



# COORDINATED CAPITAL SECURITIES, INC.

## ITEM 1 – COVER PAGE

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### **Part 2A Appendix 1 of Form ADV: *Wrap Fee Program Brochure***

This Wrap Fee Disclosure Brochure provides information about the qualifications and business practices of Coordinated Capital Securities, Inc. (“CCS”). If you have any questions about the contents of this disclosure brochure, please contact us at (608) 221-4545.

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

Any reference in this Brochure to “registered investment adviser” or “registered” does not imply a certain level of skill and training. Additional information about CCS, including a copy of its Form ADV Part 1 (CRD No. 14762), is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

**Date of this Brochure:** June 30, 2020

## ITEM 2 – MATERIAL CHANGES TO BROCHURE SINCE LAST ANNUAL UPDATE

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**Date of Last Annual Update:** June 13, 2019

**Date of this Brochure:** June 30, 2020

This section describes material changes to **Part 2A Appendix 1 of Form ADV: *Wrap Fee Program Brochure*** (hereafter “disclosure brochure”) since our last annual update amendment. In lieu of providing you with an updated disclosure brochure each year, we typically provide our existing advisory Clients with a summary describing any material changes occurring since our last annual update. In such instances, we will make this delivery to you within 120 days of the close of our fiscal year, which ends March 31<sup>st</sup>. Clients wishing to receive a complete copy of the then-current Part 2A Firm Brochure may request a copy at no charge by contacting us at (800)783-6666. Our current disclosure brochure is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or upon request through your Financial Adviser.

There are no material changes to our Form ADV Part 2A Disclosure Brochure since the annual amendment of our Form ADV on June 13, 2019.

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## ITEM 4 – SERVICES, FEES AND COMPENSATION

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Coordinated Capital Securities, Inc. (hereinafter “CCS”) is a Wisconsin corporation located in Madison, Wisconsin. CCS is a securities broker-dealer registered under the Securities Exchange Act of 1934, a member of the Financial Industry Regulatory Authority (FINRA) and a Registered Investment Adviser registered with the Securities and Exchange Commission (SEC). CCS is wholly owned by Coordinated Capital Holdings, Inc., a holding company. CCS investment adviser representatives (hereafter “Financial Adviser”) are instructed to consider your individual needs when recommending an advisory program account or service.

CCS provides its clients with investment management and/or consulting services through wrap-fee programs available through our clearing firm First Clearing. In November 2016, First Clearing, LLC merged and consolidated its operations into Wells Fargo Advisors, LLC. The resulting firm is now known as Wells Fargo Clearing Services, LLC (WFCS), Member SIPC, a registered broker-dealer and non-bank affiliate of Wells Fargo & Company. WFCS operates its brokerage and advisory business under the trade name Wells Fargo Advisors (hereafter “Wells Fargo”). First Clearing is also a trade name used by WFCS when carrying customer accounts and acting as custodian for funds and securities deposited through introducing firms such as CCS or as a result of transactions it processes for customer accounts.

Wrap-fee programs provide the ability to develop a customized investment plan with your Financial Adviser based on your individual needs and goals. Your Financial Adviser will provide advice throughout the investment process to help you navigate through market changes, which may include assistance with selecting a third-party portfolio manager (hereafter “Manager”) for your account. Your Financial Adviser will advise you based on the information you provide during the account opening process and on his or her judgment of what may be in your best interest. Clients holding accounts offered through the Wells Fargo remain clients of CCS.

### A. PROGRAM DESCRIPTIONS

The description provided in this section is intended to provide you with a brief summary of each Program. Please review the Wells Fargo Wrap Fee Brochure for Separately Managed Account Programs (Personalized Unified Managed Account, Private Advisor Network and Customized Portfolios) or the Wells Fargo Wrap Fee Brochure for Mutual Fund Advisory Programs (CustomChoice and FundSource) for a complete description of these Programs.

**CustomChoice** is a non-discretionary investment advisory program designed to help you allocate your assets among open-end mutual funds in accordance with your individual investment goals, objectives, and expectations. Based on the investment objectives and risk tolerance you provide your Financial Adviser will recommend an appropriate mix of various open-end mutual funds and money market funds. You have the option of accepting any of our recommendations, or selecting an alternative combination of funds. We will implement your investment decisions, but will not have investment discretion over your account, except for the limited discretion to rebalance your target asset allocation, if you authorize us to do so.

