



# **ARNOLD & MOTE**

## Wealth Management

### **Firm Brochure** (Part 2A of Form ADV)

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This brochure provides information about the qualifications and business practices of Arnold & Mote Wealth Management. If you have any questions about the content of this brochure, please contact us by telephone or email at: 319-393-4020 or at [Quinn@arnoldmote.com](mailto:Quinn@arnoldmote.com)

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Mote Wealth Management is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

February 13, 2024

## **Item 2 Material Changes**

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We will provide ongoing disclosure information about material changes as necessary and will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

### **Material Changes Since the Last Update**

Since our last annual update filing dated February 21, 2023, we have the following material changes:

- We've amended the amount of Iowa sales tax levied to our existing clients for services provided by our firm. Please see your invoice for more detail.

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### **Full Brochure Available**

Any time you would like to receive a complete copy of our Firm Brochure (Part 2A of Form ADV), please contact us by telephone or email at: 319-393-4020 or [Quinn@arnoldmote.com](mailto:Quinn@arnoldmote.com).

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## Item 4 Advisory Business

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### Firm Description

Arnold Financial Planning DBA as Arnold & Mote Wealth Management (“AMWM” or the “Firm”) was founded in August 2018, but its origins date back to 2000. Quinn Arnold and Matthew Hylland own the firm. There are no intermediate subsidiaries.

Arnold & Mote Wealth Management offers personalized financial planning and investment management services to individuals, trusts, and small businesses. Financial advice is provided through consultation with the client and, depending on the client, may include, but is not limited to the following: determination of financial objectives, identification of and solutions for financial problems, tax planning, insurance/risk management review, investment management, education funding, retirement planning, estate planning and other financial questions or issues that arise.

AMWM is a strictly commission-free, Fee-Only firm. The Firm acts as a fiduciary, putting client interests ahead of our own. AMWM sells no products. The Firm does not sell annuities, insurance, stocks, bonds, mutual funds, limited partnerships, or any other commissioned product. AMWM is not affiliated with entities that sell financial products or securities. No commissions in any form are accepted, and no incentives for recommendations for mutual funds or any other investments are allowed.

After an introductory telephone call, the initial meeting with a prospective client (which is generally in person but may be conducted by telephone or Internet), is free of charge and with absolutely no obligation. The initial meeting is considered an exploratory interview to determine whether the financial planning and investment management needs of the client align with services offered by Arnold & Mote Wealth Management and whether the company and the prospective client may be a good match.

Arnold & Mote Wealth Management also manages clients’ employer retirement accounts such as 401(k), 403(b), profit sharing, or 457 plans. Investment choices are selected from those available in the plan, and the asset allocation determined according to the client’s investment plan. Employer accounts are invested and rebalanced based on the client’s objectives and risk tolerance. The firm may be able to implement our recommendations via an authorized trading form through the custodian or third-party administrator. Fees for management of these accounts may be charged according to the firm’s usual fee schedule.

AMWM will also assist clients in the coordination of annual individual tax returns. AMWM is not an accounting or tax practice and does not file tax returns on behalf of clients. However, we will recommend third-party tax professionals that will work with our firm and our firm’s clients. If clients choose to utilize our recommended tax professionals and upon client’s prior consent, we will work with both parties to gather all necessary data, forms, and work collaboratively to help clients file their tax returns in a timely manner. At the firm’s discretion, AMWM will absorb tax preparation fees if client utilizes our recommended providers. AMWM does not receive a referral fee from the recommendation of third-party professionals.

Other professionals such as attorneys, accountants, insurance agents, etc. are engaged directly by the client on an as-needed basis. Any conflicts of interest AMWM has with these professionals will be disclosed to the client in the unlikely event they should occur. Fees for outside assistance are the responsibility of the client. With the client's concurrence, outside professionals may participate directly or indirectly in the financial advising process, such as estate planning or tax review. AMWM receives no remuneration or soft-dollar compensation from other professionals who provide support sources.

As of December 31, 2023, Arnold & Mote Wealth Management manages approximately \$111,333,148 in discretionary assets under management.

