

## Introduction

Cary Street Partners is the trade name used by Cary Street Partners LLC (CSP) – Member FINRA/SIPC; Cary Street Partners Investment Advisory LLC (CSPIA) and Cary Street Partners Asset Management LLC (CSPAM), registered investment advisors with the Securities and Exchange Commission (SEC).

Fees assessed for investment advisory services differ from brokerage fees. It is important for the retail investor to understand the differences.

Free and simple tools are available for you to use at [investor.gov/CRS](https://investor.gov/CRS), a website maintained by the SEC. These tools can provide you with educational materials about broker-dealers, investment advisors, and investing.

### Terms to know

- A **broker-dealer** is a firm that acts as an intermediary between buyers and sellers of securities for which they will usually receive a commission and are able to purchase or sell those securities in/out of their own account.
- An **investment advisor** is generally any person or group that provides investment advice or conducts securities analysis in exchange for a fee.

## What investment services and advice can you provide me?

### Brokerage Services

Through our custodian, CSP will provide brokerage services to you that include the buying and selling of securities. Based on your selection and eligibility, your account will be either a cash or margin account. Your financial professional is able to make recommendations regarding your account based on relevant factors including, but not limited to:

- Services and products provided in the account;
- Projected cost of the account;
- Alternative account types available;
- Services the retail customer requests; and
- The retail customer's investment profile.

Regarding IRAs, in addition to the factors above, you should consider:

- Fees and expenses;
- Level of services available;
- Ability to take penalty-free withdrawals;
- Application of required minimum distributions;
- Protections from creditors and legal judgments;
- Holdings of employer stock; and
- Any special features of the existing account such as account type, costs and investment profile.

CSP, in general, does not offer account monitoring services as part of brokerage services. However, your financial professional could voluntarily, and without any agreement with you, review the holdings in your account for the purposes of determining whether to provide a recommendation. This voluntary review is not considered to be "account monitoring," and would not create an implied agreement to monitor the account.

Your financial professional will consider reasonably available alternatives, if any, in determining whether there is a reasonable basis for making the recommendation. An evaluation of reasonably available alternatives does not require an evaluation of every possible alternative (including those offered outside the firm) nor require CSP to recommend one “best” product.

## Investment Advisory Services

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

CSPIA does offer various wrap fee programs. A wrap fee program generally involves an investment account where you are charged a single, bundled, or “wrap” fee for investment advice, brokerage services, administrative expenses, and other fees and expenses.

In addition to the aforementioned Investment Advisory Services, CSPIA is able to provide the following additional services.

- Recommending investment managers, and, where requested, broker-dealers and custodians;
- Conducting investment manager searches when requested by you or when considered appropriate by our firm;
- Providing on-going due diligence and/or research on investment managers, asset classes and economic market trends;
- Advising you of suggested rebalancing of the asset allocation on a timely basis; and monitoring the performance of investment managers to assist you in determining whether the investment managers are complying with the stated investment objectives; and
- Financial planning, including estate planning, business planning, cash flow management and tax planning.

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

Additional Information regarding the types of Investment Advisory Services is available in the Investment Advisory Agreement.

### **Conversation Starters - ask your financial professional:**

- Given my financial situation, should I choose an investment advisory service? Should I choose a brokerage service? Should I choose both types of services? Why or why not?
- How will you choose investments to recommend to me?
- What is your relevant experience, including your licenses, education, and other qualifications? What do these qualifications mean?

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## What fees will I pay?

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.

### Brokerage Services Fees

You will incur transaction charges for trades in your retail brokerage account. Our custodian will assess clearance charges on a per trade bases. The amount of the charge varies by product type (*i.e., equities, options, mutual funds, fixed income, etc.*).

Additionally, your financial professional will charge a commission on each transaction. A commission is the additional charge from a financial professional for recommending or selling an investment. The commissions are taken from the money invested and are a percentage of the gross amount of the transaction or a flat rate. To mitigate the incentive to encourage a retail investor to trade often, CSP will monitor brokerage accounts for excessive trading and commissions.

Additional information regarding brokerage fees can be found in your Client Agreement or by contacting your financial professional.

## Investment Advisory Fees

CSPIA will be paid a fee for its services as described in the Fee Schedule of the Investment Advisory Agreement. The Fee Schedule can be amended at any time by mutual agreement of Client and CSPIA. The annual fees for CSPIA's asset management services are negotiable and assessed quarterly based on the market value of the Account as of the last day of the calendar quarter.

In addition to the above, financial professionals may also offer the following arrangements:

- Tiered fee schedule: varying fee amounts based on services offered and amount of investments in the account.
- Flat fee: a flat dollar amount is assessed to the retail investor.