**FundSource** is a discretionary mutual fund wrap program based on Wells Fargo research-driven Optimal Blends or Customized Blends. All assets are managed by Wells Fargo who is given discretionary authority to implement changes within your account based on your individualized situation and based on information provided by you to your investment advisor representative. Portfolios are comprised of mutual funds selected by Wells Fargo.

**Asset Advisor** is a non-discretionary, client directed investment program in which your Financial Adviser may provide a broad range of investment recommendations based on your investment objectives, financial circumstances and risk tolerance. You have the option of accepting these recommendations or selecting different investments for your account. Most types of securities are eligible for purchase in an Asset Advisor account including, but not limited to, common and preferred stocks, exchange-traded funds, closed end funds, fee-based unit investment trusts, corporate and government bonds, certificates of deposit, options, structured products, and certain mutual funds whose shares can be purchased at net asset value. Certain strategies and investment products are not suitable for all investors (i.e. hedge funds are complex investment vehicles that often use leverage and other speculative investment practices, such as short sales, options, derivatives, futures and illiquid investments that may increase the risk of investment loss.) Certain assets, such as commodity futures contracts, annuities, and limited partnership interests are not eligible as program assets and are

referred to collectively as “Excluded Assets”. Some Excluded Assets may be purchased or sold in your Asset Advisor account. These transactions will incur commissions or standard brokerage charges as discussed below.

**Private Advisor Network** offers a roster of Managers representing a broad array of investment classes and styles from which you select Private Advisor Network Managers to handle the day-to-day management of your Account(s). Under the Private Advisor Network Program, you grant the Manager complete discretionary trading authority and authorize the Manager to handle the day-to-day investment management of your Account in accordance with the separate management agreement between you and the Manager.

**Personalized UMA Program** offers Personalized UMA Single Strategy Accounts or Personalized UMA Multi Strategy Accounts (which allows you to choose an Optimal Blend or a Custom Blend). Effective November 23, 2019, existing accounts in the Allocation Advisors Program, Wells Fargo Compass Program and the Masters Program, along with all Equity Strategies in the Customized Portfolios Program, were moved into the Personalized UMA Program. Allocation Advisors, Masters and Wells Fargo Compass no longer exist as stand-alone advisory Programs. In addition, Diversified Managed Allocations Program (“DMA”) was renamed the Personalized Unified Managed Account Program (“Personalized UMA”). All Accounts currently in these Programs or strategies were moved to a Personalized UMA Single Strategy Account. Fees charged to existing Accounts that are moved to Personalized UMA, along with minimum fee and minimum Account size requirements specific to those Accounts, will not change. Going forward, all strategies previously offered in these Programs will be available as a Personalized UMA Single Strategy Account or as part of a Personalized UMA Multi Strategy Custom Blend Account.

#### **ITEM 5 – ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS**

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CCS provides investment advice to individuals, pension and profit-sharing plans, trusts, estates or charitable organizations, corporations or other business entities. The requirements for opening an account vary by the type of account you maintain and the program you select.

The minimum initial account values for the Programs in this document are listed below. Under certain circumstances, the minimum account size may be waived.

Asset Advisor	\$25,000
Custom Choice	\$25,000
FundSource	\$25,000
FundSource Foundation	\$10,000
Private Advisor Network	\$100,000 subject to Manager’s minimum

Personalized UMA account minimums are listed below.