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## **Types of Agreements**

The following agreements define the typical client relationships:

- Wealth Management (Comprehensive Financial Planning and Asset Management); and
- Financial Planning.

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## **Wealth Management (Comprehensive Financial Planning and Asset Management)**

This is a comprehensive engagement wherein AMWM provides ongoing financial advice and investment management services. Depending on a client's needs, a Wealth Management Agreement encompasses the following services: risk management (insurance) review, investment recommendations, education planning, retirement planning, estate planning, charitable gifting, and tax planning, as well as the implementation of investment recommendations.

When Arnold & Mote Wealth Management performs investment management services, it does so pursuant to discretionary authority. A client will appoint AMWM with discretionary authority to manage the cash and securities in their account(s) within agreed guidelines. In granting this discretionary authority, the client gives AMWM the full power to direct, manage, and supervise the investment and reinvestment of assets in client's account(s) without client's prior approval.

Although the Wealth Management Agreement is an ongoing agreement, the length of service to the client is at the discretion of both parties.

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## **Financial Planning Engagement**

This service involves working one-on-one with a planner over an extended period. Clients get continuous access to a planner who will work with them to design their plan. The planner will monitor the plan, recommend any changes and ensure the plan is up to date.

A client will be taken through establishing their goals and values around money. They will be required to provide information to help complete the following areas of analysis: net worth, cash flow, insurance, credit scores/reports, employee benefit, retirement planning, insurance,

investments, college planning and estate planning. Once the client's information is reviewed, their plan will be built and analyzed, and then the findings, analysis and potential changes to their current situation will be reviewed with the client. Clients subscribing to this service will receive a report, providing the client with a detailed financial plan designed to achieve his or her stated financial goals and objectives. Follow up meetings as required, will be scheduled as needed. The plan and the client's financial situation and goals will be monitored throughout the year and follow-up phone calls and emails will be made to the client to confirm that any agreed upon action steps have been carried out. On an annual basis there will be a full review of this plan to ensure its accuracy and ongoing appropriateness.

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## **Automated Investment Program**

We offer an automated investment program (the "Program") through which clients are invested in a range of investment strategies we have constructed and manage, each consisting of a portfolio of exchange-traded or mutual funds ("Funds") and a cash allocation. The client's portfolio is held in a brokerage account opened by the client at Charles Schwab & Co., Inc. ("CS&Co"). We use the Institutional Intelligent Portfolios® platform ("Platform"), offered by Schwab Performance Technologies ("SPT"), a software provider to independent investment advisors and an affiliate of Schwab, to operate the Program.

We are independent of and not owned by, affiliated with, or sponsored or supervised by SPT, Schwab, or their affiliates (together, "Schwab"). We, and not Schwab, are the client's investment advisor and primary point of contact with respect to the Program. We are solely responsible, and Schwab is not responsible, for determining the appropriateness of the Program for the client, choosing a suitable investment strategy and portfolio for the client's investment needs and goals and managing that portfolio on an ongoing basis. We have contracted with SPT to provide us with the Platform, which consists of technology and related trading and account management services for the Program. The Platform enables us to make the Program available to clients online and includes a system that automates certain key parts of our investment process (the "System").

Based on information the client provides to us, we will recommend a portfolio via the System. The System also includes an automated investment engine through which we manage the client's portfolio on an ongoing basis through automatic rebalancing and tax-loss harvesting (if the client is eligible and elects).

Clients do not pay brokerage commissions or any other fees to Schwab as part of the Program. Schwab does receive other revenues, including (i) the profit earned by Charles Schwab Bank, a Schwab affiliate, on the allocation to the Schwab Intelligent Portfolios Sweep Program described in the Schwab Intelligent Portfolios Sweep Program Disclosure Statement; (ii) investment advisory and/or administrative service fees (or unitary fees) received by Charles Schwab Investment Management, Inc., a Schwab affiliate, from Schwab ETFs™ Schwab Funds® and Laudus Funds® that we select to buy and hold in the client's brokerage account; (iii) fees received by Schwab from third-party ETFs that participate in the Schwab ETF OneSource™ program and mutual funds in the Schwab Mutual Fund Marketplace® (including certain Schwab Funds and Laudus Funds) in the client's brokerage account for services Schwab provides; and (iv) remuneration Schwab may receive from the market centers where it routes ETF trade orders for execution.

