



**Part 2A of Form ADV: Firm Brochure**

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This brochure provides information about the qualifications and business practices of CarsonAllaria Wealth Management, LTD. ("CarsonAllaria"). If you have any questions about the contents of this brochure, please contact us at 618-288-9505. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. CarsonAllaria is a Registered Investment Adviser. Registration as an Investment Adviser with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Additional information about CarsonAllaria is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as an IARD number. The IARD number for CarsonAllaria is 157998.

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## ITEM 2 – MATERIAL CHANGES

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This section of the Brochure will address only those “material changes” that have been incorporated since our last delivery or posting of this document on the SEC’s public disclosure website (IAPD) [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Our last ADV filing was on February 7, 2020. The material changes since our last filing are:

Item 18 was updated to reflect receipt of Paycheck Protection Plan Loan through the SBA in conjunction with the relief afforded from the CARES Act.

If you would like another copy of this Brochure, please download it from the SEC Website as indicated above or you may contact our Chief Compliance Officer, Joe Allaria at 618-288-9505.

We encourage you to read this document in its entirety.

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## ITEM 4 – ADVISORY BUSINESS

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This Disclosure document is being offered to you by CarsonAllaria Wealth Management, LTD. (“CarsonAllaria” or “Firm”) about the investment advisory services we provide. It discloses information about our services and the way those services are made available to you, the client.

We are an investment management firm located in Glen Carbon, IL. Our Firm became a registered investment adviser in August 2011. Scott D. Carson, Joseph M. Allaria, and Mark V. Allaria are the owners of the firm.

We are committed to helping clients build, manage, and preserve their wealth, and to provide guidance that helps clients to achieve their stated financial goals. We will offer an initial complimentary meeting upon our discretion; however, investment advisory services are initiated only after you and CarsonAllaria execute an Investment Management Agreement.

### Investment Management Services

We manage advisory accounts on a discretionary basis. Once we have determined a profile and investment plan with a client, we will execute the day-to-day transactions without seeking prior client consent. Account supervision is guided by the written profile and investment plan of the client. We may accept accounts with certain restrictions if circumstances warrant. We primarily allocate client assets among various equities, Exchanged Traded Funds (“ETFs”), mutual funds and debt securities in accordance with their stated investment objectives.

During personal discussions with clients, we determine the client’s objectives, time horizons, risk tolerance and liquidity needs. As appropriate, we also review a client’s prior investment history, as well as family composition and background. Based on client needs, we develop a client’s personal profile and investment plan. We then create and manage the client’s investments based on that policy and plan. It is the client’s obligation to notify us immediately if circumstances have changed with respect to their goals.

Once we have determined the appropriate strategy for you or your business and executed the strategy, we will provide ongoing investment review and management services. This approach requires us to periodically review your portfolio.

With our discretionary relationship, we will make changes to the portfolio, as we deem appropriate, to meet your financial objectives. We trade these portfolios based on the combination of our market views and your objectives, using our investment process. We tailor our advisory services to meet the needs of our clients and seek to ensure that your portfolio is managed in a manner consistent with those needs and objectives. You will have

the ability to leave standing instructions with us to refrain from investing in particular industries.

Where appropriate, we provide advice about concentrated stock positions held in client portfolios. Clients will engage us to advise on certain investment products that are not maintained at their primary custodian, such as annuity contracts and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans).

You are advised and are expected to understand that our past performance is not a guarantee of future results. Certain market and economic risks exist that adversely affect an account's performance. This could result in capital losses in your account.

### **Financial Planning**

We provide financial planning services to clients. These services are provided based on the individual needs of the client and commence after meeting with and collecting information from the client via a wealth planning questionnaire. The menu of possible services may include some or all of the following areas as appropriate and agreed to between the client and Adviser. The client will not receive all of these services unless requested and appropriate based on the client's circumstances. It is important to note that we do not practice law or provide accounting services.

- *Investment planning* – Review of current investments and how those investments align with the client's goals, objectives and risk tolerance.
- *Retirement planning* – Review retirement goals, current assets, sources of income, current savings, etc. and provide detailed cash flow projections based upon several variables including tax rates, anticipated rates of return, etc.
- *Tax planning* – Consideration of a client's overall tax situation and tax implications of various investment strategies, verification of tax cost basis for each security, management of capital gains and losses for tax efficiency, develop a working relationship with your accountant if requested to assist in potential tax saving opportunities.
- *Estate planning* – Determine if estate planning documents have been executed, make sure trusts are funded, review account registrations, and work closely with your attorney to coordinate to any changes needed.
- *Business planning* – Assist small to medium size businesses in their implementation of a retirement plan including custodian selection, selection of a plan design and coordinating administrative functions with a third party administrator.
- *Education planning* – A detailed cost projection for education expenses, determination of the appropriate funding amount, and types of accounts appropriate for the goal.
- *Risk Management planning* – A detailed analysis of risk management needs, including all types of insurance coverage.