Personalized UMA	Minimum Account Size
Optimal Blend	\$200,000 or blend minimum
Custom Blend	\$15,000 or investment minimum
<ul style="list-style-type: none"> <li>Individual Mutual Fund (if used as an investment in a Custom Blend)</li> <li>Individual ETF (if used as an investment in a Custom Blend)</li> </ul>	
SMA Strategies	\$50,000-\$99,999
SMA Strategies	\$100,000+
Allocation Advisors Strategies	
Strategic ETF, CAAP Plus, Tactical ETF, Active/ Passive, Morningstar Strategic ETF, Morningstar High Income, Laffer Global Portfolio, Laffer Dynamic U.S. Inflation	\$25,000 (\$50,000 for CAAP Plus & Tactical ETF)
ESG Aware, Intuitive Investor ETF, Tactical Active/Passive	\$10,000
Wells Fargo Compass Strategies	\$250,000 (\$150,000 Aggressive Growth)
Customized Portfolios Equity Strategies	\$50,000
FundSource Optimal Blend Strategies	
Standard, Tax Managed, Capital Stability, Core American, Global Opportunities, Alternatives, Multi-Strategy, Pathways	\$25,000
Foundations	\$10,000

#### **A. FEE-BASED ACCOUNTS VERSES COMMISSION-BASED ACCOUNTS**

It is important to understand the differences between fee-based and commission-based services.

- In a fee-based or advisory relationship, you generally pay a fee that is a percentage of the account's value, or a fixed fee per service, for personalized advice and guidance instead of a commission for each trade. Fee-based services may include portfolio construction, investment recommendations, ongoing advice and/or financial planning tailored to your unique goals and timelines. Fee-based services align the performance of your account with your Financial Adviser's compensation.
- In a commission-based or brokerage relationship, you pay a commission, and in some cases a trailing commission (12b-1 fee), for each transaction. The amount of that commission varies depending on the security or investment product. The charges for each product are described in the prospectus or other offering documents. Commission-based services require your consent for each transaction.

CCS and your Financial Adviser may receive higher compensation for fee-based advisory accounts over time as compared to commission-based non-advisory accounts. A conflict exists if a recommendation is made to establish or convert a commission-based account to wrap-fee program account that may not be appropriate based on anticipated trading activity and the need for ongoing monitoring and advice. To mitigate this conflict, we will explain the advantages and disadvantages of a fee-based advisory account versus a commission-based account prior to opening the account.

The way you work together with your Financial Adviser may change over time as your financial needs and goals change. It is important to notify your Financial Adviser of any changes to your financial situation, investment objectives or risk tolerance so he or she can advise you appropriately.

#### **B. WRAP-FEE PROGRAMS VERSES TRADITIONAL ADVISORY PROGRAMS**

CCS offers portfolio management services through traditional and wrap-fee programs. Our wrap-fee programs are managed similarly to our traditional programs but differ in fee structure. A wrap-fee program is an advisory fee program under which you pay one bundled fee to compensate CCS and your Financial Adviser for portfolio management and trade execution. A traditional program is an advisory program under which you pay transaction costs in addition to an

investment advisory fee. A wrap-fee program may not be the lowest cost option if you would like to restrict your investments to open-end mutual funds or other long-term investment products. For additional information on our traditional asset management programs, please refer to our Form ADV Part 2A Brochure, which is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or you may request a copy from CCS or your Financial Adviser.

Clearing Firm program fees are deducted from the wrap fee you negotiate with your Financial Adviser. For some wrap-fee programs, CCS retains a portion of the fee paid by you after payment to the clearing firm. The retained portion is additional compensation to CCS that is not shared with your Financial Adviser. Clearing Firm program fees are not currently charged on the traditional advisory programs we offer under Form ADV Part 2A. This additional compensation presents a conflict of interest because CCS receives this financial benefit when you open certain wrap-fee accounts but does not if you open a traditional advisory account. CCS addresses this conflict of interest by disclosing the conflict to you before or at the time you enter into a wrap-fee program Agreement with our firm.

### **C. TERMINATION**

Your wrap-fee program Account Agreement may be terminated by either party at any time upon notice. If you terminate your Agreement, a pro-rata refund will be made, less reasonable start-up costs. You have the right, within five (5) days of execution, to terminate the Client Agreement without penalty. In the event of cancellation of Agreement, fees previously paid pursuant to the Agreement fee schedule will be refunded on a pro rata basis, as of the date notice of such cancellation is received by the non-cancelling party, less reasonable start-up costs.