## Other Fees and Costs

Depending on the type of account and services provided, you could be subject to the following additional fees:

- Custodian Fees (*i.e.*, *Account Fees*)
- Asset Movement Fees (*i.e.*, *NSF, returned checks, wire transfers, securities transfers, etc.*)
- Margin Debit Balance Interest & Non-Purpose Loan Interest: Our Clearing Firm will charge interest on any credit extended to or maintained for our accounts carried by the Clearing Firm for the purchasing, carrying, or trading in any securities or otherwise. The interest charge made to our account at the close of a charge period will be added to the opening balance for the next charge period unless paid. An annual rate of Interest is charged on the daily adjusted debit balance in all accounts carried by Clearing Firm.
- Non-Purpose Loan Interest: Our Clearing Firm will charge interest on any credit extended to or maintained for our accounts carried by the Clearing Firm. Non-Purpose Loans means the proceeds of the loan cannot be used to purchase, carry or trade securities. The loan proceeds can be used for almost any other purpose, including without limitation, home renovations, real estate purchases, tax bills, debt consolidation, private business opportunities and unexpected personal expenses.

### **Conversation Starters - ask your financial professional:**

- Help me understand how these fees and costs might affect my investments.
- If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?

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What are your legal obligations to me when providing recommendations as my broker-dealer or when acting as my investment advisor? How else does the firm make money and what conflicts of interest do you have?

### Standard of Conduct

When we provide you with a recommendation as your broker-dealer or act as your investment advisor, we act in your best interest and will not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the recommendations and investment advice we provide you. Here are some examples to help you understand what this means.

### Examples of Ways We Make Money and Conflicts of Interest

- CSP & CSPIA and your financial professional will have an incentive to recommend borrowing money on a client account and pledging the assets as collateral. Both CSP & CSPIA are under common ownership and control, and CSP sets the interest rates on which your margin account or Non-Purpose Loan ("NPL") will be charged. A portion of the interest charged on the outstanding balance of your margin loan or NPL will be paid to CSP and solely with respect to an NPL, to your financial professional. 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 financial advisor to recommend the use of margin.

- Excessive trading occurs when a financial professional engages in trading in excess of the investor's goals in order to generate commissions. If the recommended investment strategy has, as its sole purpose, the enrichment of the brokerage firm and/or financial professional by generating excessive commissions, fees, or costs, it will constitute a conflict of interest.
- Financial Professionals attending or participating in Conferences/Workshops sponsored by an entity or individual that has a business relationship with Firm or its clients.

For additional information about potential conflicts of interest, please see Reg BI Comprehensive Disclosure.

#### **Conversation Starters - ask your financial professional:**

- How might your conflicts of interest affect me, and how will you address them?

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## How do your financial professionals make money?

Financial Professionals are compensated based on a "neutral compensation grid". A neutral compensation grid reduces incentives for financial professionals to prefer one type of financial product over another.

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.

CSP/CSPIA, in some cases, receive fees 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.

Margin & Non-Purpose Loans: A portion of the interest charged on the outstanding balances of margin loans or NPL will be paid to CSP, and solely with respect to an NPL, to your financial professional.

CSP/CSPIA and your Financial Professional will enter into solicitation agreements under which it receives cash compensation for referring clients to other investment managers, including one or more of its affiliates. These agreements are fully disclosed to the client.

CSP/CSPIA and your Financial Professional will enter into joint marketing activities with investment managers, mutual fund sponsors, and vendors. These entities pay a portion, or all, of the cost of the activities, which payment at times takes the form of reimbursement to CSP/CSPIA and the Financial Professional.

CSPIA will enter into arrangements with other investment advisers to provide certain services to clients of the investment adviser in exchange for a portion of the investment advisory fee.

Additional information regarding fees can be obtained from the CSPIA Form ADV Part 2 Brochure or from your Investment Advisory Agreement.

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## Do you or your financial professionals have legal or disciplinary history?

CSPIA does **NOT** have any legal or disciplinary events that are material to the Firm or its employees. CSP does have financial professionals with financial and disciplinary reportable events.

Go to [Investor.gov/CRS](https://investor.gov/CRS) and <https://brokercheck.finra.org/> to access free tools to research the background and experience of financial brokers, advisers and firms.

#### **Conversation Starters - ask your financial professional:**

- As a financial professional, do you have any disciplinary history? For what type of conduct?
- Who is my primary contact person? Is he or she a representative of an investment adviser or a broker-dealer?
- Whom can I talk to if I have concerns about how this person is treating me?

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## Where can I find additional information?

You can always contact your financial advisor, directly, for more information by contacting their office location. You can also obtain a copy of this relationship summary through our website at <https://carystreetpartners.com/>.