Results of the analysis or review may be provided verbally, in a written financial plan or analysis, or delivered via online access to a financial planning or analysis tool. We may make general recommendations as to the types of investments that may be appropriate for clients to consider and may also provide specific investment recommendations. Financial planning services offered by our Firm conclude upon delivery of the analysis or review. The services do not include implementation of any investment recommendations.

### **Employee Retirement Income Security Act Retirement Plan Advisory Services**

For employer-sponsored retirement plans with participant-directed investments, our firm provides its advisory services as an investment advisor as defined under Section 3(21) and 3(38) of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”).

When serving as an ERISA 3(38) investment manager, the plan sponsor is relieved of all fiduciary responsibility for the investment decisions made by our Firm. Our Firm is a discretionary investment manager in accordance with the terms of a separate ERISA 3(38) Investment Management Agreement between our Firm and the plan sponsor. Our Firm’s investment management is limited in that it has the discretion solely to replace funds in plan fund lineups and initiate the transfer of existing balances to the replacements without prior approval from the client. We provide the following services to the plan sponsor:

- Select the investments.
- Monitor the investments and replace investments when appropriate.
- Provide an annual monitoring report.
- Assist in Education and enrollment of participants.
- Assist the plan sponsor in developing an Investment Policy Statement (“IPS”).
- Provide a comprehensive fiduciary investment review designed to meet Plan Sponsor fiduciary responsibility and enhance the participant experience. This includes fiduciary education as requested by the Department of Labor (DOL).

When serving as an ERISA 3(21) investment advisor, the plan sponsor and our Firm share fiduciary responsibility. The plan sponsor retains ultimate decision-making authority for the investments and may accept or reject the recommendations in accordance with the terms of a separate ERISA 3(21) Investment Adviser Agreement between our Firm and the plan sponsor. We provide the following services to the plan sponsor:

- Screen investments and make recommendations.
- Monitor the investments and suggests replacement investments when appropriate.
- Provide an annual monitoring report.
- Assist the plan sponsor in developing an Investment Policy Statement (“IPS”).

### **NextGen Platform**

Our Firm offers an annual financial planning service called NextGen which is geared to individuals under the age of 40 and have investable assets less than \$150,000. This service is aimed at educating and assisting clients in all areas of your financial life. The goal is to provide clients with a clear plan and accountability. A financial plan is updated annually, unless otherwise requested by the client.

The specific services of NextGen include:

- Initial onboarding meetings to create your initial financial plan (requires additional data gathering)
- For active 401k plans, we will help with choosing the best allocation so that you, the client, can make the necessary changes
- Creation of a savings and debt repayment plan (focusing on short-term, mid-term, and long-term buckets, also includes a debt repayment acceleration plan)
- Detailed retirement planning projections and monitoring
- Complimentary access to your own private client web portal (which can house all financial account balances in one safe, secure place)
- Advice on additional financial planning issues like insurance (life, disability, health, etc.)
- Generational/family planning advice (we'll show you the best ways to save for your future children (if that is a goal)
- Coordination of a tax plan with you or your accountant
- Coordination of your estate plan with your attorney (or we can help facilitate the creation of basic estate planning documents like a will, power of attorney, etc. if they do not currently exist)

### **Consulting Services**

We provide consulting services based on the information provided by Client regarding Client's individual financial objectives, needs and circumstances. The specific services to be provided are disclosed in the agreement. Our recommendations are based on the information you provide us; therefore, the completeness and accuracy of the information provided to us is essential. You agree to discuss with us your current financial resources and projected needs, and to provide copies of any financial documents that we may reasonably request as necessary to evaluate your financial circumstances and provide consulting services. As an additional service, you may choose to have us review and update the consulting recommendations annually or more frequently to adjust for changes in your financial situation or investment objectives. The recommendations should be reviewed and updated as necessary, but in any event at least annually.

We also provide clients investment advice on a more-limited basis on one-or-more isolated areas of concern such as small business consulting, real estate, pension plan consulting, or

any other specific topic. Additionally, we provide advice on non-securities matters about the rendering of estate planning, insurance, real estate, and/or annuity advice.

In these cases, you will be required to select your own investment managers, custodian and/or insurance companies for the implementation of consulting recommendations. If your needs include brokerage and/or other financial services, we will recommend the use of one of several investment managers, brokers, banks, custodians, insurance companies or other financial professionals. You must independently evaluate these firms before opening an account or transacting business, and you have the right to effect business through any firm you choose.

### **Wrap Fee Program**

We also provide services on a wrap fee basis as part of a wrap fee program. Under our wrap program, you will receive investment advisory services, the execution of securities brokerage transactions, custody and reporting services for a single specified fee. The terms and conditions of a wrap program engagement are more fully discussed in our Wrap Fee Program Brochure.