At termination, you can instruct CCS to either liquidate positions in your Account, transition account positions to a commission-based account with CCS or transfer the Account to another financial institution. If so instructed, we will process your request in an orderly and efficient manner. You will be subject to standard brokerage account fees for positions sold in your Account or transferred to another financial institution after termination. You should also keep in mind that the decision to liquidate positions including mutual funds may result in tax consequences that should be discussed with your tax advisor. We will not be providing advisory services and will not be monitoring or reviewing account performance after your Account has terminated. If we receive liquidation instructions from you, we are not responsible for market fluctuations from the time of termination notice until complete liquidation.

If an advisory program account is terminated and transitioned to a commission-based account with CCS, advisory share mutual fund positions may be changed, and/or your shares exchanged into shares of another mutual fund share class. Not all mutual fund share classes used in our wrap-fee program accounts are available in a commission-based account. Eligibility is determined by the Fund company or custodian not CCS. In addition, the money market fund used in a "sweep" arrangement may be changed and/or your shares exchanged into shares of another money market fund (as not all of the money market funds used in our wrap-fee program accounts are available in commission-based accounts). You will be subject to any standard brokerage account fees for these changes.

## **ITEM 5 - FEES AND COMPENSATION**

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### **A. STANDARD PROGRAM FEES**

All of the program accounts described in this brochure are charged a fee on eligible assets that covers advisory, execution, custodial, and reporting services.

#### **Fund Source, FundSource Foundations and Custom Choice**

The Standard Program fee schedule, which is negotiable is shown below. Accounts opened prior to June 9, 2017 may be subject to a different fee schedule. Please consult the Program Features and Fee Schedule of your Client Agreement.

<u>Program Fee</u>	<u>Annualized Fee</u>
	2.00%

There is a minimum Program Fee of \$75 per quarter, with the exception of the Foundations model series, which will be charged a minimum Program Fee of \$37.50 per quarter due to the lower initial investment minimum. Under certain circumstances, the minimum Program Fee may be waived at Wells Fargo's discretion. If imposed, you should be aware

that the imposition of the minimum Program Fee may cause your Program Fee (expressed as a percentage) to be greater than the standard Program Fee stated above or the Program Fee stated in your Client Agreement.

### Asset Advisor

Asset Advisor accounts are charged an all-inclusive fee that covers advisory, execution, custodial, and reporting services. Billed quarterly in advance, the Standard Program fee schedule, which is negotiable, is based on program eligible assets.

<u>Total Account Value</u>	<u>Annualized Fee</u>
First \$250,000	3.00%
Next \$750,000	2.50%
Next \$1,000,000	2.00%

Asset Advisor accounts that exceed 120 transactions in any one year are subject to additional standard brokerage account fees and ticket charges. Option transactions incur a separate transaction fee. Your Financial Adviser is subject to any additional transaction fees. This additional fee creates a conflict in that your Financial Adviser may minimize transactions to avoid the additional fee. You should be aware that any of the above program fees charged may be higher or lower than those otherwise available if you were to select a separate brokerage service and negotiate commissions in absence of the extra advisory service provided.

### Personalized UMA

The current Standard Program Fee for the Personalized UMA Program, which is negotiable, is shown below. Some Accounts opened prior to September 15, 2018 are subject to a different Program Fee or Minimum Fee. Please consult the Program Features and Fee Schedule of your Client Agreement.

In addition, mutual funds and ETFs have fees associated with them that you will pay above and beyond the Program Fee. These fees are embedded within the price of the mutual fund or ETF. Please refer to the prospectus for specific fees associated with a given mutual fund or ETF.

<b>Personalized UMA</b>	<b>Standard Program Fee</b>
Optimal Blend	2.50%
Custom Blend	2.50%
<ul style="list-style-type: none"> <li>• Individual Mutual Fund (if used as an investment in a Custom Blend)</li> <li>• Individual ETF (If used as an investment in a Custom Blend)</li> </ul>	2.00%
SMA Strategies	2.50%
SMA Strategies	2.50%
Allocation Advisors Strategies	
Strategic ETF, CAAP Plus, Tactical ETF, Active/ Passive, Morningstar Strategic ETF, Morningstar High Income, Laffer Global Portfolio, Laffer Dynamic U.S. Inflation	2.25%
ESG Aware, Intuitive Investor ETF, Tactical Active/Passive	2.10%
Wells Fargo Compass Strategies	2.25%
Customized Portfolios Equity Strategies	2.25%
FundSource Optimal Blend Strategies	
Standard, Tax Managed, Capital Stability, Core American, Global Opportunities, Alternatives, Multi-Strategy, Pathways	2.00%
Foundations	2.00%



## Private Adviser Network

You pay a fee for both network services and execution services, with no separate charge being imposed for brokerage commissions on agency trades or markups or markdowns on principal transactions. Neither the execution schedule nor Standard Program fee schedule includes the investment adviser fees of the third-party investment Manager. Please refer to Wells Fargo's Wrap Fee Brochure for Separately Managed Account Program and the third-party investment Manager's disclosure brochure.

