viability of the global capital markets for the ultimate benefit of society.
- Maintain and improve their professional competence and strive to maintain and improve the competence of other investment professionals.

##### *Fiduciary Duties to Clients*

Eads & Heald Wealth Management has been registered with the U.S. Securities & Exchange Commission as an investment advisor since its founding in 1987. As such, we have been bound by “fiduciary” standards for our entire existence, and remain committed to fiduciary standards today.

An investment advisor who is a fiduciary, as is Eads & Heald Wealth Management, is held to the highest standard in the financial advisor industry and always must exhibit the nature of goodwill when working with clients.

We are a “fiduciary” to our advisory clients. This means that we have a fundamental obligation to act in your best interests and to provide investment advice in your best interests. We owe you a duty of undivided loyalty and utmost good faith. We will not engage in any activity in conflict with the interest of our clients. We employ great care to avoid misleading our clients and we provide full and fair disclosure of all material facts to our clients and prospective clients.

The average investor may not be aware of the fiduciary duty an investment adviser is legally bound to. Common sense can quite possibly dictate that working with a professional that is held to a strict level of moral conduct and ethics could be a more appropriate fit.

**Item 5: Advisory Business**

**A. Describe your advisory firm, including how long you have been in business. Identify your principal owner(s).**

Eads & Heald Wealth Management (henceforth, “EHWM”) was founded in 1987. The principal owners of the firm are Stewart Eads, CFA and Tom Heald, CFA. The firm provides comprehensive financial planning services and investment management services through the use of separately managed portfolios. EHWM manages investment portfolios for nearly any type of client wishing to be invested in the stock or bond markets. The firm manages investment portfolios for individuals, families, corporations or business entities, retirement plans, pension plans, trusts, endowments, foundations, family limited partnerships and other types of accounts.

**B. Describe the types of advisory services you offer. If you hold yourself out as specializing in a particular type of advisory service, such as financial planning, quantitative analysis, or market timing, explain the nature of that service in greater detail. If you provide investment advice only with respect to limited types of investments, explain the type of investment advice you offer, and disclose that your advice is limited to those types of investments.**

EHWM offers investment management and supervisory services as well as comprehensive financial planning services. The firm’s investment management service includes managing equity (stocks) and balanced (stocks plus bonds) investment portfolios for clients. In some situations, other common investment vehicles such as mutual funds, ETF’s, CD’s, among others, are used. For example, we may use stocks, bonds (corporate, government, municipal), REITS, ETFs, and mutual funds in client portfolios. The firm obtains power of attorney (limited to the purchase and sale of securities) to trade in client investment portfolios. By virtue of this agreement, the firm buys and sells securities within client portfolios. EHWM does not take custody of client assets. All clients keep their assets in custody with the brokerage firm of the client’s choosing. EHWM executes trading activity through the client’s chosen brokerage firm.

The firm also offers comprehensive financial planning services. EHWM will provide comprehensive financial planning as either a standalone service or as part of a combination financial planning and investment management offering. Both include the following services:

***Review and prioritize client's goals and objectives***

Using a series of in-person meetings, calls, and/or questionnaires EHWB will guide clients through the process of identifying, understanding, and prioritizing their risk tolerance, financial objectives, and goals.

***Review and evaluate client's current financial situation***

EHWB will analyze the client's current financial situation and identify any strengths or weaknesses as they pertain to the client's stated goals and objectives. This process will include an analysis of some or all of the following areas: cash flow analysis, asset and liability analysis, insurance coverage, tax planning, retirement planning, education planning, estate planning.

***Develop and Recommend Strategies***

Following the analysis of the client's current situation, EHWB will develop a written plan with recommendations designed to help clients achieve their stated goals and objectives.

**Implementation and Monitoring For Financial Planning Clients**

***Standalone Financial Planning***

The client is solely responsible for the implementation and monitoring of the financial plan recommendations under this offering.

***Financial Planning and Investment Management***

EHWB will implement and manage the investment portfolio(s) in a manner that is consistent with the client's goals, objectives and risk tolerance. EHWB will also provide ongoing monitoring of the investment assets and take action as necessary to rebalance and reallocate the portfolio. Clients agree that EHWB shall have full and complete discretion to direct the investment and reinvestment of such assets, the proceeds thereof, and any additions thereto; to manage and change the investment thereof; and to take other proper action with respect to such assets. EHWB will offer to meet at least annually to perform an in depth annual review and make any necessary updates to the client's financial plan.

Financial Planning and Investment Management clients receive access to a secure online Client Portal (eMoney). Standalone Financial Planning clients do not have access to the Client Portal.

**Responsibilities of Financial Planning Clients**

The client is under no obligation to act on our financial planning recommendations.

We have discretionary authority over the investment portfolio for clients that select the Financial Planning & Investment Management service.

The relationship with Standalone Financial Planning clients ends upon the delivery of the financial plan. We do not have discretionary authority over the investments for Standalone Financial Planning clients.

EHWM is also available to furnish investment advice through consultations not included in the service described above. EHWM may also act as a third party model portfolio provider.

**C. Explain whether (and, if so, how) you tailor your advisory services to the individual needs of *clients*. Explain whether *clients* may impose restrictions on investing in certain securities or types of securities.**

EHWM's advisory services are customized to the individual needs of each client. Each portfolio is unique to each client's circumstances. EHWM does not operate a mutual fund or a pooled investment strategy. For example, the specific securities held across different portfolios may differ when clients have different risk tolerances, income needs or return expectations. Clients may impose restrictions on investing in certain securities or types of securities. All investment management clients will review and sign a Statement of Investment Policies when the client/advisor relationship begins. Financial planning clients sign the document before implementing the plan with EHWM, not when the relationship begins. Within this document, the client may list such restrictions. Separately, in some cases, EHWM may provide a model portfolio to firms (for example, Envestnet) which use the model for their clients. In such cases, it is possible that investment restrictions or other decisions may be outside the control of EHWM, and EHWM may have limited discretion in the implementation or performance tracking of the model strategy provided to the third party.

**D. If you participate in *wrap fee programs* by providing portfolio management services, (1) describe the differences, if any, between how you manage wrap fee accounts and how you manage other accounts, and (2) explain that you receive a portion of the wrap fee for your services.**

EHWM may serve as a portfolio manager for separate client accounts which are in wrap fee programs sponsored by unaffiliated financial institutions. EHWM itself does not sponsor or administer wrap fee programs, nor is EHWM affiliated with any wrap fee sponsor firms. There is no difference in how we manage wrap fee accounts versus non-wrap fee accounts.

Fees charged by EHWM only cover portfolio management services and do not include custody of assets or trading costs. Please note that your chosen wrap fee sponsor may charge a separate fee for execution and other services. EHWM does not take custody of client assets. EHWM typically contracts directly with wrap fee clients for portfolio management services, an agreement which is separate from any contractual arrangement the client has with his custodian. Client

arrangements or agreements with their custodian are outside the purview of EHWB and EHWB is not a party to those arrangements or agreements. In most cases, EHWB's portfolio management fee is a fee designed to co-exist with an asset based flat fee charged by the client's custodian in lieu of commissions. In some cases, one fee is charged to the client, and EHWB's portfolio management fee comes out of that single fee.