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## Termination of Agreement

The client or Arnold & Mote Wealth Management may terminate any of the aforementioned agreements at any time by providing 30 days' advance written notice to the other party. AMWM reserves the right to stop work on any account that is more than 30 days overdue. In addition, AMWM reserves the right to terminate any financial planning engagement in which a client willfully conceals or refuses to provide pertinent information about financial situations when necessary and appropriate, in the judgment of AMWM, to providing proper financial advice.

If a client has not received a copy of AMWM's Disclosure Statement at least 48 hours prior to execution of an agreement, the client has five (5) business days from the date of execution of the advisory agreement to terminate AMWM's services without penalty or fee.

## Item 5 Fees and Compensation

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### Description

**Wealth Management Fee:** AMWM's Wealth Management fee is a flat annual amount based on the client's needs and goals. The annual fees are paid in arrears on a quarterly basis.

Our flat fee for Wealth Management services ranges between \$11,000 (for individuals) and \$12,500 (for couples) per year but may be more or less depending on the complexity of the client's situation. Fees may be negotiable under some circumstances. In determining the scope and complexity of client's needs and thereby the annual fee, factors AMWM considers are: historical relationship, types of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, the level of support provided, and such other factors as AMWM deems relevant.

**Financial Planning Engagement Fee:** For AMWM's financial planning services, the firm charges a fixed fee based on the scope and complexity of the services requested or needed that is identified and agreed to before performing any services. The fee can range between \$3,600 and \$10,000 per year and is due pro-rata monthly or quarterly, in arrears.

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### Fee Billing

Wealth Management fees are billed quarterly in arrears – clients are invoiced after the three-month billing period has ended. Unless otherwise arranged, fees are deducted from designated client accounts. Direct debiting of a client's investment account can only occur with the client's authorization in advance.

Financial Planning fees are billed monthly or quarterly in arrears with an invoice. These fees are paid by check or debiting via ACH.

## **Other Fees**

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Because the state of Iowa requires levying sales tax on our services to clients, the advisory fees are subject to Iowa sales tax which will be outlined in your invoice. This is separate and apart of AMWM's fees. AMWM remits these taxes directly to the state of Iowa. Sales tax rates change periodically based on government action.

Custodians may charge transaction fees on purchases or sales of certain mutual funds or exchange-traded funds. Transaction fees are paid to the custodian and are not paid directly or indirectly to AMWM. Fund companies charge each fund shareholder an investment management fee that is disclosed in the fund prospectus. AMWM does not receive any fees or any other remuneration from the fund companies or Schwab.

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## **Past Due Accounts and Termination of Agreement**

In most cases, services of the Firm are performed prior to payment, but in the unusual event a client makes an advance payment, AMWM will refund any unearned portion of a fee payment within 15 days of the date of termination of an agreement.

For Wealth Management engagements, fees at termination will be billed on a pro rata basis for the portion of the quarter completed. The quarterly fee is prorated for the number of days during the billing quarter prior to termination. There is no termination fee.

For Financial Planning engagements, fees at termination will be billed through the current month via final invoice. There is no termination fee.

## **Item 6 Performance-Based Fees**

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### **Sharing of Capital Gains**

Fees are not based on a share of the capital gains or capital appreciation of managed securities.

Arnold & Mote Wealth Management does not use a performance-based fee structure because of the potential conflict of interest. Performance-based compensation may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk than is appropriate for the client's situation.

## **Item 7 Types of Clients**

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### **Description**

Arnold & Mote Wealth Management provides financial planning and investment management services to individuals, trusts, estates, and business entities.

Client relationships vary in scope and length of service.

## **Account Minimums**

We do not require a minimum size of account for Wealth Management services.

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

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### **Methods of Analysis**

Arnold & Mote Wealth Management generally does not recommend individual stock investments. If a client owns individual stocks, however, the Firm includes those holdings as part of the client's overall asset allocation.