Billed quarterly in advance, the Private Adviser Network fee schedule is negotiable based on a maximum fee of 2.05%. You may also be subject to any other fees associated with our standard brokerage accounts, including postage and handling fees, transfer taxes, exchange fees (among which SEC fees may be included), and any other fees required by law.

<u>Program Fee</u>	<u>Annualized Fee</u>	<u>Manager Fee</u>
	2.05%	Varies by Manager

### **B. ADDITIONAL INFORMATION REGARDING PROGRAM FEES AND EXPENSES**

Fees for our advisory services may be higher than fees charged by other investment advisers who sponsor similar programs, or if you paid separately for investment advice and other services. Our wrap program fees include clearing and custodial costs, service fees paid to CCS and depending on the wrap-fee program, third-party Manager fees. You may be charged different fees than similarly situated clients for the same services. As a result of the differences in fees and other sources of compensation that exist among the various advisory programs and services we offer, CCS and your Financial Adviser has a financial incentive to recommend particular programs and services over other programs and services available through CCS. Wrap-fee programs typically assume a normal amount of trading activity and, therefore, under certain circumstances, prolonged periods of inactivity or asset allocations with significant fixed income or cash weightings may result in higher fees than if commissions were paid separately for each transaction.

Our fee schedules may be negotiated depending on a range of factors including, but not limited to account size and overall range of services provided. Client should be aware that the fee charged will be calculated based on eligible assets in the account including money market funds and positions transferred into client's account for which client may have previously paid a commission or sales charges. A portion of the wrap program fees charged will be paid to CCS and to your Financial Adviser in connection with the introduction of accounts, as well as for providing client-related services within the wrap-fee programs. Therefore, CCS and your Financial Adviser may have a financial incentive to recommend the wrap fee program over other programs or services.

Unless agreed upon otherwise, you authorize us to deduct a quarterly fee from the account, charged in advance of the quarter, calculated at the rate indicate in the wrap-fee program Agreement fee schedule signed by you. The initial program fee is calculated as of the date that the Account is accepted by us into the wrap-fee program and covers the remainder of the calendar quarter. Subsequent program fees will be determined for calendar quarter periods and shall be calculated on the basis of the Account value on the last business day of the prior calendar quarter. Whenever there are changes to the fee schedule, the schedule charges previously in effect shall continue until the next billing cycle. The specific fees and way fees are calculated and charged is described in your wrap-fee program Agreement. You should carefully review your Agreement and this wrap brochure to understand the fees and other sources of compensation that exist among our wrap-fee programs and services prior to entering into a wrap-fee program account with our firm.

Your Financial Adviser may suggest that you use other products and services that CCS offers, but that are not available through the program you select ("Excluded Assets"). Excluded Assets are not charged a program fee and are not considered a part of the program or program services. We generally recommend that you hold these Excluded Assets in a separate brokerage account. If an excluded asset purchased for or transferred into your Account later becomes eligible for the program, wrap program fees as well as applicable standard brokerage fees will apply.

### **C. OTHER TYPES OF FEES YOU MAY INCUR**

You may incur additional charges imposed by custodians, broker-dealers, investment companies, insurance companies and other third parties, such as account maintenance fees, surrender charges, transfer taxes, wire transfer and electronic fund fees and other fees and taxes on brokerage accounts and securities transactions. Such charges and fees are exclusive of

and in addition to our wrap program fees. You are responsible for payment of any and all taxes that may be due as a result of any transactions in your account.

