

Cary Street Partners Investment Advisory LLC

Form ADV Part 2A Wrap Fee Brochure

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This brochure provides information about the qualifications and business practices of Cary Street Partners Investment Advisory LLC. If you have any questions about the content of this brochure, please contact us at 804-340-8100.

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 Cary Street Partners Investment Advisory LLC also is available on the Securities and Exchange Commission's website at www.adviserinfo.sec.gov.

Item 2 Material Changes

This section describes the material changes to our Cary Street Partners Investment Advisory LLC (“CSPIA” or the “Firm”) programs since the last amendment of our Form ADV on March 31, 2019.

Item 4 Services, Fees and Compensation

As of March 25, 2020, Luxon Financial LLC, holding company for CSPIA, changed its name to Cary Street Partners Financial LLC.

As of December 31, 2019, Cary Street Partners had **\$540,327,629** in assets under management on a discretionary basis and **\$1,400,513,719** in assets under management on a non-discretionary basis.

Item 5 Fees and Compensation

CSPIA amended the fee schedule to reflect a minimum fee.

CSPIA has disclosed additional compensation related to the Cash Sweep Program.

Item 9 Additional Information

CSPIA has amended the Part 2 Brochure of Form ADV to include a reference to Tradition Asset Management LLC.

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Item 4 - Services, Fees and Compensation

CSPIA was established on September 9, 2003 and is registered with the Securities and Exchange Commission (“SEC”) as a registered investment adviser. The use of the term “registered” does not imply a certain level of skill or training.

CSPIA was established on September 9, 2003 and is a wholly owned subsidiary of Luxon Financial LLC. On March 25, 2020, Luxon Financial LLC changed its name to Cary Street Partners Financial LLC (“CSPF”).

CSPIA provides individualized non-discretionary and discretionary advisory services to various categories of institutional and individual clients that wish to participate in financial planning, separately managed accounts (“SMA”), mutual funds, closed end funds, exchange traded funds, annuities, fixed income, structured notes, equities or want to invest in private equity funds or other alternative investment vehicles.

The amount of client assets managed as of December 31, 2019, on a discretionary basis, is **\$540,327,629** and the amount of client assets managed on a non-discretionary basis is **\$1,400,513,719**.

All services described in this brochure begin with a consultation with you by a CSPIA Investment Advisor Representative (“IAR”, “Financial Advisor”, or “FA”) to review your investment objectives, financial situation, and risk tolerance. Depending on the program, you are asked to complete a Client Profile to document the results of this assessment. After review of your account profile, working with the FA, you will determine which program would fit your needs.

Your FA will provide advisory services that may include allocation of assets among different classes, portfolio diversification, managing portfolio risk, portfolio monitoring evaluation, investment policy statement development, manager search and recommendation, and other general economic and financial topics. Your FA will construct a portfolio of securities based on your individual needs, risk tolerance and investment objectives. Account supervision is guided by the stated objectives of the client (*e.g.*, maximum capital appreciation, growth, etc.), and all managed accounts will be maintained with an independent qualified custodian.

SERVICES

CSPIA FA Directed Wrap Program provides investment management services on a discretionary basis to the client (subject to the Investment Advisors Act of 1940 and Firm policies and procedures designed to ensure compliance with rules for this Act). Each FA develops well-diversified portfolios designed to match the client’s financial goals, needs, risk tolerance and financial situations. CSPIA will recommend that you establish account(s) at Charles Schwab, TD Ameritrade, Raymond James or another qualified custodian. Ultimately, though, it is your decision to custody assets with Charles Schwab, TD Ameritrade, Raymond James or another qualified custodian. CSPIA is independently owned and operated and not affiliated with Charles Schwab, TD Ameritrade, Raymond James or any other qualified custodian.

CSPIA offers clients discretionary management services through the affiliate, Cary Street Partners Asset Management (“CSPAM”), registered investment advisor. CSPAM provides investment strategist services and is the Portfolio Manager of their wrap fee programs, CSP Global Portfolios. Please review the CSPAM

Disclosure Brochure (Form ADV Part 2) for a complete description of their service, fee schedules and account minimums regarding their wrap fee programs.