Security analysis methods may include fundamental analysis, technical analysis, and cyclical analysis.

Resources for analysis include but are not limited to financial newspapers and magazines, research materials and reports prepared by others, corporate rating services, timing services, annual reports, prospectuses, filings with the Securities and Exchange Commission (SEC), and company press releases.

Other sources of information that AMWM may use include Morningstar Advisor Workstation for mutual fund and stock information, Charles Schwab & Company's research service, and the Internet.

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### **Investment Strategies**

The investment strategy used for client accounts is strategic asset allocation primarily composed of passively-managed index mutual funds, exchange-traded funds, and asset class mutual funds. Portfolio design and management is focused on asset allocation, diversification, investment cost minimization, monitoring, rebalancing, and simplification. Portfolios are globally diversified to help control the risk associated with traditional markets and to provide exposure to the potential opportunities offered in foreign markets, both developed and emerging. The assets are invested primarily in no-load or low-load mutual funds and exchange-traded funds, usually through Charles Schwab & Company, Inc. Except in specific, individual situations, initial public offerings (IPOs), options contracts, futures contracts, or interests in partnerships are not customarily available through AMWM.

The investment strategy for a specific client considers the objectives stated by the client and other factors. Client objectives may change over time. Arnold & Mote Wealth Management generally executes a written investment plan for each client, often in the form of an Investment Policy Statement, that documents objectives and a recommended investment strategy. Individual client restrictions and guidelines may affect the composition of the investment strategy and/or portfolio.

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### **Risk of Loss**

All investment programs have certain risks that are borne by the investor. Our investment approach keeps the risk of loss in mind. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic, and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. Currency risk is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). Reinvestment risk primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

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## **Risk of Loss for Type of Security**

While all investing involves risks of loss, as referenced above, our advisory services generally recommend a passive approach based on the science of capital markets, rather than speculation and market timing, using passively-managed mutual funds and exchange traded funds which do not involve significant or unusual risks. However, no investment is without risk. We discuss some of these risks below:

- **Mutual Funds:** A risk of mutual funds is that past performance does not guarantee future results. A fund manager's past track record of success cannot be relied upon as a predictor of success in the future. In addition, the underlying holdings of the fund are determined by independent fund managers and may change overtime without

advance warning, creating the potential for overlap with other investments held in your account. This increase in the correlation of your holdings will increase the risk of loss where the value of any overlapping holdings should decrease. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the mutual fund, which could make the holding(s) less suitable for the client's portfolio.

- **Exchange-Traded Funds:** ETFs face market-trading risks, including the potential lack of an active market for shares, losses from trading in the secondary markets, and disruption in the creation/redemption process of the ETF. Any of these factors may lead to the fund's shares trading at either a premium or a discount to its net asset value.
- **Environmental, Social, and Governance ("ESG") Funds:** We may construct portfolios that utilize mutual funds and ETFs with the purpose of incorporating socially conscious principles into a client's portfolio. We may rely on analysis and ratings provided by third-parties in evaluating a company's adherence to sustainable investing. When funds avoid certain holdings due to not meeting certain ESG standards, funds may overweight other stocks and sectors as a result.

## **Item 9 Disciplinary Information**

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### **Legal and Disciplinary**

AMWM and its employees have not been involved in legal or disciplinary events related to past or present investment clients.

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

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### **Financial Industry Activities**

AMWM does not have other financial industry activity or arrangements that are material to its advisory business or its clients.

### **Affiliations**

AMWM has no arrangements that are material to its advisory or its clients with any related person or entity.

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

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### **Code of Ethics**

Arnold & Mote Wealth Management has adopted a written Code of Ethics which, among

other things, outlines the various professional obligations and responsibilities of the Firm's access persons. A true and correct copy of the Firm's Code of Ethics is available upon request by clients and prospective clients.

## **Participation or Interest in Client Transactions**

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Neither the Advisor nor any related person of Advisor recommends, buys or sells securities for client accounts in which the Advisor or any related person of Advisor has a material financial interest.