Our “wrap” fee may be more or less than the fees and commissions charged by other advisory firms, third-party managers, and brokerage firms if the services were acquired separately. The factors that bear upon the cost of services are the size of the account, type of transaction and whether trades are placed through a brokerage firm other than the custodian resulting in per trade commission’s being charged.

### **Assets**

As of December 31, 2019, CarsonAllaria manages a total of \$197,639,898. Total assets under discretionary management are \$197,639, 898 and \$0 are under non-discretionary management. Additionally, CarsonAllaria has been engaged to serve as a 3(21) Fiduciary on ERISA Plans totaling \$59,544,426.

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

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### **Investment Management Fees and Compensation**

Our Firm charges a fee as compensation for providing Investment Management services on your account. These services include advisory services, trade execution, investment supervision, and other account-maintenance activities. Our custodian charges transaction costs, custodial fees, redemption fees, retirement plan and administrative fees or commissions. See Additional Fees and Expenses below for additional details.

Our fee for the advisory services is an asset-based fee calculated as a percentage of the value of the managed assets, calculated according to the following fee schedule, which represents the maximum fees for individual services.

<u>Market Value of Accounts</u>	<u>Advisory Fee</u>
\$0–\$250,000	1.23%
\$250,001–\$500,000	1.18%
\$500,001–\$750,000	1.13%
\$750,001–\$1,000,000	1.03%
\$1,000,001–5,000,000	0.90%
Over \$5,000,000	Negotiable

For investment advisory services, we generally impose a minimum account size of \$250,000; however, the account minimum may be waived by our Firm in its sole discretion. Asset-based fees are billed quarterly in advance and calculated on the last business day of the prior quarter as valued by the qualified custodian of the account. There may be a possibility for price or account value discrepancies due to quarter-end transactions in an account. Dividends or trade date settlements may occur and our third party billing software may report a slight difference in account valuation at quarter end compared to what is reported on your Statement from the Custodian. Our firm has the ability to produce billing summaries, which can be provided upon request.

All fees are deducted from the account by the qualified custodian. Adjustments for significant contributions to a client’s portfolio (10% or more of portfolio value) are prorated for the quarter in which the change occurs; no adjustments will be made for withdrawals.

This client investment advisory agreement may be terminated by either party upon written or verbal notice to the other party. Upon termination, any prepaid, unearned fees will be returned to the client. Upon termination, you are responsible for monitoring the securities in your account, and we will have no further obligation to act or advise with respect to those assets. In the event of client’s death or disability, our Firm will continue management of the account until we are notified of client’s death or disability and given alternative instructions by an authorized party.

Fees are negotiable and may vary based on the size of the account, complexity of the portfolio, extent of activity in the account or other reasons agreed upon by us and you as the client. In certain circumstances, our fees and the timing of the fee payments may be negotiated.

Unless otherwise instructed by the Client, we will aggregate related client accounts for the purposes of determining the account size and annualized fee. The common practice is often referred to as “householding” portfolios for fee purposes and may result in lower fees than if fees were calculated on portfolios separately. Our method of householding accounts for fee purposes looks at the overall family dynamic and relationship.

When applicable and noted in the Investment Management Agreement, concentrated stock positions may also be excluded from the fee calculation.

The independent qualified custodian holding your funds and securities will debit your account directly for the advisory fee and pay that fee to us. You will provide written authorization permitting the fees to be paid directly from your account held by the qualified custodian. At our discretion, you may pay the advisory fees directly to our Firm by check. Further, the qualified custodian agrees to deliver an account statement to you on a quarterly basis indicating all the amounts deducted from the account including our advisory fees.

### **Financial Planning Fees**

Financial Planning services are typically included in the investment management fee described above. On occasion, our firm is asked to provide financial planning services for a separate fee. In this circumstance, we will negotiate the planning fees with you. Fees may vary based on the extent and complexity of your individual or family circumstances and the amount of your assets under our management. Our fee will be agreed in advance of services being performed. The fee will be determined based on factors including the complexity of your financial situation, agreed upon deliverables, and whether or not you intend to implement any recommendations through CarsonAllaria. Fixed fees for financial plans range from \$1,500 to \$2,500. The specific fixed fee for your financial plan is specified in your planning agreement with our Firm.

Typically, we complete a plan within a month and will present it to you within 90 days of the contract date, if you have provided us all information needed to prepare the financial plan. Fees are billed and payable at the time the financial plan is delivered to you. You may terminate the financial planning agreement by providing us with written notice. Upon termination, fees will be prorated to the date of termination and any earned portion of the fee will be billed to you based on an hourly rate of \$250.00. We will not require prepayment of more than \$1,200 in fees per client, six (6) or more months in advance of providing any services.

*In no case are our fees based on, or related to, the performance of your funds or investments.*

### **Employer Sponsored Retirement Plan Services**

For Retirement Plan Advisory Services compensation, we charge an annual fee as negotiated with the client and disclosed in the Employer Sponsored Retirement Plans Investment Advisory Agreement. The compensation method is explained and agreed upon in advance before any services are rendered. Asset based fees range from 0.05% to 0.40% annually and fixed fees range from \$5,000-\$35,000 annually.

