



## **Selective Wealth Management, Inc.**

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**February 9, 2023**

### **FORM ADV PART 2A BROCHURE**

This brochure provides information about the qualifications and business practices of Selective Wealth Management, Inc.. If you have any questions about the contents of this brochure, contact us at 434-515-1517. 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 Selective Wealth Management, Inc. is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Selective Wealth Management, Inc. is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## Item 2 Summary of Material Changes

Since the filing of our last Annual Updating Amendment on February 22, 2022, we have made the following changes:

- We have revised the Item 5 Fees and Compensation fee table as follows:

<b>All Assets</b>	<b>Annual Fee 1.25%</b>
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The fee schedule represented above is our standard fee schedule. Advisory fees are negotiable and therefore individual client contracts may differ. Fee schedules represented on contracts supersede the fee schedule specified here.

- We have revised Item 8 Methods of Analysis, Investment Strategies, and Risk of Loss as follows:

"Selective's investment approach seeks to focus investments into options that are easily understood (in our opinion), are low cost, tax efficient, and have little or no debt. Generally, Selective will limit recommendations to stocks and equity ETFs, fixed income, and income producing physical assets. Services are tiered, but generally each client with assets over \$500,000 will have one formal review per year and all clients can request reviews at their discretion. Selective will monitor all assets that clients authorize discretionary management over. This monitoring will focus on price movement and material allocation adjustments to the underlying holdings. During formal reviews all positions will be reviewed with the client."

"Selective will seek to ensure that investment in our opinion can be easily understood, are low cost, tax efficient, and have low or no debt. This means that we will avoid investments that are overly complex, are in the top 10% in terms of cost relative to peers (ETFs), are tax efficient (turnover and structure), and are not leveraged."

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## Item 4 Advisory Business

### *A. Description of Advisory Firm*

Selective Wealth Management, Inc. is a corporation organized in the State of Delaware. The Firm was formed during June of 2012 in VA and was incorporated in DE during November of 2018.

### *B. Types of Advisory Services*

Selective Wealth Management, Inc. (hereinafter the Firm or Selective) offers the following services to advisory clients:

#### **Advisory Services**

##### Separately Managed Accounts

The Firm offers ongoing portfolio management services based on client specific investment objectives, risk tolerances, and financial information.

The Firm creates an Investment Policy Statement for each client, which outlines specific individual situations (income, tax levels, and risk tolerance levels), and then ensures the investment plan is suitable for the prospective client based on gathered data. Investment Supervisory Services include, but are not limited to, the following:

- Investment strategy
- Personal investment policy
- Asset allocation
- Asset selection
- Risk tolerance
- Regular portfolio monitoring

The Firm will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

Selective will seek to ensure that allocations and investment strategies are applicable for clients by completing, risk tolerance questionnaires, financial plans, and/or investment policy statements. Client may request non-discretionary management and may be incorporated directly into a clients investment advisory contract.

##### Financial Planning

Selective offers varying levels of financial planning for clients on a discretionary basis but is normally limited to relationships with at least \$500,000 in assets under management. Financial planning generally includes advice that addresses one or more areas of a client's financial situation, such as estate planning, risk management, budgeting and cash flow controls, retirement planning, education funding, and investment portfolio design. Depending on a client's situation, financial planning may include some or all of the following:

- Gathering information concerning the client's personal and financial situation;
- Assisting the client in establishing financial goals and objectives;
- Analyzing the client's present situation and anticipated future activities considering the client's financial goals and objectives;

- Identifying problems foreseen in the accomplishment of these financial goals and objectives and offering alternative solutions to the problems;
- Making recommendations to help achieve retirement plan goals and objectives;
- Designing an investment portfolio to help meet the goals and objectives of the client; Providing estate planning;
- Assessing risk and reviewing basic health, life and disability insurance needs; or

Reviewing goals and objectives and measuring progress toward these goals. Selective reserves the right to provide tiered services based on account sizes, and therefore may require different types of information from clients when creating an Investment Policy Statement.

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

The Firm seeks to construct portfolios that are designed to meet the goals and objectives of each client. With that in mind, the Firm may utilize a variety of investment products including Equity ETFs, Fixed Income ETFs, individual equities, options (primarily covered calls), and US Treasuries. However, when applicable, the Firm may use other securities as well to develop a portfolio suitable for each specific client.

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

The Firm provides advice that is tailored to the individual needs of the client based on the financial information and the investment objective(s) communicated by the client. Clients may impose reasonable restrictions on investing in certain securities or groups of securities by notifying the Firm in writing.

Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent the Firm from properly servicing the client account, or if the restrictions would require the Firm to deviate from its standard suite of services, the Firm reserves the right to end the relationship.

General principles of Selective's investment approach include focusing on three asset classes: 1) stocks and equity ETFs, fixed income, and income producing physical assets. When reviewing individual investments within these asset classes Selective's core principles relying on focusing on investments that in our opinion can be easily understood, are low cost, tax efficient, and have little or no debt.

Selective monitors all positions that clients give Selective discretionary authority over. Positions that Selective has not been given discretion over will be monitored periodically and discussed during formal reviews. Some clients have formal review cadences while others are only "upon request".

#### *D. Wrap Fee Programs*

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

#### *E. Assets Under Management*

## IRA Rollover Recommendations

Effective December 20, 2021 (or such later date as the US Department of Labor ("DOL") Field Assistance Bulletin 2018-02 ceases to be in effect), for purposes of complying with the DOL's Prohibited Transaction Exemption 2020-02 ("PTE 2020-02") where applicable, we are providing the following acknowledgment to you.

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

We benefit financially from the rollover of your assets from a retirement account to an account that we manage or provide investment advice, because the assets increase our assets under management and, in turn, our advisory fees. As a fiduciary, we only recommend a rollover when we believe it is in your best interest.

As of January 23, 2023, the Firm has \$358,769,908 in Assets Under Management. Below is a breakdown of what is considered discretionary and non-discretionary:

- Discretionary - \$356,478,753
- Non-Discretionary - \$2,291,155

We also manage \$11,537,437 in client assets on a non-continuous basis.

## Item 5 Fees and Compensation

### A. Fee Schedule

#### Investment Supervisory Services Fees

<b>All Assets</b>	<b>Annual Fee 1.25%</b>
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The fee schedule represented above is our standard fee schedule. Advisory fees are negotiable and therefore individual client contracts may differ. Fee schedules represented on contracts supersede the fee schedule specified here.

Selective charges a tiered advisory fee represented above based on assets under management (AUM). Fees are paid monthly in arrears and are based on the average ending daily account balance for the previous month. This is calculated on the market value of securities as reported at the close of the market. If market data for the value of an account is not available Selective will use the most up-to-date account value possible provided by the client. Clients may terminate their contracts with thirty (30) day written notice. Because fees are charged in arrears, no refund policy is necessary. Clients may terminate their accounts without penalty within 5 business days of signing the advisory contract. Advisory fees are withdrawn directly from the client's account with written authorization. Lower fees for comparable services may be available from other sources.

#### *B. Payment of Fees*

##### Payment of Investment Supervisory Fees

Advisory fees are withdrawn directly from the client's accounts with client written authorization.

#### *C. Clients Are Responsible For Third Party Fees*

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

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

Neither the Firm nor its supervised persons accepts any compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

The Firm does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client. The Firm would consider performance-based fees for institutional accounts over a certain asset value.

## **Item 7 Types of Clients**

The Firm generally provides management supervisory services to the following types of clients: individuals, High Net-Worth Individuals, Family Offices, Trusts, Estates, Charitable Organizations, and Institutional Clients.

### **Minimum Account Size**

In general, we require a minimum account size of \$1,000,000 to open and maintain an advisory account, which may be waived at our discretion.

Selective reserves the right to provide tiered services based on account sizes.

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

Selective's investment approach seeks to focus investments into options that are easily understood (in our opinion), are low cost, tax efficient, and have little or no debt. Generally, Selective will limit recommendations to stocks and equity ETFs, fixed income, and income producing physical assets.

Services are tiered, but generally each client with assets over \$500,000 will have one formal review per year and all clients can request reviews at their discretion. Selective will monitor all assets that clients authorize discretionary management over. This monitoring will focus on price movement and material allocation adjustments to the underlying holdings. During formal reviews all positions will be reviewed with the client.

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

##### **Methods of Analysis**

The Firm's methods of analysis include fundamental analysis.

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

##### **Investment Strategies**

The Firm's strategic approach is to invest each portfolio in accordance with the Plan that has been developed specifically for each client. This means that both long-term and short-term strategies will be utilized. Long-term trading has a focus on growth and tax efficiency. Short-term trading may be utilized for periods less than one year to meet client cash flow needs or take advantage of price fluctuations. When applicable, the Firm concentrates on investments to capitalize on preservation of client capital and strategic growth.