Wrap fee programs may not be suitable for all investment needs, and any decision to participate in a wrap fee program should be based on the client's individual financial circumstances and investment goals.

The benefits under a wrap fee program depend, in part, upon the size of the client's account and the number of transactions likely to be generated in the account. For example, wrap accounts may not be suitable for accounts with little activity or accounts comprised principally of fixed income securities.

Participating in a wrap fee program may cost more or less than the cost of purchasing such services separately from the broker or dealer.

**E. If you manage *client* assets, disclose the amount of *client* assets you manage on a *discretionary basis* and the amount of *client* assets you manage on a *non-discretionary basis*. Disclose the date "as of" which you calculated the amounts.**

As of December 31, 2018, EHWB managed \$178.4 million of client assets on a discretionary basis. EHWB does not manage any portfolios on a non-discretionary basis.

**Item 6: Fees and Compensation**

**A. Describe how you are compensated for your advisory services. Provide your fee schedule. Disclose whether the fees are negotiable.**

Advisory fees are generally calculated as a percentage of assets under management, except for fees for investment consulting services which are generally fixed and depend upon the nature and extent of services provided. We will work under selected wrap fee arrangements at a possible negotiated fee schedule. We may also negotiate fees for institutional referral programs or Financial Planning services depending on the scope and complexity of the engagement (the minimum financial planning fee may be waived). As a general rule, however, we will not negotiate fees and will adhere to the fees outlined below.

As indicated above, EHWB's management fee for investment management services is calculated as a percent of assets under management. By way of example, if a client's portfolio is valued at \$500,000 at the end of a calendar

quarter, and assuming the client is operating under the firm’s standard fee schedule, the client’s quarterly fee would be \$1,437.50 (1.5% billed on the first \$200,000 plus 1.0% billed on the next \$200,000 plus 0.75% billed on the next \$600,000, with sum of these calculations then divided by 4 to arrive at the quarterly fee).

Per Department of Labor regulations under section 408(b)(2) of the Employee Retirement Income Securities Act of 1974 (“ERISA”), we are required to make disclosures to certain ERISA-covered plans. EHWM receives only the direct compensation as detailed in the fee schedule on your advisory agreement. EHWM does not receive any indirect compensation. A general description of the services we provide can be found in Item #4 of this document. We provide such services as a registered investment advisor and as an ERISA fiduciary. As a fiduciary, we will act in your best interest at all times.

**Standard fee schedules for new investment management-only** clients are presented below followed by the financial planning fee schedules; in certain cases, fee schedules for new or existing clients may differ from those shown below.

*There is a \$250,000 minimum size for new accounts.*

**Fee Schedule - Accounts Up to \$5,000,000**

1.50% on First	\$200,000
1.00% on Next	\$200,000
0.75% on Next	\$600,000
0.50% on Amounts Over	\$1,000,000

*Examples of Fees*

<u>Portfolio Size</u>	<u>Annual Fees</u>	<u>Percentage</u>
\$100,000	\$1,500	1.50%
200,000	3,000	1.50%
300,000	4,000	1.33%
400,000	5,000	1.25%
500,000	5,750	1.15%
750,000	7,625	1.02%
1,000,000	9,500	0.95%
2,000,000	14,500	0.73%
3,000,000	19,500	0.65%

### **Fee Schedule - Accounts at \$5,000,000 and Above**

0.50% on Amounts at \$5,000,000 and Above

#### *Examples of Fees*

<u>Portfolio Size</u>	<u>Annual Fees</u>	<u>Percentage</u>
\$5,000,000	\$25,000	0.50%
10,000,000	50,000	0.50%
15,000,000	75,000	0.50%
20,000,000	100,000	0.50%

### **Financial Planning Fees**

#### ***Standalone Financial Planning***

EHW M charges a fixed fee for the analysis, preparation, and presentation of a Standalone Financial Plan. This fee is based on the scope and complexity of the engagement and will generally be in the range of \$2,000 - \$10,000. The fee will be payable, in full, upon delivery of the financial plan. Implementation and ongoing monitoring are the responsibility of the client and are not included in this fee. Standalone Financial Planning clients may be able to implement the investment recommendations at a lower cost than Financial Planning & Investment Management Clients who choose to utilize the investment management services of EHW M.

#### ***Financial Planning and Investment Management***

The following fee schedule will apply for the combined Financial Planning and Investment Management services of EHW M. The fee will be paid after the end of each calendar quarter based on the market value of the investment account(s), including cash or its equivalent held for investment, as appraised by EHW M as of the end of said quarter. The fee will be prorated if the contract is made effective or canceled within a quarter.

Assets	Annual Rate	Quarterly Rate
First \$2,000,000	1.00%	0.2500%
Next \$3,000,000	0.75%	0.1875%
Next \$5,000,000	0.50%	0.1250%
\$10,000,000 +	0.50% on entire account	0.1250%

**There is a minimum quarterly fee of \$2,500 for the combined services of ongoing “Financial Planning and Investment Management”. This minimum fee may be waived or negotiated at our discretion.**

**B. Describe whether you deduct fees from *clients*' assets or bill *clients* for fees incurred. If *clients* may select either method, disclose this fact. Explain how often you bill *clients* or deduct your fees.**

Each client may choose how to be billed for management fees. Clients may have management fees deducted directly from the portfolio and paid to EHWB by the client's custodian, or EHWB can bill clients directly. If fees are deducted directly from the portfolio, clients may view the deduction on their brokerage statement and/or may receive a copy of EHWB's bill upon request for their records. EHWB bills on a quarterly basis. Portfolios are valued at the end of each calendar quarter. The quarter-ending value is used as the basis for calculating the quarterly fee. Fees for stand-alone financial planning will be billed directly to the client.

**C. Describe any other types of fees or expenses *clients* may pay in connection with your advisory services, such as custodian fees or mutual fund expenses. Disclose that *clients* will incur brokerage and other transaction costs, and direct *clients* to the section(s) of your *brochure* that discuss brokerage.**

EHWB does not charge any other fees beyond what is disclosed above. Clients might incur third party fees. These fees might include brokerage fees charged by a client's custodian, such as trading commissions or other transaction costs. Please note that your chosen wrap fee sponsor may charge a separate fee for execution and other services. Investors are encouraged to consider all possible fees before investing.

Clients may also incur exchange traded fund expenses, mutual fund expenses, commissions, transaction fees, or other fees related to their investments. Third-party costs incurred for accounting services, legal services, and/or insurance products that may be necessary to implement the financial plan are paid to parties other than EHWB and are in addition to the fees detailed above.

**D. If your *clients* either may or must pay your fees in advance, disclose this fact. Explain how a *client* may obtain a refund of a pre-paid fee if the advisory contract is terminated before the end of the billing period. Explain how you will determine the amount of the refund.**

Generally, advisory fees are payable quarterly in arrears. Under certain institutional broker relationships, client fees are billed in advance as required by certain brokerage firms. In the event a client who pays in advance terminates our services, the prorated unearned portion would be refunded to the client. The amount refunded can best be explained by way of example. Consider a portfolio valued at \$5,000,000. The 0.50% annual fee results in a quarterly fee due of

\$6,250. If \$6,250 was paid in advance of a 90 day quarter, and the client terminates the relationship at day 45, the amount refund would be \$3,125 ( $\$6,250 \times (45/90)$ ).