CSPIA entered into an agreement with Wells Fargo Clearing Services, LLC, dba Wells Fargo Advisors ("WFA"), pursuant to which WFA provides advisory and/or other services with respect to certain wrap fee programs ("WFA Programs"). Please review the appropriate WFA Disclosure Brochure (Form ADV Part 2) for a complete description of the service, fee schedules and account minimums for their wrap fee programs.

Certain investment programs, whether offered directly through CSP or through a Third-Party Platform, may offer investment products or utilize Sub-Managers affiliated with CSP.

FEES AND COMPENSATION

In most cases, the Wrap fee program fees are negotiable. However, certain WFA wrap fee programs have household minimums that cannot be waived or negotiated. Please review the appropriate WFA Disclosure Brochure (Form ADV Part 2) for a complete description of the service, fee schedules and account minimums for their wrap fee programs.

Our advisory services do not impose performance fees. Fees are based on the value of the assets in your account, and CSPIA shall not be compensated on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of client (i.e., performance fee).

CSPIA may assess fee minimums and flat fee pricing arrangements which may exceed 2% of the total assets under management and are higher than fees charged by other advisers that provide the same or similar services.

Cash Sweep Program (the "Sweep Program"), uninvested cash balances – for which no interest is otherwise earned or paid – in your account are automatically swept into interest-bearing deposit accounts ("Bank Deposit Sweep") or, if available, money market mutual funds ("Money Market Funds") or such other sweep arrangements made available to you (collectively "Cash Sweep Vehicles"), until these balances are invested by you or otherwise needed to satisfy obligations arising in connection with your account.

CSPIA and our affiliates, in some cases receive fees and benefits for services provided in connection with the Sweep Program, and we may choose to make available the Cash Sweep Vehicles that are more profitable to us than other money market mutual funds or bank deposit accounts. A portion of these fees may be paid to your FA.

Lending Services – Interest Charges

A portion of the interest charged on the outstanding balances of margin loans or Securities backed lines of credit ("SBLOC") will be paid to CSPIA and solely with respect to an SBLOC, to your FA. An interest rate may be individually negotiated instead of based on the WFCS base rate, and negotiated rates may have an expiration date, after which CSPIA/CSP may change your rate, without giving you any prior notice of the change, based on factors determined by CSPIA/CSP, in our sole discretion, including without limitation the account activity and our overall business relationship.

Item 5 Account Requirements and Types of Clients

These advisory services are provided to individuals, pension or profit-sharing plans, trusts, estates or non-profit organizations, corporations or other business entities and governmental entities, educational institutions, as well as banks or thrift institutions.

Please review the appropriate WFA Disclosure Brochure (Form ADV Part 2) for a complete description of the service, fee schedules and account minimums for their wrap fee programs.

Item 6 Portfolio Manager Selection and Evaluation

The investment strategies utilized depends on your investment objectives and financial goals as provided to us. Most portfolios are constructed along basic investment objective categories such as:

- Conservative Growth;
- Conservative Growth and Income;
- Conservative Income;
- Moderate Growth;
- Moderate Growth and Income;
- Moderate Income;
- Long-Term Growth;
- Long-Term Growth and Income; and
- Long-Term Income.

Portfolios include investments in companies of all sizes and in any sector, public and private, including investments in energy, natural resources, distressed securities, real estate, venture capital and buy-out, and other private equity, as well as any other business sectors or types of investments. In some cases, FA's invest in securities and financial instruments that employ hedging or other non-traditional investing techniques, such as long and short equity investing, relative value and event driven arbitrage strategies, distressed securities investing, trading and short selling strategies, opportunistic investing in global equity and fixed income investing, and specialized equity investing.

FAs choose managers for their expertise, investment strategies, and have demonstrated the ability to achieve risk adjusted rates of return greater than those available through traditional public equity investing. FAs place emphasis on managers who engage in extensive research and fundamental analysis. In selecting managers, FAs consider factors, including, but not limited to:

- Strong consistent historical returns;
- Well-articulated and understandable investment strategies;
- Reasonable expenses;
- Tax efficiency;
- Transparency;
- Manageable downside risk; and
- A strong cohesive team that is aligned with investor interests.