Depending on the wrap-fee program you select at account opening, you may incur additional standard brokerage account charges, such as account maintenance fees, IRA fees, ticket charges, account transfer charges and other types charges associated with transactions in your Account. In some cases, CCS retains a portion of the charge paid by you after payment to the clearing firm. The retained portion of the charge as well as other servicing fees, such as money fund rebates paid to us by our clearing firm from money market balances, provide additional compensation to CCS that is not shared with your Financial Adviser. This additional compensation presents a conflict of interest because CCS receives a financial benefit when standard brokerage fees are charged for transactions in your Account. CCS addresses this conflict of interest by disclosing the conflict to you before or at the time you enter into a wrap-fee program Agreement with our firm. For information on standard brokerage account fees for accounts held at our clearing firm go to Quick Links on the "Disclosures" tab at [www.ccsmadison.com](http://www.ccsmadison.com) and refer to the "Standard Brokerage Account Fees" link or ask your Financial Adviser.

#### **D. OTHER TYPES OF COMPENSATION WE RECEIVE**

Your Financial Adviser also acts as a registered representative of CCS. As a registered representative, he or she accepts compensation for the sale of securities in a non-fee-based account, including asset-based sales charges and service and distribution fees (12b-1 fees) from the sale of mutual funds.

The receipt of such compensation presents a conflict of interest and gives your Financial Adviser an incentive to recommend commission-based products in addition to advisory services based on the compensation he or she will receive, rather than on your needs. CCS addresses this conflict of interest by requiring that your Financial Adviser uphold their fiduciary duty to provide investment advice that is in your best interest and disclosing the conflict to you before or at the time you enter into an investment advisory contract with our firm.

#### **E. MUTUAL FUND POSITIONS IN ADVISORY ACCOUNTS**

In addition to advisory fees, you are responsible for paying any management and other fund-related expenses for the mutual funds in which your wrap-fee program account assets are invested. This includes redemption fees imposed by the mutual fund or custodian as a result of a transaction-related request you initiate (such as a partial or complete liquidation of your Account). Decisions to reallocate your account assets may result in you incurring a redemption fee imposed by one or more mutual funds held in your account. Distribution or "12b-1" fees paid by the mutual funds in which your account assets are invested are credited back to your account for your benefit.

CCS does not make all share classes available to advisory program accounts. Designated share classes availability will depend on share classes offered by our clearing firm or other custodial platforms, or whether the fund imposes a minimum investment amount to acquire or hold the share class. Therefore, CCS can purchase, hold, and recommend share classes in your Account that are not the lowest-cost share class and you should not assume that you are invested in the lowest-cost share class. The mutual fund positions in your Account may include mutual fund share classes CCS and your Financial Adviser did not select, such as mutual funds transferred in from another financial institution or selected by a third-party manager.

A conflict of interest exists in that mutual fund share classes purchased or held in your Account may not be the lowest-cost share available. Higher-cost share classes can result in lower returns, which could impact your Account performance over time. CCS will not continuously monitor mutual funds to determine if a lower-cost share is available to you. You are encouraged to periodically discuss the share class positions in your Account with your Financial Adviser to determine whether your share classes remain appropriate based on your objectives.

### **ITEM 6 - PORTFOLIO MANAGER SELECTION AND EVALUATION**

CCS offers access to Wells Fargo sponsored programs managed by third-party asset Managers on a discretionary basis. Wells Fargo is responsible for conducting due diligence on the managers and/or strategists available through the program. The criteria for adding a manager or strategist to the platform or replacing a manager or strategist varies. Please refer to Wells Fargo Wrap Fee Brochure for Separately Managed Account Programs or the Wells Fargo Wrap Fee Brochure for Mutual Fund Advisory Programs for additional information on their portfolio Manager selection and review process. CCS

and the program Manager are jointly responsible for the services provided under the program. These programs offer access to a variety of model portfolios with varying levels of risk from which you may choose. Your Financial Adviser is responsible for assisting you with completing the New Account Form or other equivalent document. Your responses on the New Account Form will assist your Financial Adviser with understanding your investment objectives, financial situation, risk tolerance, time horizon and other financial information. Based on the answers you provide, your Financial Adviser will assist you in determining which model portfolio or strategy is most appropriate for you. The program Manager is responsible for the ongoing management of your account in accordance with the selected model portfolio and/or investment strategy.