- E. If you or any of your *supervised persons* accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds, disclose this fact and respond to Items 5.E.1, 5.E.2, 5.E.3 and 5.E.4.**

This item does not apply to EHWM. Employees do not accept any type of compensation for the sale of any investment products.

#### **Item 7: Performance-Based Fees and Side-by-Side Management**

**If you or any of your *supervised persons* accepts *performance-based fees* – that is, fees based on a share of capital gains on or capital appreciation of the assets of a *client* (such as a *client* that is a hedge fund or other pooled investment vehicle) – disclose this fact. If you or any of your *supervised persons* manage both accounts that are charged a *performance-based fee* and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee, disclose this fact. Explain the conflicts of interest that you or your *supervised persons* face by managing these accounts at the same time, including that you or your *supervised persons* have an incentive to favor accounts for which you or your *supervised persons* receive a *performance-based fee*, and describe generally how you address these conflicts.**

This item does not apply to EHWM. EHWM does not accept performance-based fees.

#### **Item 8: Types of Clients**

**Describe the types of *clients* to whom you generally provide investment advice, such as individuals, trusts, investment companies, or pension plans. If you have any requirements for opening or maintaining an account, such as a minimum account size, disclose the requirements.**

EHWM manages investment portfolios and/or provides comprehensive financial planning services for nearly any type of client wishing to be invested in the stock or bond markets and for whom our investment style and strategy are appropriate. The firm manages investment portfolios for individuals, families, corporations, business entities, retirement plans, pension plans, trusts, endowments, foundations, family limited partnerships and other types of accounts. The minimum portfolio size is typically \$250,000. However, under certain wrap fee or other referral programs, we may accept portfolios starting at \$100,000. EHWM may also act as a third party model portfolio provider to other firms such as Envestnet.

**Item 9: Methods of Analysis, Investment Strategy & Risk of Loss**

**A. Describe the methods of analysis and investment strategies you use in formulating investment advice or managing assets. Explain that investing in securities involves risk of loss that *clients* should be prepared to bear.**

Investing involves risk of loss. Clients should be prepared to bear the risk of loss when investing.

Our investment analysis process is a top down fundamental approach working from the broadest/general issues on down to specific securities to purchase. At the outset, consideration is given to such topics as:

- What real and nominal growth rates are likely for the economy over the next several years?
- Are we in a period of secular inflation or secular disinflation?
- Are interest rates in a secular rising or falling mode?
- Is the political climate pro-business?
- What are the broad themes likely to drive the economy and society over the next five years?

At the other end of the spectrum, after factoring in the broader considerations, we focus on companies where the future total expected return is significant when the uncertainty (or, risk) is included. Future expected return for a common stock is:

Earnings growth rate + Dividend Yield +/- Price/Earnings Ratio Expansion/Contraction

We look for undervalued companies whose current price is low relative to the fundamentals we foresee. Dividend yield serves to enhance the return from price appreciation alone.

Our core equity investment strategy is to own a broadly diversified portfolio of high quality stocks and stay fully invested (90%+) after a startup phase. The length of the startup phase will depend on our perceptions of the stock market near-term along with the client's risk tolerance. We do not use leverage unless the client specifically orders that we do so. ETF's may be used in certain situations.

Additionally, EHWI may offer a high dividend yield ("HDY") equity strategy. The HDY equity strategy would primarily seek to generate current income for clients, along with an attractive risk-adjusted total return. The HDY strategy may emphasize yield over broad diversification. Thus, the HDY strategy may be concentrated across a relatively limited number of market sectors. As such, a

HDY portfolio may be subject to more risks than if it were broadly diversified across numerous industries and sectors.

Client imposed restrictions may range from minor (where our ability to deliver our "style" is not compromised) up to significant (where our ability to deliver our "style" is compromised). Thus, the EHWB Equity Style is defined as follows:

- Portfolio must have no significant cash flows (deposits or withdrawals equal to or greater than 10%)
- Have less than 10% cash at beginning and end of quarter
- Contain 0% fixed income at beginning and end of quarter

The EHWB Balanced Style is defined as follows:

- Portfolio must have no significant cash flows (deposits or withdrawals equal to or greater than 10%)
- Have less than 10% cash at both beginning and end of quarter
- Have a holding of corporate, government and/or municipal fixed income securities of between 10% to 60%, inclusive, both the beginning and end of quarter

For mutual funds and ETF's, the analysis is straightforward. We primarily use index ETF's and evaluate the index methodology. Other factors of analysis might include performance, risk, volatility, concentration and liquidity.

**B. For each significant investment strategy or method of analysis you use, explain the material risks involved. If the method of analysis or strategy involves significant or unusual risks, discuss these risks in detail. If your primary strategy involves frequent trading of securities, explain how frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.**

EHWB's methods of investment analysis and management cannot necessarily avoid the risk of loss. All investing involves the risk of loss. While EHWB's methods include many strategies with which investors can mitigate the risk of loss, the risk of loss still exists. EHWB manages equity (all stocks) and balanced (stocks + bonds) portfolios. Equity securities may decline in value. Bonds may decline in value. While EHWB typically holds high quality stocks and bonds in client portfolios, all investing involves risk.

Additionally, EHWB may offer a high dividend yield ("HDY") equity strategy. The HDY equity strategy would primarily seek to generate current income for clients, along with an attractive risk-adjusted total return. The HDY strategy may emphasize yield over broad diversification. Thus, the HDY strategy may be

concentrated across a relatively limited number of market sectors. As such, a HDY portfolio may be subject to more risks than if it were broadly diversified across numerous industries and sectors.

EHWB employs a trading routine which results in relatively infrequent trading. While EHWB tends to trade relatively infrequently, investors should remain aware that trading can incur costs and impact investment performance.

**C. If you recommend primarily a particular type of security, explain the material risks involved. If the type of security involves significant or unusual risks, discuss these risks in detail.**

EHWB constructs broadly diversified portfolios as all-equity (stocks) or balanced (stocks + bonds) portfolios. Separately, EHWB may offer a high dividend yield (“HDY”) equity portfolio. To the extent that a HDY portfolio may be relatively less broadly diversified than our core equity portfolio, the risks associated with a HDY portfolio may be greater. As noted above, investing in stocks and bonds involves the risk of loss. While EHWB maintains a strong emphasis on high quality and broad diversification when selecting securities for all client portfolios, the risk of loss remains. For ETF portfolios, primary risks include liquidity risks and market risks.

**Item 10: Disciplinary Information**

**If there are legal or disciplinary events that are material to a *client’s* or prospective *client’s* evaluation of your advisory business or the integrity of your management, disclose all material facts regarding those events.**

EHWB and its employees do not have any disciplinary or legal proceedings to report. No disciplinary or legal actions have ever been taken against the firm or its employees with regard to the investment business.