Plan advisory services begin with the effective date of the Employer Sponsored Retirement Plans Investment Advisory Agreement, which is the date you sign the Employer Sponsored Retirement Plans Investment Advisory Agreement. For that calendar quarter, fees will be adjusted pro rata based upon the number of calendar days in the calendar quarter that the Agreement was effective. Our fee is billed in arrears or advance on the last business day of the calendar quarter or month as outlined in the Agreement. For Plans where our fee is billed to the custodian, the fee is deducted directly from the participant accounts. Written authorization permitting us to be paid directly from the custodial account is outlined in the Agreement.

Either party may terminate the Investment Advisory Agreement at any time upon immediate notice. You are responsible to pay for services rendered until the termination of the Agreement.

### **NextGen Platform**

Our NextGen service is \$1,500/year (equal to \$125/month). The initial NextGen Agreement is for a 12-month commitment. One half (50%) of the fee will be due and payable at the time you enter into the Agreement, with the balance due and payable after 6 months from the date of the Agreement. Either party may terminate the agreement after the 12-month period. Upon termination, fees will be prorated to the end of the month when the termination occurs and any unearned portion of the fee will be refunded to you based on the monthly fee of \$125. We will not require prepayment of more than \$1,200 in fees per client, six (6) or more months in advance of providing any services. The Agreement may be terminated by the client within five (5) business days of signing the contract without incurring any fee or penalty.

### **Consulting Fees**

We provide consulting services for clients who need advice on a limited scope of work. We will negotiate consulting fees with you. Fees range from \$500 to \$20,000 for Consulting Services and may vary based on the extent and complexity of the consulting project. Fees will be billed as services are rendered or as indicated in the Consulting Agreement agreed to and executed by the Firm and client. Either party may terminate the agreement. Upon termination, fees will be prorated to the date of termination and any unearned portion of the fee will be refunded to you as described in the Consulting Agreement and our hourly rate described above.

### **Additional Fees and Expenses:**

In addition to the advisory fees paid to our Firm, clients also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively "Financial Institutions"). These additional charges include securities, transaction fees, custodial fees, fees charged by the Independent Managers, charges imposed by a mutual fund or ETF in a client's account, as disclosed in

the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Our brokerage practices are described at length in Item 12, below. Neither our Firm nor its supervised persons accept compensation for the sale of securities or other investment products. Further, our firm does not share in any of these additional fees and expenses outlined above.

#### **Administrative Services Provided by Morningstar**

We have contracted with Morningstar to utilize its technology platforms to support data reconciliation, performance reporting, fee calculation and billing, client database maintenance, quarterly performance evaluations, payable reports, and other functions related to the administrative tasks of managing client accounts. Due to this arrangement, Morningstar will have access to client information, but Morningstar will not serve as an investment adviser to our clients. CarsonAllaria and Morningstar are non-affiliated companies. Morningstar charges our Firm an annual fee for each account administered by Morningstar. Please note that the fee charged to the client will not increase due to the annual fee CarsonAllaria pays to Morningstar, the annual fee is paid from the portion of the management fee retained by our Firm.

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### **ITEM 6 - PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

We do not charge advisory fees on a share of the capital appreciation of the funds or securities in a client account (so-called performance-based fees) nor engage in side-by-side management.

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### **ITEM 7 - TYPES OF CLIENTS**

We provide investment advice to individuals, high net individuals, pension and profit-sharing plans, trusts, estates, corporations, and profit-sharing plans. We have no minimum initial account value for opening an account with our firm. For investment advisory services, we generally impose a minimum account size of \$250,000; however, the account minimum may be waived by our Firm in its sole discretion.

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### **ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

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

We use a variety of sources of data to conduct our economic, investment and market analysis, such as financial newspapers and magazines, economic and market research materials prepared by others, conference calls hosted by mutual funds, corporate rating services, annual reports, prospectuses, and company press releases. It is important to keep in mind that there is no specific approach to investing that guarantees success or positive returns; investing in securities involves risk of loss that clients should be prepared to bear.

Our Firm and its investment adviser representatives are responsible for identifying and implementing the methods of analysis used in formulating investment recommendations to clients. The methods of analysis may include quantitative methods for optimizing client portfolios, computer-based risk/return analysis, technical analysis, and statistical and/or computer models utilizing long-term economic criteria.

- Optimization involves the use of mathematical algorithms to determine the appropriate mix of assets given the firm's current capital market rate assessment and a particular client's risk tolerance.
- Quantitative methods include analysis of historical data such as price and volume statistics, performance data, standard deviation and related risk metrics, how the security performs relative to the overall stock market, earnings data, price to earnings ratios and related data.
- Technical analysis involves charting price and volume data as reported by the exchange where the security is traded to look for price trends.
- Computer models may be used to attempt the future value of a security based on assumptions of various data categories such as earnings, cash flow, profit margins, sales, and a variety of other company specific metrics.