Market Risk

All securities investments involve the risk of the loss of capital. The market value of a security may increase or decrease over time. These fluctuations can cause a security to be worth less than the price originally paid for it or less than it was worth at an earlier time. Market risk could impact a single issue, an entire industry, or the market.

Lack of Liquidity in Markets

Despite the heavy volume of trading in securities and futures, the markets for some securities and futures have limited liquidity and depth. This lack of depth could disadvantage an investor, both in the realization of the prices which are quoted and in the execution of orders at desired prices.

Item 7 Client Information Provided to Portfolio Managers

Client information for the WFA wrap programs are generally shared with portfolio managers through the account opening process and upon request by the portfolio manager. Clients enrolled in the FA Directed Wrap Program custodied at Schwab, TD Ameritrade and Raymond James, will provide client information to the portfolio manager during the account opening process. Client information is obtained via the CSPIA Client Profile and collects information such as client's investment objective, investment experience, net worth and any other details to assist the portfolio manager in managing the account.

Item 8 Client Contact with Portfolio Managers

There are no restrictions on clients contacting the portfolio manager regarding their account setup in a FA Directed Wrap Program. In some cases, third-party managers or subadvisors will have restrictions regarding client contact. Clients should contact their primary advisor or wrap program portfolio manager regarding changes or updates to the account.

Item 9 Additional Information

DISCIPLINARY INFORMATION

CSPIA or its management personnel are not involved and have not been involved in any legal or disciplinary events that are considered material.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

CSPIA is registered with the Securities and Exchange Commission as a registered investment adviser. The management personnel of CSPIA are registered as investment adviser representatives within their state jurisdiction.

Currently, there is not a pending application for registration as a futures commission merchant, commodity pool operator, commodity trading advisor or an associated person for CSPIA.

Cary Street Partners LLC

Cary Street Partners LLC ("CSP") is a registered broker-dealer and member of the Financial Industry Regulatory Authority ("FINRA"). CSP provides investment banking, wealth management and brokerage services to its clients. Client accounts of CSP are custodied at WFCS. Currently, there is not a pending

application for registration as a futures commission merchant, commodity pool operator, commodity trading advisor or an associated person for CSP, the broker-dealer affiliate or any management person.

CSP, will serve, periodically, as a private placement agent for issuers of equity and debt securities. In that capacity, certain advisory clients who are accredited investors and qualified advisory clients for which the private placement is suitable are shown transactions represented by CSP. If they elect to do so and are acceptable to the issuer and its counsel, these clients purchase securities in some of those offerings.

In addition, CSPF, holding company for CSP and CSPIA, has completed private placements of securities and some of our qualified advisory clients invested in those offerings. The Firm could offer similar investments to our investment advisory clients in the future.

CSP offers a securities-backed loan program through its clearing firm, WFCS, and CSPIA refers clients to the CSP/WFCS program. The loans are secured by eligible marketable securities held in custody at WFCS.

CSPIA and your Advisor will have an incentive to recommend borrowing money on a client account and pledging the assets as collateral through CSP. Both CSPIA and CSP are under common ownership and control, and CSP sets the interest rates on which your margin account or SBLOC will be charged. A portion of the interest charged on the outstanding balance of your margin loan or SBLOC will be paid to CSPIA, and solely with respect to an SBLOC, to your Advisor. Additionally, for margin loans, the purchase of securities in the account will result in increased asset-based fees, which may provide an incentive for your Advisor to recommend the use of margin.

Riverstone Business Advisory Services, Inc.

RiverStone Business Advisory Services, Inc. (“RBAS”), is an affiliated entity of CSPIA and a wholly owned subsidiary of CSPF. Through this entity, certain FAs provide business consulting, bookkeeping services and tax services. Only a limited number of FAs participate in this entity.