CCS and your Financial Adviser, in addition to the third-party Manager, receive a portion of the wrap fee for our services. Each third-party Manager offers different types of asset management programs and each arrangement with our firm is uniquely structured. It is important that you review the third-party Manager's Form ADV Part 2A Brochure prior to or at the time of account opening.

Asset Advisor and CustomChoice are client-directed non-discretionary wrap-fee programs. This means your Financial Adviser will be required to contact you prior to implementing trades or changes in your Account. The process starts with an assessment of your financial situation, investment objectives and risk tolerance. After discussing your investment needs and goals, your Financial Adviser will help you determine whether fee-based or commission-based services, or a combination of both, is appropriate for your financial needs and goals. The Financial Adviser then manages your investments in a manner consistent with your stated objectives. You can place reasonable restrictions or special requirements on your Account (i.e. to limit or exclude investments in specific stocks, leave a certain portion of the account in cash or cash equivalents, etc.) These limitations must be agreed upon by both you and the Financial Adviser and accepted by CCS.

#### **A. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

CCS does not charge performance-based fees or participate in side-by-side management. Performance-based fees are fees that are based on a share of capital gains on or capital appreciation of your assets. Side-by-side management refers to the practice of managing both accounts that are charged a performance-based fee and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee.

#### **B. METHODS OF ANALYSIS, INVESTMENT STRATEGIES**

CCS wrap-fee programs provide access to a wide variety of investment strategies and styles. Individual, customized asset management, asset allocation and model portfolios are available. The specific program that is chosen will determine the types of investments that are used (i.e. stocks, bonds, ETFs, etc.), strategy and style (i.e. value, growth, passive, active, etc.).

#### **C. RISK OF LOSS**

In choosing any advisory services through us, you should be aware that all investments shall be at their own risk exclusively and must understand that **we do not guarantee any return** on the investments recommended or advised upon. There is no guarantee that the advisory services provided by us will result in meeting your goals and objectives. Investing involves risks, including the risk of loss of principal, and investment decisions made for your account may be subject to numerous risks, such as market, interest rate, currency, economic, political and business risks, among others. Past performance is no guarantee of future results. Because of the inherent risk of loss associated with investing, we are unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines.

#### **D. HANDLING OF TRADE ERRORS**

It is CCS' policy to ensure trading errors are handled and corrected in a timely manner in the best interests of the client affected by the error. Specifically, when CCS or a Financial Adviser causes a trade error to occur in a client Account that results in a loss, CCS will work with the Financial Adviser and the custodian to reimburse any costs paid by the client and make whole the client transaction as it should have originally taken place/or not taken place. If the trade error results in a gain and CCS executed the transaction, CCS will keep the gain to offset future losses. The retained gain is not shared with the Financial Adviser or account owners.

## **E. VOTING CLIENT SECURITIES**

CCS does not vote proxies or consider any other corporate actions on your behalf. We shall have no obligation or authority to take any action or render any advice with respect to the voting of proxies solicited by or with respect to issuers of securities held by you. You retain the authority and responsibility for, and we shall be expressly precluded from rendering any advice or taking any action with respect to, the voting of any such proxies. You will receive proxies directly from the account custodian or investment transfer agent. Although we do not vote your proxies, feel free to contact your Financial Adviser if you have a question about a particular proxy.

## **ITEM 7 - CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS**

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The personal information you provide CCS at account opening, including, without limitation, your social security number, net worth, annual income, etc., is accessible to your Financial Adviser. Your personal information is protected in accordance with our privacy policy, which is available on our website, [www.ccsmadison.com](http://www.ccsmadison.com) or you may request a copy from CCS or your Financial Adviser.

CCS or your Financial Adviser will contact you, generally annually to determine whether there have been any changes to your financial situation or investment objectives, and whether you wish to impose any reasonable restrictions on the management of your account or reasonably modify any existing restrictions. Your Financial Adviser may request that you complete a New Account Form or similar form to help you determine if any changes to your financial situation or investment objectives warrant a change to your investment strategy. In instances where a third-party Manager acts as portfolio manager for your account, updates to your risk tolerance or investment objectives may be provided to the Manager.