In addition, we may review research material prepared by others, corporate filings, corporate rating services, and a variety of financial publications. We may employ outside vendors or utilize third-party software to assist in formulating investment recommendations to clients.

A description of the criteria to be used in formulating an investment recommendation for mutual funds, ETFs, and individual securities (including fixed-income securities).

Our Firm has formed relationships with third-party vendors that:

- provide a technological platform for separate account management
- prepare performance reports
- perform due diligence monitoring of mutual funds and managers
- perform billing and certain other administrative tasks.

We may utilize additional independent third parties to assist it in recommending and monitoring individual securities, and mutual funds to clients as appropriate under the circumstances.

We review certain quantitative and qualitative criteria related to mutual funds and managers and to formulate investment recommendations to its clients. Quantitative criteria may include:

- the performance history of a mutual fund or manager evaluated against that of its peers and other benchmarks

- an analysis of risk-adjusted returns; we prefer funds to have a lower expense ratio as compared to peer funds, and we would expect the fund to lower its management fee if the asset base of the fund grows substantially
- an analysis of the manager's contribution to the investment return (e.g., manager's alpha), standard deviation of returns over specific time periods, sector and style analysis
- a clearly defined investment process and a history of being disciplined in the execution of their processes and philosophy
- funds that keep shareholder interests at the forefront of any decision-making process (e.g., closing the fund to new investors to restrict the fund's size)
- the fund's fee structure
- the relevant portfolio manager's tenure
- strong corporate culture and high ethical standards

Qualitative criteria used in selecting mutual funds include the investment objectives and/or management style and philosophy of a mutual fund; a mutual fund's consistency of investment style; and employee turnover and efficiency and capacity.

Quantitative and qualitative criteria related to mutual funds are reviewed by our Firm on a quarterly basis or such other interval as appropriate under the circumstances. In addition, mutual funds are reviewed to determine the extent to which their investments evidence style drift such that their portfolios no longer accurately reflect the particular asset category attributed to the mutual fund by our Firm (both of which are negative factors in implementing an asset allocation structure).

We will regularly review the activities of mutual funds utilized for the client. Clients that who invest in mutual funds should first review and understand the disclosure documents of those mutual funds, which contain information relevant to such retention or investment, including information on the methodology used to analyze securities, investment strategies, fees and conflicts of interest.

The following are the characteristics our Firm looks for when selecting individual equity securities:

- Established, blue-chip company with a global presence
- Dividend paying companies with a history of maintaining and growing their dividends
- Strong balance sheet with a lower debt/equity ratio
- Attractive price to earnings ratio

Our Firm may include mutual funds and exchange traded funds, ("ETFs") in our investment strategies. Our policy is to purchase institutional share classes of those mutual funds selected for the client's portfolio. The institutional share class generally has the lowest

expense ratio. The expense ratio is the annual fee that all mutual funds or ETFs charge their shareholders. It expresses the percentage of assets deducted each fiscal year for funds expenses, including 12b-1 fees, management fees, administrative fees, operating costs, and all other asset-based costs incurred by the fund. Some fund families offer different classes of the same fund and one share class may have a lower expense ratio than another share class. These expenses come from client assets which could impact the client's account performance. Mutual fund expense ratios are in addition to our fee, and we do not receive any portion of these charges. If an institutional share class is not available for the mutual fund selected, the adviser will purchase the least expensive share class available for the mutual fund. As share classes with lower expense ratios become available, we may use them in the client's portfolio, and/or convert the existing mutual fund position to the lower cost share class. Clients who transfer mutual funds into their accounts with our Firm would bear the expense of any contingent or deferred sales loads incurred upon selling the product. If a mutual fund has a frequent trading policy, the policy can limit a client's transactions in shares of the fund (e.g., for rebalancing, liquidations, deposits or tax harvesting). All mutual fund expenses and fees are disclosed in the respective mutual fund prospectus.

### Risk of Loss

Clients must understand that past performance is not indicative of future results. Therefore, current and prospective clients should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities involves risk of loss. Further, depending on the different types of investments there will be varying degrees of risk. Clients and prospective clients should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our Firm is 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.

Investors should be aware that accounts are subject to the following risks:

**Market Risk** — Even a long-term investment approach cannot guarantee a profit. Economic, political and issuer-specific events will cause the value of securities to rise or fall. Because the value of investment portfolios will fluctuate, there is the risk that you will lose money and your investment may be worth more or less upon liquidation.

**Foreign Securities and Currency Risk** — Investments in international and emerging-market securities include exposure to risks such as currency fluctuations, foreign taxes and regulations, and the potential for illiquid markets and political instability.

**Capitalization Risk** — Small-cap and mid-cap companies may be hindered as a result of limited resources or less diverse products or services, and their stocks have

historically been more volatile than the stocks of larger, more established companies.