**Item 11: Other Financial Industry Activities & Affiliations**

**A. If you or any of your *management persons* are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, disclose this fact.**

Not applicable. EHWB and its employees are not a broker-dealer or registered representative of a broker-dealer. Further, we do not have any applications pending to become a broker dealer or registered representative of a broker-dealer.

- B. If you or any of your *management persons* are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities, disclose this fact.**

Not applicable. EHWM and its employees do not act as futures commissions merchants, commodity pool operators, commodity trading advisors, nor as an associated person of the foregoing entities.

- C. Describe any relationship or arrangement that is material to your advisory business or to your *clients* that you or any of your *management persons* have with any *related person* listed below. Identify the *related person* and if the relationship or arrangement creates a material conflict of interest with *clients*, describe the nature of the conflict and how you address it.**

1. Broker-dealer, municipal securities dealer, or government securities dealer or broker
2. 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)
3. Other investment adviser or financial planner
4. Futures commission merchant, commodity pool operator, or commodity trading advisor
5. Banking or thrift institution
6. Accountant or accounting firm
7. Lawyer or law firm
8. Insurance company or agency
9. Pension consultant
10. Real estate broker or dealer
11. Sponsor or syndicator of limited partnerships.

Employees of EHWM do not maintain any outside relationships which would cause material conflicts of interest for the firm or the firm’s clients.

- D. If you recommend or select other investment advisers for your *clients* and you receive compensation directly or indirectly from those advisers that creates a material conflict of interest, or if you have other business relationships with those advisers that create a material conflict of interest, describe these practices and discuss the material conflicts of interest these practices create and how you address them.**

EHWM does not recommend or select other investment advisers for its clients. Thus, by definition, we do not receive any compensation for referring clients to other investment advisors.

## **Item 12: Code of Ethics, Client Transactions, & Personal Trading**

It is important to note that all portfolio managers at EHWB hold the CFA (Chartered Financial Analyst) designation. Eads & Heald Wealth Management also has a CERTIFIED FINANCIAL PLANNER™ professional on staff. EHWB professionals are bound by a Code of Ethics developed by the CFA Institute (for Chartered Financial Analyst charterholders) and/or the CFP Board (for CERTIFIED FINANCIAL PLANNER™ professionals).

The Chartered Financial Analyst (CFA) charter is a globally respected, graduate-level investment credential established in 1962 and awarded by CFA Institute — the largest global association of investment professionals.

There are currently more than 90,000 CFA charterholders working in 135 countries. To earn the CFA charter, candidates must: 1) pass three sequential, six-hour examinations; 2) have at least four years of qualified professional investment experience; 3) join CFA Institute as members; and 4) commit to abide by, and annually reaffirm, their adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct.

The CFP® certification is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 71,000 individuals have obtained CFP® certification in the United States.

### **High Ethical Standards**

The CFA Institute Code of Ethics and Standards of Professional Conduct, enforced through an active professional conduct program, require CFA charterholders to:

- Place their clients' interests ahead of their own
- Maintain independence and objectivity
- Act with integrity
- Maintain and improve their professional competence
- Disclose conflicts of interest and legal matters

### **Global Recognition**

Passing the three CFA exams is a difficult feat that requires extensive study (successful candidates report spending an average of 300 hours of study per level). Earning the CFA charter demonstrates mastery of many of the advanced skills needed for investment analysis and decision making in today's quickly evolving global financial industry. As a result, employers and clients are increasingly seeking CFA charterholders—often making the charter a prerequisite for employment.

Additionally, regulatory bodies in 19 countries recognize the CFA charter as a proxy for meeting certain licensing requirements, and more than 125 colleges and universities around the world have incorporated a majority of the CFA Program curriculum into their own finance courses.

### **Comprehensive and Current Knowledge**

The CFA Program curriculum provides a comprehensive framework of knowledge for investment decision making and is firmly grounded in the knowledge and skills used every day in the investment profession. The three levels of the CFA Program test a proficiency with a wide range of fundamental and advanced investment topics, including ethical and professional standards, fixed-income and equity analysis, alternative and derivative investments, economics, financial reporting standards, portfolio management, and wealth planning.

The CFA Program curriculum is updated every year by experts from around the world to ensure that candidates learn the most relevant and practical new tools, ideas, and investment and wealth management skills to reflect the dynamic and complex nature of the profession.

To learn more about the CFA charter, visit [www.cfainstitute.org](http://www.cfainstitute.org).

- A. If you are an SEC-registered adviser, briefly describe your code of ethics adopted pursuant to SEC rule 204A-1 or similar state rules. Explain that you will provide a copy of your code of ethics to any *client* or prospective *client* upon request.**

EHWM has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. In addition, firm professionals are bound by a Code of Ethics developed by the CFA Institute (for Chartered Financial Analyst charterholders) and/or the CFP Board (for CERTIFIED FINANCIAL PLANNER™ professionals).

The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at EHWM must acknowledge the terms of the Code of Ethics annually, or as amended. EHWM has a written Code of Ethics. All employees are required to abide by the Code of Ethics and receive annual training covering the Code of Ethics. Strict compliance with the provisions of this Code shall be considered a basic condition of employment with EHWM.

EHWM is registered as an investment adviser with the Securities and Exchange Commission pursuant to the provisions of Section 203 of the Investment Advisers Act of 1940. EHWM is dedicated to providing effective and proper professional investment management services to a wide variety of institutional and individual advisory clients. EHWM's reputation is a reflection of the quality of our employees and their dedication to excellence in serving our clients. To ensure these qualities and dedication to excellence, our employees must possess the requisite qualifications of experience, education, intelligence, and judgment necessary to effectively serve as investment management professionals. In addition, every employee is expected to demonstrate the highest standards of moral and ethical conduct for continued employment with EHWM.

EHWM serves as investment manager for individual and institutional advisory clients. When used herein, the term "client" includes any individual and institutional investors for whom EHWM provides investment supervisory services or manages investment advisory accounts.

The SEC and the courts have stated that portfolio management professionals, including registered investment advisers, have a fiduciary responsibility to their clients. In the context of securities investments, fiduciary responsibility should be thought of as the duty to place the interests of the client before that of the person providing investment advice, and failure to do so may render the adviser in violation of the anti-fraud provisions of the Advisers Act. Fiduciary responsibility also includes the duty to disclose material facts that might influence an investor's decision to purchase or refrain from purchasing a security recommended by the adviser or from engaging the adviser to manage the client's investments. The SEC has made it clear that the duty of an investment adviser not to engage in fraudulent conduct includes an obligation to disclose material facts to clients whenever the failure to disclose such facts might cause financial harm. An adviser's duty to disclose material facts is particularly important whenever the advice given to clients involves a conflict or potential conflict of interest between the employees of the adviser and its clients.

A copy of EHWM's Code of Ethics is available to clients or prospective clients upon request.