Discretionary equity allocations focus primarily on U.S. stocks and equity ETFs, fixed income, and income producing physical assets (REITS). All geographic locations will be considered, with a preference towards US domiciles. Selective will seek to ensure that investment in our opinion can be easily understood, are low cost, tax efficient, and have low or no debt. This means that we will avoid investments that are overly complex, are in the top 10% in terms of cost relative to peers (ETFs), are tax efficient (turnover and structure), and are not leveraged.

From time-to-time a substantial portion of client assets may remain in cash and cash equivalents, including money market funds and other short-term fixed income investments, seeking to protect principal.

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

#### *B. Material Risks Involved Methods of Analysis*

Fundamental analysis concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

##### **Investment Strategies**

Long term trading is designed to capture market rates of both return and risk. Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Short term trading generally holds greater risk and clients should be aware that there is a material risk of loss using any of those strategies.



### *C. Risks of Specific Securities Utilized*

The Firm generally seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets.

**Equity** investment generally refers to buying shares of stocks by an individual or firms in return for receiving a future payment of dividends and capital gains if the value of the stock increases. There is an innate risk involved when purchasing a stock that it may decrease in value and the investment may incur a loss.

**Options:** A financial derivative that represents a contract sold by one party (option writer) to another party (option holder). The contract offers the buyer the right, but not the obligation, to buy (call) or sell (put) a security or other financial asset at an agreed-upon price (the strike price) during a certain period of time or on a specific date (exercise date).

**Long term trading** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various other types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk. This is the Firm's primary investment strategy even though Fixed Income and Short term trading may be utilized when deemed appropriate.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss. Mutual funds are not guaranteed or insured by the FDIC or any other government agency. You can lose money investing in mutual funds. All mutual funds have costs that lower investment returns. They can be of bond "fixed income" nature (lower risk) or stock "equity" nature (mentioned above).

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

**Exchange Traded Funds (ETFs)** is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance.

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

## Item 9 Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of the Firm or the integrity of its management. The Firm has no information applicable to this Item.

## Item 10 Other Financial Industry Activities and Affiliations

### *A. Registration as a Broker/Dealer or Broker/Dealer Representative*

Neither the Firm nor its representatives are registered as or have pending applications to become a broker/dealer or as representatives of a broker/dealer.

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

Neither the Firm nor its representatives are registered as or have pending applications to become a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor.

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

Neither the Firm nor its representatives have registration relationships material to this advisory business.

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

The Firm does not utilize nor select other advisers or third party managers. All assets are managed by the Firm's management.

### *E. Arrangements with Affiliated Entities*

Related persons and/or executive officers of our firm, who also are investment adviser representatives, serve as the general partner of a limited partnership. To mitigate this conflict of interest you will not be solicited to invest in the limited partnership. These persons may have investments in the limited partnership. Please refer to your investment adviser representative's supplemental brochure for additional information regarding their outside business activities.

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

### *A. Code of Ethics*

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

### *B. Recommendations Involving Material Financial Interests*

From time to time, The Firm may buy or sell securities for the firm that they also recommend to clients. This may provide an opportunity for The Firm to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. The Firm will always document any transactions that could be construed as conflicts of interest and will always transact client business before their own when similar securities are being bought or sold.

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

From time to time, representatives of the Firm may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of the Firm to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. The Firm will always document any transactions that could be construed as conflicts of interest and will always transact client business before their own when similar securities are being bought or sold.

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

From time to time, representatives of the Firm may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of the Firm to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. The Firm will always transact client's transactions before its own when similar securities are being bought or sold.

All material conflicts of interest have been disclosed in this Form ADV 2A.

## **Item 12 Brokerage Practices**

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

The qualified custodians listed below were chosen based on their:

- relatively low transaction fees;
- name recognition, reputation, financial strength and stability;
- capability to execute, clear and settle trades;
- capability to facilitate transfers and payments to and from accounts;
- breadth of available investment products;
- best execution; and
- suitability to individual client needs.

The qualified custodians were not chosen based on their services that benefit only Selective. Selective will never charge a premium or commission on transactions, beyond the actual cost imposed by the custodian.

Selective is not affiliated with the brokerage firms. Brokers do not supervise the advisor, its agents or activities.

For a custodian, Selective generally recommends that clients use Charles Schwab & Co., Inc. (Schwab), or Raymond James Financial, Inc. (Raymond James). However, despite recommendations it is ultimately the client's decision to custody assets with one of the custodians listed above.