**Interest Rate Risk** — In a rising rate environment, the value of fixed-income securities generally declines and the value of equity securities may be adversely affected.

**Credit Risk** — Credit risk is the risk that the issuer of a security may be unable to make interest payments and/or repay principal when due. A downgrade to an issuer's credit rating or a perceived change in an issuer's financial strength may affect a security's value and, thus, impact the fund's performance.

**Securities Lending Risk** — Securities lending involves the risk that the fund loses money because the borrower fails to return the securities in a timely manner or at all. The fund could also lose money if the value of the collateral provided for loaned securities, or the value of the investments made with the cash collateral, falls. These events could also trigger adverse tax consequences for the fund.

**Exchange-Traded Funds** — ETFs face market-trading risks, including the potential lack of an active market for shares, losses from trading in the secondary markets and disruption in the creation/redemption process of the ETF. Any of these factors may lead to the fund's shares trading at either a premium or a discount to its "net asset value."

**Performance of Underlying Managers** — We select the mutual funds and ETFs in our portfolios. However, we depend on the manager of such funds to select individual investments in accordance with their stated investment strategy.

**Liquidity Risk** - Liquidity risk exists when particular investments would be difficult to purchase or sell, possibly preventing clients from selling such securities at an advantageous time or price.

**Cybersecurity Risk** -In addition to the Material Risks listed above, investing involves various operational and "cybersecurity" risks. These risks include both intentional and unintentional events at our Firm or one of its third-party counterparties or service providers, that may result in a loss or corruption of data, result in the unauthorized release or other misuse of confidential information, and generally compromise our Firm's ability to conduct its business. A cybersecurity breach may also result in a third-party obtaining unauthorized access to our clients' information, including social security numbers, home addresses, account numbers, account balances, and account holdings. Our Firm has established business continuity plans and risk management systems designed to reduce the risks associated with cybersecurity breaches. However, there are inherent limitations in these plans and systems, including that certain risks may not have been identified, in large part because different or unknown threats may emerge in the future. As such, there is no

guarantee that such efforts will succeed, especially because our Firm does not directly control the cybersecurity systems of our third-party service providers. There is also a risk that cybersecurity breaches may not be detected.

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## **ITEM 9 - DISCIPLINARY INFORMATION**

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We do not have any legal, financial or other “disciplinary” item to report.

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## **ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

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### **Insurance**

Some of our IARs are also licensed insurance agents and sell various life insurance products, long term care and fixed and variable annuities through the licensed insurance agency. Our IARs receive compensation (commissions, trails, or other compensation from the respective product sponsors) as a result of effecting insurance transactions for clients. As a result, this creates a conflict of interest between your interests and our Firm. However, clients should note that they have the right to purchase insurance products away from CarsonAllaria. A limited portion of the time IARs spend (generally less than 5%) is in connection with these insurance activities and it represents less than 5% of the ongoing revenue for our IARs. However, at all times CarsonAllaria and its IARs will act in your best interest and act as a fiduciary in carrying out services provided to you.

### **Broker Dealer**

Certain IARs of our Firm are registered representatives of Purshe Kaplan Sterling Investments (“PKS”), a FINRA-registered broker-dealer and member of SIPC, and will be compensated for effecting securities transactions or providing advisory services. A portion of the time of these IARs is spent in connection with broker/dealer activities.

As a broker-dealer, PKS engages in a broad range of activities normally associated with securities brokerage firms. Pursuant to the investment advice given by our Firm or its IARs, investments in securities may be recommended for clients. If PKS is selected as the broker-dealer, PKS and its registered representatives, including IARs of our Firm, may receive commissions for executing securities transactions. When IARs of our Firm receive commissions in connection with the advice given to advisory clients, our Firm will reduce a portion of its fees by the amount of the commissions earned by our IARs.

You are advised that if PKS is selected as the broker-dealer, the transaction charges may be higher or lower than the charges you may pay if the transactions were executed at other broker/dealers. You should note, however, that you are under no obligation to purchase securities through IARs of our Firm or PKS.

Our Firm may provide advice regarding investment company securities. You should be aware that, in addition to the advisory fees you pay in connection with any our Firm’s

program, each investment company also pays its own separate investment advisory fees and other expenses. Such fees and expenses are disclosed in the mutual fund's prospectus. In addition, clients should be aware that mutual funds may be purchased separately, independent of the investment management services of our Firm.

Moreover, you should note that under the rules and regulations of FINRA, PKS has an obligation to maintain certain client records and perform other functions regarding certain aspects of the investment advisory activities of its registered representatives. These obligations require PKS to coordinate with, and have the cooperation of its registered representatives that operate as, or are otherwise associated with, investment advisers other than PKS.