- B. If you or a *related person* recommends to *clients*, or buys or sells for *client* accounts, securities in which you or a *related person* has a material financial interest, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.**

Employees of EHWM do not have a material financial interest in any of the securities purchased or sold for client accounts. Employees must notify the firm's Chief Compliance Officer if they take a stake in a security in the future which is of material financial interest.

**C. If you or a *related person* invests in the same securities (or related securities, e.g., warrants, options or futures) that you or a *related person* recommends to *clients*, describe your practice and discuss the conflicts of interest this presents and generally how you address the conflicts that arise in connection with personal trading.**

Employees of EHW M may trade and invest for their personal investment accounts. Further, employees of EHW M may trade in securities which are also owned in client portfolios. Theoretically, this could present conflicts of interest. Typically, however, employee personal trading is not material in nature due to the highly liquid nature of the securities we invest in for our clients. Thus, the likelihood of conflicts of interest developing is small. Regardless, EHW M takes employee personal trading practices very seriously and has instituted policies to mitigate potential conflicts of interest.

As a money management firm, EHW M employees owe all clients a fiduciary responsibility. While the overall loyalty lies with EHW M clients, the firm does not see anything inherently wrong with personal trading in individual equity, fixed income or mutual fund trading as long as:

- 1) The client is not disadvantaged by the trade
- 2) The employee does not benefit personally from trades undertaken for clients
- 3) The employee complies with all applicable regulatory requirements

Furthermore, the following restrictions are placed on all EHW M employees regarding their personal trading activity:

- 1) No EHW M employee may participate in equity IPOs.
- 2) EHW M employees are restricted from participating in private placement investments.
- 3) EHW M employees should maintain a minimum holding period of 60 days in all personal investments except when cleared by the principals of the firm and only in extraordinary circumstances.
- 4) When at all possible, employees should refrain from trading a security within a five-day period that the firm has a pending order in the same security.
- 5) All employees involved in the research process should refrain from trading in a security before presenting a recommendation to the investment committee.
- 6) EHW M employees may only serve as directors with prior approval from and disclosure to the firm principals.
- 7) Pre-clearance of trades is required. See the CCO to obtain the appropriate form and submit the form to CCO before trading.
- 8) All employees are required to report all equity and fixed income trading activity on a quarterly basis and disclose all reportable holdings annually. Furthermore, employees should be prepared to

- produce confirms and/or statements over the prior reporting period if deemed necessary by the firm.
- 9) Any trade made in violation of these policies must be broken with all profits disgorged.

Rule 204-2(a)(12) of the Advisers Act requires generally that any partner, officer or director of EHWM, or any **associate** who makes, participates in making, or whose activities relate to making any recommendation as to the purchase and/or sale of securities must report his/her personal securities transactions not later than 10 calendar days following the end of each calendar quarter. Such persons are collectively defined under sub-paragraph (A) of this rule as “**Advisory Representatives.**” This reporting requirement also applies to any employee of EHWM who in the course of his/her duties with EHWM is privy to information about securities that are being considered by any advisory representative for purchase by our clients.

No employee of EHWM may purchase or sell any non-exempt (“covered”) security without first obtaining prior approval from a principal of the firm. The principal may refuse to approve any proposed trade by an employee that: (a) involves a security that is being purchased or sold by EHWM on behalf of any advisory account or is being considered for purchase or sale; (b) is otherwise prohibited under any internal policies of EHWM; (c) breaches the employee's fiduciary duty to any advisory client; (d) is otherwise inconsistent with applicable law, including the Advisers Act and the Employment Retirement Income Security Act of 1974; or (e) creates an appearance of impropriety.

No employee of EHWM may purchase and subsequently sell a security within any sixty (60) day period, unless such transaction is approved prospectively in writing by a principal of the firm or unless such transaction is necessitated by an unexpected special circumstance involving the employee. “Special circumstances” might include medical expenses, or other serious but unforeseen obligations. The principal shall consider the totality of the circumstances, including whether the trade would involve a breach of any fiduciary duty; whether it would otherwise be inconsistent with applicable laws and EHWM's policies and procedures; and whether the trade would create an appearance of impropriety. Based on his/her consideration of these issues, the principal shall have the sole authority to grant or withhold permission to execute the trade.

- D. If you or a *related person* recommends securities to *clients*, or buys or sells securities for *client* accounts, at or about the same time that you or a *related person* buys or sells the same securities for your own (or the *related person's* own) account, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.**

EHWM places the interests of its clients before the interests of EHWM employees. In order to avoid any potential conflict of interest between EHWM and its clients, securities transactions for the accounts of employees of EHWM, in

the same security as that purchased/sold for advisory accounts, should be entered only after completion of all reasonably anticipated trading in that security for advisory accounts on any given day. This requirement should all but eliminate any conflicts of interest. If it is determined that personal trading disadvantaged advisory client accounts, or if there is an appearance that through a conflict of interest an advisory account was disadvantaged, a principal of the firm will prepare a memorandum detailing the circumstances of the transaction. If, after reviewing the circumstances of the transaction, the principal determines that a client was disadvantaged or that a conflict of interest did exist, he shall have the authority to make any necessary adjustments, including but not limited to, ordering the cancellation of the transaction. Details of any such situations and any corrective action taken will be recorded and maintained in EHWM's compliance files.

### **Item 13: Brokerage Practices**

#### **A. Describe the factors that you consider in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (e.g., commissions).**

Where the client selects a broker—

Many of our clients come to us through referral from a broker. In these instances, the client typically names the referring broker as the broker of record for his account. Even when we receive a client through another source, the client often wants us to use a specific broker.

Where the client asks us to recommend a broker to act as custodian and trade execution broker--

We will shop around to several major broker/dealer firms with offices convenient for the client's needs, describe the key parameters regarding the account and negotiate the best overall deal we can for the client. Then, we will make a recommendation to the client. However, the client will make the final selection.

Where the client only needs the trade execution services of a broker (not custodial services) and asks us to use whatever brokers we prefer—

In selecting a broker for each specific transaction, we will use our best judgment to choose the broker most capable of providing the brokerage services necessary to obtain the best available price and most favorable execution. The full range and quality of brokerage services available will be considered in making these determinations. For example, brokers may be selected on the basis of the quality of such brokerage services related to the requirement of the specific transaction as the following: capable floor brokers or traders, competent block trading coverage, good communications, ability to position, retail distribution and

underwriting, use of automation, research relating to the particular transaction, banking contacts, arbitrage skills, administrative ability, or provisions of market information relating to the security. Brokerage services will be obtained from those firms which meet our standards, maintain reasonable capital position, and can be expected to reliably and continuously supply these services.

In no event, will we enter into agreements, express or implied, with broker/dealers wherein we would select a firm for execution as a means of remuneration for recommending us as an investment advisor for prospective or present clients. However, portfolio transactions may be executed through brokers/dealers who have made such a recommendation, if otherwise consistent with price and most favorable execution.

### Commission Rates

Where the client selects a broker--

It is our practice to ask the client and the broker to agree on a fair commission rate to use for the account. Especially where the named broker referred the client to us, we want to avoid being put into a conflict of interest situation. Thus, in these instances, we will abide by the agreed on commission rate and not attempt to negotiate lower commission rates with the broker. The client should understand that lower commissions could possibly result if the client did not direct trades to a specific broker. Further, the client should understand that EHWB receives new business referrals from brokerage firms, which creates potential conflicts of interest in negotiating commissions in those situations.