## **Personal Trading**

AMWM and employees of the Firm may buy or sell securities for themselves that are also held by clients. This practice may create a situation where the Advisor and/or representatives of the firm are in a position to materially benefit from the sale or purchase of those securities.

Therefore, this situation creates a potential conflict of interest. No employees of AMWM may trade their own securities ahead of client trades. The clients of the Firm receive preferential treatment.

## **Item 12 Brokerage Practices**

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### **Selecting Brokerage Firms**

Arnold & Mote Wealth Management does not have any affiliation with product sales firms. Specific custodian recommendations are made to clients based on their need for such services. AMWM recommends custodians based on the proven integrity and financial responsibility of the firm and the best execution of orders at reasonable commission rates.

AMWM may recommend that clients establish brokerage accounts with the Schwab Institutional® division of Charles Schwab & Co., Inc. (Schwab), a FINRA-registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although AMWM may recommend that clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab. Arnold & Mote Wealth Management is independently owned and operated and not affiliated with Schwab.

For clients enrolled in the Automated Investment Program, client accounts are maintained at and receive the brokerage services of Schwab. While clients are required to use Schwab as custodian/broker to enroll in the Program, the client decides whether to do so and opens its account with Schwab by entering into a brokerage account agreement directly with Schwab. We do not open the account for the client. If the client does not wish to place his or her assets with Schwab, then we cannot manage the client's account through the Program. Schwab may aggregate purchase and sale orders for Funds across accounts enrolled in the Program, including both accounts for our clients and accounts for clients of other independent investment advisory firms using the Platform.

Schwab Advisor Services™ (formerly called Schwab Institutional) is Schwab's business serving independent investment advisory firms like us. Through Schwab Advisor Services, Schwab provides us and our clients with access to its institutional brokerage services—

trading, custody, reporting, and related services—many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. Schwab's support services described below are generally available on an unsolicited basis (we don't have to request them) and at no charge to us. The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

Here is a more detailed description of Schwab's support services:

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

Schwab also makes available to us other products and services that benefit us but may not directly benefit the client or its account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

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

Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

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

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

The availability of services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for these services, and they are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody.

AMWM does not receive fees or commissions or any other form of compensation from any of these arrangements.

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### **Best Execution**

Arnold & Mote Wealth Management periodically reviews the execution of trades and trading fees at Charles Schwab & Company, Inc. AMWM does not receive any portion of the trading fees.

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### **Soft Dollars**

Arnold & Mote Wealth Management receives free access to Schwab's Portfolio Connect reporting tool for producing client statements. All clients benefit from this credit, as it reduces the Firm's overall expenses.

The selection of Charles Schwab & Company as a custodian for clients is not affected by this nominal software credit.

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### **Order Aggregation**

Investment advisers may elect to purchase or sell the same securities for several clients at approximately the same time when they believe such action may prove advantageous to clients. This process is referred to as aggregating orders, batch trading or block trading. We do not engage in block trading. It should be noted that implementing trades on a block or aggregate basis may be less expensive for client accounts; however, it is our trading policy to implement all client orders on an individual basis. Therefore, we do not aggregate or "block" client transactions. Considering the types of investments we hold in advisory client accounts, we do not believe clients are hindered in any way because we trade accounts individually. This is because we develop individualized investment strategies for clients and holdings will vary. Our strategies are primarily developed for the long-term and minor differences in price execution are not material to our overall investment strategy.

## **Item 13 Review of Accounts**

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### **Periodic Reviews**

Account reviews are performed periodically by advisors Quinn Arnold, CFP® and Matthew Hylland. Account reviews may be performed more frequently when market conditions dictate.

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### **Review Triggers**

Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client's own situation.

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## Regular Reports

Wealth Management clients receive quarterly snapshots and an annual performance report in addition to statements they receive from their custodian.

## Item 14 Client Referrals and Other Compensation

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### Economic Benefits and Other Compensation

Arnold & Mote Wealth Management is a fee-only firm that is compensated solely by its Clients. Arnold & Mote Wealth Management does not receive commissions or other sales-related compensation. Except as mentioned in Item 12 above, we do not receive any economic benefit, directly or indirectly, from any third party for advice rendered to our Clients.