Certain IARs of our Firm may, in their capacity as registered representatives of PKS, or as agents appointed with various life, disability or other insurance companies, receive commissions, 12(b)-1 fees, trails, or other compensation from the respective product sponsors and/or as a result of effecting securities transactions for clients. As previously noted, when commissions or fees are received by our Firm or these IARs in connection with the advice given to advisory clients, our Firm may, but is not obligated to, reduce its fee proportionate to the amount of the commission or fee earned by our Firm or these IARs. However, clients should note that they are under no obligation to purchase any investment products through our Firm or its IARs.

#### **Entity under Common Ownership**

Carpenter Creek LLC, an LLC used for personal rental property, is commonly owned by Mark Allaria and Joe Allaria. This LLC is not investment related and less than 10% of time is spent on this outside entity.

Clients should be aware that the ability to receive additional compensation by our Firm and its management persons or employees creates conflicts of interest that impair the objectivity of the Firm and these individuals when making advisory recommendations. Our Firm endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser; we take the following steps, among others to address this conflict:

- we disclose to clients the existence of all material conflicts of interest, including the potential for the Firm and our employees to earn compensation from advisory clients in addition to the Firm's advisory fees;
- we disclose to clients that they have the right to decide to purchase recommended investment products from our employees or Related Companies;
- we collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;

- the Firm conducts regular reviews of each client advisory account to verify that all recommendations made to a client are in the best interest of the client's needs and circumstances;
- we require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- we periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by the Firm; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

IARs of our Firm do not have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading adviser, or an associated person of the foregoing entities.

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**ITEM 11 - CODE OF ETHICS PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS  
AND PERSONAL TRADING**

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We have developed and implemented a Code of Ethics that sets forth standards of conduct expected of our advisory personnel to mitigate this conflict of interest. The Code of Ethics addresses, among other things, personal trading, gifts, the prohibition against the use of inside information. The Code of Ethics is designed to protect our clients to detect and deter misconduct, educate personnel regarding the firm's expectations and laws governing their conduct, remind personnel that they are in a position of trust and must act with complete propriety at all times, protect the reputation of our Firm, guard against violation of the securities laws, and establish procedures for personnel to follow so that we may determine whether their personnel are complying with the firm's ethical principles.

Our Firm and persons associated with us are allowed to invest for their own accounts or to have a financial investment in the same securities or other investments that we recommend or acquire for your account and may engage in transactions that are the same as transactions made in your account. We recognize the fiduciary responsibility to act in your best interest and have established policies to mitigate conflicts of interest.

We have established the following restrictions in order to ensure our firm's fiduciary responsibilities:

1. A director, officer or employee of CarsonAllaria shall not buy or sell any securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No supervised employee of

CarsonAllaria shall prefer his or her own interest to that of the advisory client. Trades for supervised employees are traded alongside client accounts.

2. We maintain a list of all securities holdings of anyone associated with this advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by an appropriate officer/individual of CarsonAllaria.
3. We emphasize the unrestricted right of the client to decline to implement any advice rendered, except in situations where we are granted discretionary authority of the client's account.
4. We require that all supervised employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
5. Any supervised employee not in observance of the above may be subject to termination.

You may request a complete copy of our Code of Ethics by contacting us at the telephone number on the cover page of this Part 2; Attn: Chief Compliance Officer.

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## **ITEM 12 - BROKERAGE PRACTICES**

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We participate in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") Member FINRA/SIPC. TD Ameritrade is an independent and unaffiliated SEC-registered broker-dealer. TD Ameritrade offers services to independent investment advisors that include custody of securities, trade execution, clearance and settlement of transactions. Adviser receives some benefits from TD Ameritrade through its participation in the program. (Please see the disclosure under Item 14 below.)

There is no direct link between our participation in the program and the investment advice we give to our clients, although we receive economic benefits through our participation in the program that are typically not available to any other independent investment advisors participating in the program. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving advisor participants; 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; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by some of our related persons. Some of the products and services made available by TD Ameritrade through the program may benefit us but may not benefit your

account. These products or services may assist us in managing and administering your account, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits received by our firm or our personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of our fiduciary duties to clients, we endeavor at all times to put the interests of our clients first. You should be aware, however, that the receipt of economic benefits by our Firm or our related persons in and of itself creates a conflict of interest and may indirectly influence our choice of TD Ameritrade for custody and brokerage services.

In the event you request us to recommend a broker/dealer custodian for execution and/or custodial services, we generally recommend your account to be maintained at TD Ameritrade. We may recommend that you establish accounts with TD Ameritrade to maintain custody of your assets and to effect trades for your accounts. You are under no obligation to act upon any recommendations, and if you elect to act upon any recommendations, you are under no obligation to place the transactions through any broker/dealer we recommend. Our recommendation is generally based on the broker's cost and fees, skills, reputation, dependability and compatibility with the client. You may be able to obtain lower commissions and fees from other brokers and the value of products, research and services given to us is not a factor in determining the selection of broker/dealer or the reasonableness of their commissions.