We view the following factors as germane in determining the level of broker commissions fair for a client to pay:

- The amount of the broker's time the client will utilize over a period.
- Whether the broker will also act in the capacity of consultant, investment performance evaluator or will get involved in other matters.
- The level of security turnover expected in the portfolio.
- The average size of transactions expected in the portfolio (i.e., so trades are profitable to the broker/dealer).
- Whether custodial services are to be provided to the client (in lieu, say, of paying a bank to act as custodian).
- Whether the broker/dealer is a full service firm as opposed to a discount broker (i.e. providing an array of ongoing products and services that the client can possibly use over time).
- Miscellaneous other items to include execution capability and general responsiveness.

The client should understand that by virtue of many of our clients directing trades to preferred brokers, it does not allow us to combine trades in one security across

several accounts to possibly obtain volume discounts on transactions. Of course, where a broker is acting as custodian for an account, it is difficult, and not in the spirit of the arrangement, to do the trade with another broker/dealer firm.

Where the client asks us to recommend a broker to act as custodian and trade execution broker--

We will shop around to several major broker/dealer firms with offices convenient for the client's needs, describe the key parameters regarding the account and negotiate the best overall deal we can for the client. Then, we will make a recommendation to the client. However, the client will make the final selection.

Where the client only needs the trade execution services of a broker (not custodial services) and asks us to use whatever brokers we prefer--

As of May 1, 1975, all national securities exchanges were prohibited from requiring members to charge fixed rates of commissions on the execution of transactions. This prohibition resulted from the adoption by the Securities and Exchange Commission of Rule 19b-3 under the Securities and Exchange Act of 1934 and the subsequent passage by Congress of the Securities Acts Amendments of 1975. In addition, the Securities Exchange Act of 1934 was amended in 1975 to include Section 28(e) relating to the payment of brokerage commissions on specific securities transactions in excess of the commission which might be charged by another broker for the same transaction. The provisions of Section 28(e) are specifically incorporated herein by reference. "We are not obligated to choose the broker offering the lowest available commission rate if, on our best judgment, there is a material risk that the total cost or proceeds from the transaction might be less favorable than obtained elsewhere. We will make every effort to keep informed of rate structures offered by the brokerage community. In the selection of brokers, we will not solicit competitive bids or shop the order for a lower rate if this would, in our best judgment, be harmful to the execution process and not in the best interest of our counseling clients."

- 1. Research and Other Soft-Dollar Benefits - If you receive research or other products or services other than execution from a broker-dealer or a third party in connection with *client* securities transactions ("soft dollar benefits"), disclose your practices and discuss the conflicts of interest they create.**

EHWM does not accept soft-dollar payments of any kind. EHWM works only with client-directed brokerage arrangements. As such, EHWM is not in a position to direct transactions in exchange for soft-dollar benefits.

- 2. Brokerage for Client Referrals - If you consider, in selecting or recommending broker-dealers, whether you or a *related person***

**receives *client* referrals from a broker-dealer or third party, disclose this practice and discuss the conflicts of interest it creates.**

In no event, will we enter into agreements, express or implied, with broker/dealers wherein we would select a firm for execution as a means of remuneration for recommending us as an investment advisor for prospective or present clients. However, portfolio transactions may be executed through brokers/dealers who have made such a recommendation, if otherwise consistent with price and most favorable execution.

3. Directed Brokerage

**a. If you routinely recommend, request or require that a *client* direct you to execute transactions through a specified broker-dealer, describe your practice or policy. Explain that not all advisers require their *clients* to direct brokerage. If you and the broker-dealer are affiliates or have another economic relationship that creates a material conflict of interest, describe the relationship and discuss the conflicts of interest it presents. Explain that by directing brokerage you may be unable to achieve most favorable execution of *client* transactions, and that this practice may cost *clients* more money.**

At the outset of any management relationship, the client must designate (on the management contract) his or her chosen brokerage firm. Not all advisers require their clients to direct brokerage. EHWB is not affiliated with any broker-dealers. By directing brokerage, clients may be unable to achieve the most favorable execution of transactions, and the practice of directing brokerage may cost clients more money.

**b. If you permit a *client* to direct brokerage, describe your practice. If applicable, explain that you may be unable to achieve most favorable execution of *client* transactions. Explain that directing brokerage may cost *clients* more money. For example, in a directed brokerage account, the *client* may pay higher brokerage commissions because you may not be able to aggregate orders to reduce transaction costs, or the *client* may receive less favorable prices.**

See previous item.

**B. Discuss whether and under what conditions you aggregate the purchase or sale of securities for various *client* accounts. If you do not aggregate orders when you have the opportunity to do so, explain your practice and describe the costs to *clients* of not aggregating.**

Although securities transactions for client accounts may be aggregated for trade submission, it is the policy of EHWM that securities purchased or sold in a block order are to be allocated to the respective client accounts as soon as practicable, but in no case later than the close of business on the trade date.

The conditions under which the purchase or sale of securities are aggregated can best be described by an example. If EHWM has many clients whose assets are held in custody at a single brokerage firm, trades for that group of clients may be aggregated when submitted to the brokerage firm's trading desk. However, while EHWM may designate a total number of shares of a particular stock to be bought or sold across all of those portfolios, the shares to be bought or sold for each individual client account are also clearly indicated and are applied to each individual account. Typically, the average price of trade executions is allocated to all clients who are part of the trade aggregation. Where trades are not aggregated, typically the cost to clients is nonexistent or immaterial.

In certain unique situations for small portfolios, EHWM may provide portfolio management services through Schwab Institutional Intelligent Portfolios™, an automated, online investment management platform for use by independent investment advisors and sponsored by Schwab Wealth Investment Advisory, Inc. (the "Program" and "SWIA," respectively). As described in the Program Disclosure Brochure, SWIA may aggregate purchase and sale orders for ETFs across accounts enrolled in the Program, including both accounts for our clients and accounts for clients of other independent investment advisory firms using the Program.

**Item 14: Review of Accounts**

- A. Indicate whether you periodically review *client* accounts or financial plans. If you do, describe the frequency and nature of the review, and the titles of the *supervised persons* who conduct the review.**

All investment accounts are reviewed continuously by the portfolio managers, and no less frequently than quarterly. Accounts will be reviewed to consider the appropriateness of holdings relative to the then expected investment and/or risk potential and relative to the account investment objectives. The reviewers will be R. Stewart Eads, CFA (President and Portfolio Manager), Thomas F. Heald, CFA (Vice President and Portfolio Manager), Scott Stewart, CFA, CFP® (Portfolio Manager) and Matthew Eads, CFA (Portfolio Manager). For ongoing financial planning clients, EHWM will offer to meet at least annually to perform an in depth annual review and make any necessary updates to the client's financial plan.