Luxon Insurance Services LLC

Luxon Insurance Services LLC (“Luxon Insurance”) is an affiliated entity of CSPIA and a wholly owned subsidiary of CSPF. Luxon Insurance provides business insurance services to clients and corporate entities.

Tradition Asset Management LLC

Tradition Asset Management LLC is an affiliated entity of CSPIA and a wholly owned subsidiary of CSPF. Tradition Asset Management LLC provides diversified investment management services including investment consulting, financial or estate and tax planning reviews, and discretionary and non-discretionary management of investment portfolios for individuals, pension and profit-sharing plans, trusts, and business entities.

Cary Street Partners Asset Management LLC

Cary Street Partners Asset Management LLC (“CSPAM”) is an affiliated entity of CSPIA and a wholly owned subsidiary of CSPF. CSPAM provides sub-advisory investment management services to clients of affiliated and unaffiliated Investment Advisors who have engaged with CSPAM. In limited circumstances, we provide our services directly to retail clients, but generally all services are provided through the Advisors, who then interact with the clients.

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

CSPIA is guided in all actions by the highest ethical and professional standards. Accordingly, the Firm has embraced the SEC's adoption of the "Code of Ethics rule", as an opportunity to affirm its duty to its clients. CSPIA's Associates are required to comply with the CSPIA's Code of Conduct and related policies which are made available to all employees.

Pursuant to the Securities and Exchange Commission's adoption of this rule, CSPIA has adopted this Code of Ethics ("the Code") in order to set the standards of conduct to be followed by all persons associated with CSPIA. The policies and guidelines set forth in this Code of Ethics must be strictly adhered to by all employees. Severe disciplinary actions, including dismissal, may be imposed for violations of this Code of Ethics.

CSPIA's Advisory Code of Ethics consists of the Code of Ethics and Personal Trading together with the CSPIA Code of Conduct. All Advisory Supervised Persons are subject to the requirements of this Code of Ethics. Advisory Supervised Persons are IA employees acting in an investment advisory capacity and have a fiduciary obligation to their advisory clients to:

- Place the advisory clients' interests over their own;
- Comply with this Code of Ethics and the CSPIA's Investment Advisers Policies and Procedures Manual;
- Comply with applicable federal and state securities laws; and
- Avoid actual or potential conflicts of interest or fully disclose them to the client.

In addition, we have adopted a Privacy Policy to prohibit the transmission, distribution or communication of any information regarding securities transactions in client accounts or other non-public client information. Violation of the Privacy Policy is also considered a violation of this Code of Ethics.

REVIEW OF ACCOUNTS

CSPIA associates will review your account on a periodic basis to evaluate performance, concentration, style drift, cash flows, adherence to investment guidelines or restrictions, investment selection, and asset quality and other metrics of the investment vehicle.

CSPIA, if requested, will show you how the investment compares to its peers and/or relevant benchmark and provide other assessments.

Upon the opening of each account, your investment objectives and strategy are reviewed for approval and consistency. Thereafter, accounts are reviewed on a transaction, monthly, quarterly or annual basis, as applicable, to monitor the account's performance, the individual mutual funds for appropriateness, and certain restrictions that apply.

In addition, your custodian will transmit to you, a statement of account activity at least quarterly.

CLIENT REFERRALS AND OTHER COMPENSATION

CSPIA, at its discretion, will enter into solicitation agreements providing cash compensation to or receiving from solicitors who secure clients for its investment advisory programs. These agreements are fully disclosed to the client.

CSPIA, at its sole discretion, will engage in joint marketing activities with investment managers and/or sponsors of mutual funds in the investment advisory programs it offers. These managers and/or sponsors pay a portion, or all, of the cost of the activities, which payment at times takes the form of reimbursement to CSPIA.

Clients who have investment advisory accounts with CSPIA also have other accounts with the Firm or its affiliates in which management fees are not charged. The payment of commissions in these non-managed accounts is negotiated on an entirely separate basis from the payment of fees and commissions, if any, in the investment advisory accounts.

FINANCIAL INFORMATION

CSPIA's financial condition is sufficient to meet its financial commitments to clients and the Firm has not been the subject of any bankruptcy proceeding.