## **ITEM 8 - CLIENT CONTACT WITH PORTFOLIO MANAGERS**

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Your contact for information and consultation regarding your wrap-fee program account is your Financial Adviser.

## **ITEM 9 – ADDITIONAL INFORMATION**

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### **A. DISCIPLINARY INFORMATION**

An investment advisor must disclose material facts about any legal or disciplinary event that is material to a client's evaluation of the advisory business or of the integrity of its management personnel. No events have occurred that are applicable to this item.

### **B. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

CCS is a broker-dealer registered with FINRA. CCS is an introducing broker dealer that introduces customer accounts and securities transactions, on a fully-disclosed basis, to First Clearing<sup>1</sup>. CCS is affiliated with Coordinated Capital Consultants (CCC), an insurance general agency under common ownership with CCS. Some of our Financial Advisers are insurance agents of CCC and some Financial Advisers are independently licensed as insurance agents. In these capacities, CCS and your Financial Adviser may recommend insurance products in connection with investment advisory services. You are not obligated to purchase any insurance products through CCC or through your Financial Adviser acting in their individual capacity as an insurance agent. However, when you do purchase such products, commissions for the sale of insurance products from various, unaffiliated, insurance companies are received. Implementing and purchasing of any insurance product is solely at your discretion.

### **C. ACCOUNT REVIEWS**

While CCS does not set a specific timeframe for account reviews, it does encourage Financial Advisers to contact their clients at least annually, or at the client's request, to discuss the client's investment portfolio and to update the client's financial and other Account information should any changes have occurred. Although not every Financial Adviser provides an annual financial review to every client, CCS encourages you to request such a review with your Financial Adviser to discuss such things as account performance, changes in your investment objectives, goals, and financial situation, tax

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<sup>1</sup> First Clearing is a trade name used by Wells Fargo Clearing Services, LLC, Member SIPC, a registered broker-dealer and non-bank affiliate of Wells Fargo & Company.

planning, estate planning, retirement planning , the appropriateness of continuing to maintain an advisory account over other account types and any additional questions you have concerning your investment portfolio. The Financial Adviser responsible for managing your advisory program Account will perform Account reviews. CCS will also conduct oversight account reviews for advisory program accounts as required by SEC and FINRA guidelines.

**D. CLIENT REFERRALS AND OTHER COMPENSATION**

CCS pays referral fees to other individuals for referring clients to our firm. We require these individuals to comply with applicable laws, rules and regulations related to solicitation activities, including any state rules requiring registration. Individuals with which we have a solicitor arrangement have a financial interest in referring clients to our firm and Financial Advisers and receive a percentage of the advisory fee you pay our firm. No additional fees are assessed when clients are referred to our firm. If you are introduced to our firm or one of our Financial Advisers through a soliciting partner, you will receive a separate written disclosure document that contains important information related to the solicitor arrangement. You should review this document carefully before opening an advisory account with our firm.

**E. FINANCIAL INFORMATION**

CCS does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for the most recent fiscal year. CCS has not been the subject of a bankruptcy petition at any time.

**F. INTEREST IN CLIENT TRANSACTIONS**

Your Financial Adviser may purchase or sell the same security he or she recommends to you. This creates a conflict of interest in that your Financial Adviser may receive a better price than you. Our Code of Ethics places restrictions on your Financial Adviser's personal trading activities. These restrictions include, but are not limited to, a prohibition on trading based on non-public information, pre-clearance requirements for certain transactions and a requirement that any personal securities transactions not disadvantage clients or otherwise raise fiduciary or antifraud issues.

**G. CODE OF ETHICS**

To help us avoid conflicts of interest, we have developed a Code of Ethics designed to protect our professional reputation and comply with federal and other applicable securities laws. The Code of Ethics sets forth guidelines and restrictions for personal securities trading, including an absolute prohibition of trading on the basis of "inside" (material, non-public) information. Adherence to the Code of Ethics is a condition of employment or affiliation with our firm. This wrap brochure is provided to give you a summary of our Code of Ethics. However, if you wish to review the Code of Ethics in its entirety, a copy will be provided promptly upon request by contacting us at 800-783-6666.