- B. If you review *client* accounts on other than a periodic basis, describe the factors that trigger a review.**

All accounts are reviewed continuously by the portfolio managers, and no less frequently than quarterly. Factors that could trigger additional reviews include, but are not limited to, a change in a client's investment objectives or restrictions, or revised liquidity needs, as some examples. Financial plans may be reviewed more frequently than annually if major life events or a change in objectives necessitate such a review.

- C. Describe the content and indicate the frequency of regular reports you provide to *clients* regarding their accounts. State whether these reports are written.**

The nature and frequency of reports to clients are determined primarily by the needs of the individual client. At a minimum, clients and their custodians receive reports on each individual transaction and, on a quarterly basis, printed portfolio appraisals and a written analysis of the account prepared by the portfolio manager, unless the client chooses not to receive this communication (for example under certain referral programs which prohibit EHWM from communicating directly with the client). These quarterly "review letters" include detailed account-specific information, such as each client's investment performance, as well as general economic and market commentary.

**Item 15: Client Referrals & Other Compensation**

- A. If someone who is not a *client* provides an economic benefit to you for providing investment advice or other advisory services to your *clients*, generally describe the arrangement, explain the conflicts of interest, and describe how you address the conflicts of interest. For purposes of this Item, economic benefits include any sales awards or other prizes.**

Not applicable.

- B. If you or a *related person* directly or indirectly compensates any *person* who is not your *supervised person* for *client* referrals, describe the arrangement and the compensation.**

Currently, EHWM does not compensate non-supervised persons (solicitors for example) for client referrals. However, the firm reserves the right to do so in the future and will make the necessary disclosures if such arrangements are entered into in the future.

**Item 16: Custody**

**If you have *custody* of *client* funds or securities and a qualified custodian sends quarterly, or more frequent, account statements directly to your *clients*, explain that *clients* will receive account statements from the broker-dealer, bank or other**

**qualified custodian and that *clients* should carefully review those statements. If your *clients* also receive account statements from you, your explanation must include a statement urging *clients* to compare the account statements they receive from the qualified custodian with those they receive from you.**

EHWM does not take custody of any client assets. Client assets exclusively are held at a brokerage firm chosen by the client. EHWM believes that by not having custody of, or access to, client assets, we are able to alleviate common concerns regarding the safety of client assets. Inasmuch as EHWM only has the power to trade securities in client portfolios, EHWM does not have any authority to add or remove funds from client portfolios.

In some cases, EHWM is authorized by the client to deduct management fees from client portfolios. However, this fee deduction is strictly controlled and monitored by the client's custodian broker, and authorized management fee deductions are disclosed on the client's brokerage statement. Beyond deducting management fees, EHWM never has authorization to access or hold client funds.

The client's custodian will typically send monthly brokerage statements to the client. Clients are encouraged to carefully review brokerage statements. Additionally, EHWM reports to each client in writing on a quarterly basis, except for those clients described in Item 13.C. As part of these reports, EHWM includes its own quarterly statement. Clients are encouraged to compare the account statement from your brokerage firm with the statement provided by EHWM.

#### **Item 17: Investment Discretion**

**If you accept *discretionary authority* to manage securities accounts on behalf of *clients*, disclose this fact and describe any limitations *clients* may (or customarily do) place on this authority. Describe the procedures you follow before you assume this authority (e.g., execution of a power of attorney).**

EHWM manages investment portfolios with discretionary authority. Having discretionary authority means that EHWM has discretion with regard to what securities to buy, sell, hold, etc. in the client's portfolio and does not need to seek client approval for each trade. However, clients retain full authority to impose restrictions, guidelines, and policies upon the management of the client's portfolio. For example, clients sometimes restrict alcohol or tobacco stocks from being bought for their portfolio. As another example, a client might restrict the ownership of a stock for which he or she already has a sizeable position outside of our management.

When EHWM establishes an investment management relationship with a client, the client will review and sign a Statement of Investment Policies, wherein we detail restrictions and other policies regarding our management of the client's portfolio. Within this document, the client can specify as few or as many limitations as desired. Upon

establishing an investment management relationship with a client, the client will also sign a Power of Attorney for Trading form. This document assigns EHWM legal authority to trade securities in the client's designated investment portfolio and limits EHWM only to the purchase and sale of securities.

**Item 18: Voting Client Securities**

- A. If you have, or will accept, authority to vote *client* securities, briefly describe your voting policies and procedures, including those adopted pursuant to SEC rule 206(4)-6. Describe whether (and, if so, how) your *clients* can direct your vote in a particular solicitation. Describe how you address conflicts of interest between you and your *clients* with respect to voting their securities. Describe how *clients* may obtain information from you about how you voted their securities. Explain to *clients* that they may obtain a copy of your proxy voting policies and procedures upon request.**

EHWM votes proxies using the Broadridge ProxyEdge service.

EHWM may vote proxies for client securities if the firm is designated to do so. Clients can contact EHWM to direct our proxy votes if they so choose. However, clients who have given proxy-voting authority to EHWM typically leave proxy vote selection to EHWM.

In order to comply with the SEC's proxy voting rules for investment advisors, EHWM has implemented the following policies and procedures. These policies and procedures officially went into effect as of March 10, 2003 as required by the SEC.

Rule 206(4)-6, Proxy Voting

Policies and Procedures

- All proxy statements are evaluated by a designated EHWM employee to determine the how firm will cast its vote(s).
- If any of the issues presented in the proxy statement are determined to require additional analysis or discussion, they will be evaluated by other members of the firm (portfolio managers, principals, etc.) to decide how the vote(s) will be cast. It is in this manner that any potential conflicts of interest with the firm's clients would be addressed.
- If it is determined that the firm is in agreement with management on all proxy issues, the firm may choose to abstain from voting, which by default, is a vote in favor of management. However, if it is determined that the firm is not in agreement with management, the firm will vote on all proxy issues.

## Resolving Conflicts of Interest

- In accordance with the Investment Advisors Act of 1940, EHWM will cast all proxy votes in a manner consistent with the best interest of its clients and will not subordinate client interests to its own. In the event that a material conflict of interest with the firm's clients exists, the issue will not be voted on until the conflict has been disclosed to all affected clients and consent has been obtained.<sup>1</sup>

## Disclose How to Obtain Voting Information

- As of March 10, 2003, clients may obtain information on how proxies were voted by contacting EHWM and requesting the information. It will be necessary for the client to specify the company name and proxy date.

## Rule 204-2, Recordkeeping<sup>2</sup>

EHWM will retain (i) all proxy statements received<sup>3</sup>; (ii) record of votes cast; (iii) records of client requests for proxy voting information; (iv) any documents prepared by the firm that were material to making a voting decision.

**B. If you do not have authority to vote *client* securities, disclose this fact. Explain whether *clients* will receive their proxies or other solicitations directly from their custodian or a transfer agent or from you, and discuss whether (and, if so, how) *clients* can contact you with questions about a particular solicitation.**

Some clients may retain proxy-voting privileges. The choice to retain proxy-voting privileges or to authorize EHWM to vote proxies on the client's behalf can be made with the client's custodian. In the event the client chooses to retain proxy-voting privileges, the client will receive their proxies or other such solicitations from their custodian or a transfer agent. Clients are welcome to contact EHWM at any time with questions about a particular solicitation.