Arnold & Mote Wealth Management has a [YouTube channel](#) that discusses financial planning topics and webinars recordings we conduct throughout the year. Due to our presence on YouTube, the firm receives ad revenue for videos watched. We do not control or endorse any ads on our channel.

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### Incoming Referrals

Arnold & Mote Wealth Management is fortunate to receive referrals of new clients from existing clients, attorneys, accountants, professional organizations, and similar sources. We have also entered into a solicitor's agreement with Wealthramp, a registered investment adviser. Wealthramp offers an investor education and lead matching service ("Referral Platform") to investors and advisors. AMWM is an advisor on Wealthramp's Referral Platform and accordingly will compensate Wealthramp when a referred prospective client becomes a client of AMWM. Clients referred from Wealthramp will receive the additional required regulatory disclosure documents no later than at the time the referral is made to AMWM.

## Item 15 Custody

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### Fee Deductions and Standing Letters of Authorization

All accounts are held by an independent Custodian selected by the client. Except for AMWM's ability to debit fees, and the ability to disburse or transfer certain funds to third parties pursuant to Standing Letters of Authorization executed by Clients, AMWM does not otherwise have custody of the assets in the account.

AMWM can directly deduct its advisory fees from client's custodial account. When doing so, (1) AMWM sends a copy of its invoice to the Custodian at the same time that it sends a copy to the client, (2) the Custodian sends quarterly statements to the client showing all disbursements for the custodian account, including the amount of our advisory fees, and (3) the client provides written authorization permitting us to be paid directly from their accounts

held by the Custodian.

AMWM can establish standing letter of instructions or other similar asset transfer authorization arrangements (“SLOA”) with qualified custodians in order for us to disburse funds to accounts as specifically designated by the client. With a SLOA a client can typically authorize first-party and/or third-party transfers. If transfers are third-party, AMWM complies with each of the requirements and conditions enumerated below:

1. The client provides an instruction to the qualified custodian, in writing, that includes the client’s signature, the third party’s name, and either the third party’s address or the third party’s account number at a custodian to which the transfer should be directed.
2. The client authorizes AMWM, in writing, either on the qualified custodian’s form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
3. The client’s qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client’s authorization and provides a transfer of funds notice to the client promptly after each transfer.
4. The client can terminate or change the instruction to the client’s qualified custodian.
5. AMWM has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client’s instruction.
6. AMWM maintains records showing that the third party is not a related party of AMWM or located at the same address as AMWM.
7. The client’s qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

## **Account Statements**

All assets are held at qualified custodians. The client approves the custodian to be used and any commission rates paid to the custodian. The custodians provide account statements directly to clients at their address of record at least quarterly.

Arnold & Mote Wealth Management does not receive any portion of the transaction fees or commissions paid by the client to the custodian.

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## **Performance Reports**

Clients are urged to compare the account statements received directly from their custodians to the performance report statements provided by Arnold & Mote Wealth Management.

## **Item 16 Investment Discretion**

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### **Discretionary Authority for Trading**

Arnold & Mote Wealth Management accepts discretionary authority to manage securities accounts on behalf of clients. AMWM has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to

be bought or sold in a client's account. All discretionary changes are made within the client's asset allocations as defined in their written investment plan or Investment Policy Statement. Clients receive confirmation of trades after the fact from the account's custodian.

## **Item 17 Voting Client Securities**

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### **Proxy Votes**

Arnold & Mote Wealth Management does not vote proxies on securities. Clients are expected to vote their own proxies. When assistance on voting proxies is requested, AMWM will provide recommendations to the client. Although a conflict of interest is unlikely, if a conflict of interest exists, it will be disclosed to the client.

## **Item 18 Financial Information**

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### **Financial Condition**

Arnold & Mote Wealth Management does not have any financial impairment that will preclude the Firm from meeting contractual commitments to clients.

A balance sheet is not required to be provided, because Arnold & Mote Wealth Management does not serve as a custodian for client funds or securities and does not require prepayment of \$1,200 or more in fees six months or more in advance.