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

The Firm does not receive research, products, or other services from its broker/dealer(s) or another third-party in connection with client securities transactions that would be termed "soft dollar benefits". However, due to the nature of a brokerage relationship Selective does receive certain benefits which are outlined below:

The Firm participates in institutional customer programs. There is no direct link between Selective's participation in the program and the investment advice given to clients, although Selective receives economic benefits through its participation in the program that are typically not available to "retail investors."

These benefits include, but are not limited to the following products and services (provided either without cost or at a discount):

- Access to client account data (such as the receipt of duplicate client statements and trade confirmations);
- Access to pricing and other market data;
- research related products and tools;
- consulting on technology, compliance, legal and business needs;
- access to employee benefits providers, human capital consultants and insurance providers;
- access to a trading desk serving clients;
- access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts);
- the ability to have advisory fees deducted directly from client accounts per a written agreement;
- access to an electronic communications network for client order entry and account information;
- access to mutual funds with no "loads" or transaction fees, and to certain institutional money managers;
- Discounts on research, technology, and practice management products or services provided to Selective by third party vendors. Brokers/custodians may also waive its fees for some of these products or services or pay all or a part of a third party's fees. Some of the products and services made available by brokers/custodians may benefit Selective but may not benefit client accounts. These products or services may assist in managing and administering client accounts, including accounts not maintained by the custodians. These other services made available by the brokers/custodians are intended to help Selective manage and further develop its business. The benefits received by Selective or its associates through participation in a program do not depend on the amount of brokerage transactions directed to the brokers/custodians;
- Educational conferences and events;
- Other training and/or educational materials
- Occasional business entertainment of Firm personnel; and
- Advertisement materials.

As part of its fiduciary duty, Selective will at all times put the interests of clients first. Clients should be aware, however, that the receipt of any economic benefit by Selective or its associates in and of itself creates a potential conflict of interest and may influence the recommendation of brokers and custodians.

## **Brokerage for Client Referrals**

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

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

The Firm does not generally allow directed brokerage accounts.

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

The Firm generally directs trading in individual client accounts as and when trades are appropriate based on the client's investment plan, without regard to activity in other client accounts. However, the Firm maintains the ability to block trade purchases across accounts at the same custodian. Block trading may benefit a large group of clients by providing the Firm the ability to purchase larger blocks resulting in smaller transaction costs to the client. Declining to block trade can cause more expensive trades for clients.

## **Item 13 Review of Accounts**

### *A. Frequency and Nature of Periodic Reviews*

Selective offers clients several ways of reviewing their accounts.

Every quarter the Firm releases a video and/or a report updating clients on every holding within Selective's discretionary equity asset allocation. This ensures clients have the most up-to-date information on the developments of discretionary investments made in their account.

Each client is offered at least annually an account review by Selective. Selective advisors reach out to clients via phone, email, or text to schedule a review meeting. This meeting can be conducted in person or over the phone at the client's discretion. Alternatively, if the client does not wish to meet, the advisor will make such a note in the client's file.

Additional reviews may be triggered by client request, or by material market, economic or political events, or by changes in clients' financial situations (such as retirement, termination of employment, physical move, or inheritance). Reviews are based on the objectives and parameters established by clients, which are generally memorialized through their individual advisory agreements and/or investment policy statements.

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

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance). Reviews are based on objectives and parameters established by clients, which are generally memorialized through their individual advisory agreements and/or investment policy statements.

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

Each client will receive at least quarterly from the custodian, a written report that details the client's account including assets held and asset value which will come from the custodian. Additionally, each client will receive periodic reports, at least quarterly, from Selective related to investment performance, billing fees, and transaction history.

Utilizing the Selective Process, Selective is able to offer a greater degree of insight and transparency into investments associated with Selective discretionary equity asset allocation. Selective monitors other client positions that are the greater of \$5,000 or 5% of the client's overall portfolio managed by Selective. However, monitoring is focused on equity class allocation and material price movements. During formal client reviews Selective reviews all client holdings with an emphasis on positions greater than 5%.

Selective reserves the right to provide tiered services based on account sizes. All Selective clients can access detailed information regarding their accounts online through the Selective client portal. For clients who prefer Selective send them paper copies of their reports by mail, if the clients have a managed portfolio value below \$100,000, then Selective reserves the right to charge those clients for the cost of such physical production and mailing. This cost is separate from the custodian's fees for sending clients their statements. For more information on fees, including third party fees, please see Item 5.

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

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

The Firm does not receive any economic benefit, directly or indirectly from any third party for advice rendered to the Firm clients.