## Item 19: Financial Information

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<sup>1</sup> An example of a conflict of interest would be if the advisor managed a pension fund of a company whose management is soliciting proxies. Another example would be if the advisor had a business or personal relationship with participants in proxy contests, corporate directors or candidates for directorships.

<sup>2</sup> Effective as of March 10, 2003. Some proxy records prior to that date may not be available.

<sup>3</sup> Proxy statements for all holdings are retained on the SEC's EDGAR system.

- A. If you require or solicit prepayment of more than \$1,200 in fees per *client*, six months or more in advance, include a balance sheet for your most recent fiscal year.**

Not applicable.

- B. If you have *discretionary authority or custody* of *client* funds or securities, or you require or solicit prepayment of more than \$1,200 in fees per *client*, six months or more in advance, disclose any financial condition that is reasonably likely to impair your ability to meet contractual commitments to *clients*.**

EHWM is in excellent financial health. The firm is able to meet all contractual commitments to clients.

- C. If you have been the subject of a bankruptcy petition at any time during the past ten years, disclose this fact, the date the petition was first brought, and the current status.**

Not applicable. EHWM has never been the subject of a bankruptcy petition.

**Item 20: Requirements for State-Registered Advisers**

Not applicable. EHWM is a federally-registered investment advisor. EHWM is registered with the U.S. Securities & Exchange commission.

**Part 2B of Form ADV - Brochure Supplement As of December 31, 2018**

This brochure supplement provides information about EHWM employees who formulate investment advice for clients, have direct client contact, and/or have discretionary authority over a client's assets. Additional information about these employees is available on the SEC's web site at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). This information is provided in order to assist clients and prospective clients in evaluating the adviser and its personnel.

Item 1: Names, Address

Employee # 1: R. Stewart Eads, CFA  
Employee # 2: Thomas F. Heald, CFA  
Employee # 3: Matthew Scott Eads, CFA  
Employee # 4: Scott M. Stewart, CFA, CFP®

Business Address for all employees:

Eads & Heald Wealth Management  
2100 RiverEdge Parkway, NW  
Suite 760  
Atlanta, GA 30328

Item 2: Educational Background and Business Experience

Employee # 1: R. Stewart Eads, CFA

R. Stewart Eads has an MBA degree from the Wharton Graduate School at the University of Pennsylvania and 48 years of professional experience as a securities analyst and as a portfolio manager primarily with large investment institutions such as The Hartford Insurance Group and Wellington Management Company/Thorndike, Doran, Paine & Lewis. He is a CFA (Chartered Financial Analyst) charterholder and has attended numerous seminars and short courses on investment management.

Date of Birth: 2/20/40

Education: BEE, Georgia Institute of Technology, 1962  
MSEE, Georgia Institute of Technology, 1964  
MBA, Wharton Graduate School, University of Pennsylvania, 1966

Business Background: President, EHWM  
1987 - Present

Wellington Management Company/Thorndike, Doran,  
Paine & Lewis  
1972 - 1987

- Senior Portfolio Manager
- Chairman, Future Themes Group
- Co-chairman, Investment Technology Group

The Hartford Insurance Group  
1969 - 1972

- Securities Analyst
- Special Investment Projects

U.S. Central Intelligence Agency  
1966 - 1969

- Director's Office - Planning, Programming & Budgeting
- National Intelligence Program Evaluation

Employee # 2: Thomas F. Heald, CFA

Thomas F. Heald has an MBA degree from Emory University and has 32 years of professional investment experience as a securities analyst and as a portfolio manager. He was a Certified Public Accountant for 11 years. He is a CFA (Chartered Financial Analyst) charterholder.

Date of Birth: 4/18/55

Education: Auburn University, 1973 - 1974  
BBA, University of Georgia, 1977  
MBA, Emory University, 1979

Business Background: Vice President, EHW  
1987 - Present

Video Display Corporation  
1986 - 1987

- President of wholly-owned subsidiary Videcomm Corporation

Cox Cable Communications, Inc.  
1981 - 1986

- Senior Financial Analyst
- Manager of Market Development

Ernst & Whinney  
1979 - 1981

- Certified Public Accountant
- Senior Accountant
- Staff Accountant

Employee # 3: Matthew Scott Eads, CFA

Matthew S. Eads serves as a portfolio manager and securities analyst. Mr. Eads is a CFA (Chartered Financial Analyst) charterholder. He holds a MBA in Finance from Georgia Tech and a BA from The Virginia Military Institute. Mr. Eads has worked as an assistant portfolio manager intern at Trusco Capital Management within SunTrust Banks.

Date of Birth: 1/1/71

Education: BA, Virginia Military Institute, 1993  
MBA, Georgia Institute of Technology, 1999

Business Background: EHWM

1999 - Present

- Portfolio Manager
- Securities Analyst

Trusco Capital Management

1998

- Portfolio Assistant, Intern

EHWM

1993 - 1997

- Operations
- Research Assistant

Employee # 4: Scott M. Stewart, CFA, CFP®

Scott Stewart serves as a portfolio manager and securities analyst. Mr. Stewart is a CFA (Chartered Financial Analyst) charterholder and a Certified Financial Planner (CFP®). He graduated from Michigan State University with a BA in Finance.

Date of Birth: 3/26/76

Education: BA, Michigan State University, 1998

Business Background: EHWM  
1998 - Present

- Portfolio Manager
- Securities Analyst
- Operations
- Research Assistant

Item 3: Disciplinary Information

EHWM and its employees do not have any disciplinary or legal proceedings to report. No disciplinary or legal actions have ever been taken against the firm or its employees with regard to the investment business.

Item 4: Other Business Activities

Employee # 1: R. Stewart Eads, CFA

None

Employee # 2: Thomas F. Heald, CFA

None

Employee # 3: Matthew Scott Eads, CFA

None

Employee # 4: Scott M. Stewart, CFA, CFP®

None

Item 5: Additional Compensation

Employee # 1: R. Stewart Eads, CFA

None

Employee # 2: Thomas F. Heald, CFA

None

Employee # 3: Matthew Scott Eads, CFA

None

Employee # 4: Scott M. Stewart, CFA, CFP®

None

Item 6: Supervision

All EHWB employees who provide investment advice or manage investment portfolios (“supervised persons”) operate under a defined investment strategy. Supervised persons are not authorized to operate outside of this defined investment strategy.

Although EHWB has several portfolio managers on staff, the firm strives to offer a single, consistent investment product/service to clients. The firm’s principals communicate with supervised persons regularly to ensure adherence to the firm’s unified investment product/service.

Further, there are several safeguards in place in order to minimize the risk of, or flag, unauthorized behavior. Among other safeguards, the firm has policies and procedures in place to minimize the risk of, or detect, personal trading violations, code of ethics violations, insider information violations, record-keeping violations, or other violations.

The firm’s principals and its supervised persons operate closely together and communicate regularly. The firm’s principals oversee all investment strategy implementation, and help ensure that supervised persons adhere to the firm’s consistent investment advice offered to clients.