### *B. Compensation to Non – Advisory Personnel for Client Referrals*

The Firm expects from time-to-time to offer incentives for referrals to investment presentations. Compensation is not contingent upon an individual investing with the Firm, but rather, attending a specific event. These arrangements may create an incentive for a third-party or other existing client to refer prospective clients to the Firm even if the third party would otherwise not make the referral. A history of all compensation given for referrals is recorded and stored for review.

The Firm reserves the right to offer compensation to clients for their referrals and further reserves the right to hire solicitors on behalf of the Firm. Any Firm-hired solicitors would be subject to a written agreement with the Firm prior to initiating their services.

## **Item 15 Custody**

For a custodian, Selective generally recommends that clients use Charles Schwab & Co., Inc. (Schwab), or Raymond James Financial, Inc (Raymond James).

With written client authority, the Firm has limited custody of client's assets through direct fee deduction only. If the client chooses to have fees withdrawn directly from their account, Selective would have constructive custody over that account and must have written authorization from the client to do so. Clients will receive all required account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy.

Selective is not affiliated with a custodian. The custodian does not supervise the advisor, its agents or activities.

### **Wire Transfer and/or Standing Letter of Authorization**

Our firm, or persons associated with our firm, may effect wire transfers from client accounts to one or more third parties designated, in writing, by the client without obtaining written client consent for each separate, individual transaction, or we may have signatory and check writing authority for client accounts, as long as the client has provided us with written authorization to do so. Such written authorization is known as a Standing Letter of Authorization. An adviser with authority to conduct such third party wire transfers or to sign checks on a client's behalf has access to the client's assets, and therefore has custody of the client's assets in any related accounts.

However, we do not have to obtain a surprise annual audit, as we otherwise would be required to by reason of having custody, as long as we meet the following criteria:

1. You provide a written, signed instruction to the qualified custodian that includes the third party's name and address or account number at a custodian;
2. You authorize us in writing to direct transfers to the third party either on a specified schedule or from time to time;
3. Your qualified custodian verifies your authorization (e.g., signature review) and provides a transfer of funds notice to you promptly after each transfer;
4. You can terminate or change the instruction;
5. We have no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party;
6. We maintain records showing that the third party is not a related party to us nor located at the same address as us; and
7. Your qualified custodian sends you, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

We hereby confirm that we meet the above criteria.

### **Item 16 Investment Discretion**

For those client accounts where the Firm provides ongoing supervision, the client has given the Firm written discretionary authority over the client's accounts with respect to securities to be bought or sold and the amount of securities to be bought or sold. The client provides the Firm discretionary authority via a limited power of attorney in the Investment Advisory Contract and in the contract between the client and the custodian.

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

Unless a specific advisory contract says otherwise, the The Firm will ask for and accept voting authority for client securities. The Firm will vote proxies on behalf of the clients. Upon receiving authority to vote client securities, The Firm will not accept client direction on how they wish to vote their individual securities. Exercising these proxy voting rights is important to successful investment management. The Firm recognizes its fiduciary responsibility to vote proxies solely in the client's best interest with the overall goal of maximizing the growth of our clients' assets. The Firm attempts to vote proxies that will further the underlying securities' long-term economic value. We consider each proxy proposal on its own merits, and we make an independent determination of the advisability of supporting or opposing management's position. If a conflict of interest were to be identified in voting proxies on behalf of a client, the CCO and COO will examine if the prescribed voting guidelines remain in the best interest of the client(s). If they do not the Firm will disclose the conflict to the clients and if appropriate, give the clients the opportunity to vote their proxies themselves. From time-to-time the Firm may refrain from voting proxies if the cost of voting exceeds the expected benefit to clients (small

position size relative to voting class). If clients wish to see if/how the Firm has voted proxies for any individual security, they own or see the policies and procedures for voting proxies they may request it at [info@selectivewm.com](mailto:info@selectivewm.com) or call 434-515-1517.

## **Item 18 Financial Information**

Our firm does not have any financial condition or impairment that would prevent us from meeting our contractual commitments to you. We do not take physical custody of client funds or securities, or serve as trustee or signatory for client accounts, and, we do not require the prepayment of more than \$1,200 in fees six or more months in advance. Therefore, we are not required to include a financial statement with this brochure.

We have not filed a bankruptcy petition at any time in the past ten years.

## **Item 19 Requirements for State-Registered Advisers**

We are a federally registered investment adviser; therefore, we are not required to respond to this item.