#### **Aggregation and Allocation of Transactions**

We may aggregate transactions if we believe that aggregation is consistent with the duty to seek best execution for our clients and is consistent with the disclosures made to clients and terms defined in the client Investment Advisory Agreement. No advisory client will be favored over any other client, and each account that participates in an aggregated order will participate at the average share price (per custodian) for all transactions in that security on a given business day.

We will aggregate trades for ourselves or our associated persons with your trades, providing that the following conditions are met:

1. Our policy for the aggregation of transactions shall be fully-disclosed separately to our existing clients (if any) and the broker/dealer(s) through which such transactions will be placed;
2. We will not aggregate transactions unless we believe that aggregation is consistent with our duty to seek the best execution (which includes the duty to seek best price) for you and is consistent with the terms of our Investment Advisory Agreement with you for which trades are being aggregated.
3. No advisory client will be favored over any other client; each client that participates in an aggregated order will participate at the average share price for all our

- transactions in a given security on a given business day, with transaction costs based on each client's participation in the transaction;
4. We will prepare a written statement ("Allocation Statement") specifying the participating client accounts and how to allocate the order among those clients;
  5. If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the allocation statement; if the order is partially filled, the accounts that did not receive the previous trade's positions should be "first in line" to receive the next allocation.
  6. Notwithstanding the foregoing, the order may be allocated on a basis different from that specified in the Allocation Statement if all client accounts receive fair and equitable treatment and the reason for difference of allocation is explained in writing and is reviewed by our compliance officer. Our books and records will separately reflect, for each client account, the orders of which aggregated, the securities held by, and bought for that account.
  7. We will receive no additional compensation or remuneration of any kind as a result of the proposed aggregation; and
  8. Individual advice and treatment will be accorded to each advisory client.

#### **Brokerage for Client Referrals**

Our Firm does not receive client referrals from any custodian or third party in exchange for using that broker-dealer or third party.

#### **Trade Errors**

We have implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with our fiduciary duty, it is our policy to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client will be responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client will be made whole and we will absorb any loss resulting from the trade error if the error was caused by the firm. If the error is caused by the Custodian, the Custodian will be responsible for covering all trade error costs. If an investment gain results from the correcting trade, the gain will be donated to charity. We will never benefit or profit from trade errors.

#### **Directed Brokerage**

We do not routinely recommend, request or require that you direct us to execute transaction through a specified broker dealer. Additionally, we typically do not permit you to direct brokerage. We place trades for your account subject to our duty to seek best execution and other fiduciary duties.

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## ITEM 13 - REVIEW OF ACCOUNTS

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### **Account Reviews and Reviewers – Investment Supervisory Services**

Our Investment Adviser Representatives will monitor client accounts on a regular basis and perform annual reviews with each client. All accounts are reviewed for consistency with client investment strategy, asset allocation, risk tolerance and performance relative to the appropriate benchmark. More frequent reviews may be triggered by changes in an account holder's personal, tax or financial status. Geopolitical and macroeconomic specific events may also trigger reviews.

### **Statements and Reports**

Accounts are also subjected to a risk-based exception reporting system that flags accounts on a quarterly basis for criteria such as performance, trading activity, and position concentration. The exception reporting identifies accounts where additional scrutiny or analysis by CarsonAllaria may be appropriate. The firm provides quarterly performance reports via Morningstar, which are delivered through an online web portal for access by the client.

The custodian for the individual client's account will provide clients with an account statement at least quarterly. You are urged to compare the reports provided by our firm against the account statements you receive directly from your account custodian.

Those clients who are exclusively Consulting or Financial Planning clients (i.e. those who have no assets under management with us in our advisory program) will receive no regular reports from the Firm.

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## ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

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Our firm neither accepts nor pay fees for client referrals.

As disclosed under Brokerage Practices, we participate in TD Ameritrade's institutional customer program and we may recommend TD Ameritrade to you for custody and brokerage services. There is no direct link between our participation in the program and the investment advice we give to our clients, although we receive economic benefits through our participation in the program that are typically not available to any other independent Investment Advisors participating in the program. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving advisor participants; 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; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance,

marketing, research, technology, and practice management products or services provided to us by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by some of our related persons. Some of the products and services made available by TD Ameritrade through the program may benefit us but may not benefit your account. These products or services may assist us in managing and administering your account, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits received by our Firm or our personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of our fiduciary duties to clients, we endeavor at all times to put the interests of our clients first. You should be aware, however, that the receipt of economic benefits by our Firm or our related persons in and of itself creates a conflict of interest and may indirectly influence our choice of TD Ameritrade for custody and brokerage services.

From time to time, we may receive expense reimbursement for travel and/or marketing expenses from distributors of investment and/or insurance products. Travel expense reimbursements are typically a result of attendance at due diligence and/or investment training events hosted by product sponsors. Marketing-expense reimbursements are typically the result of informal expense sharing arrangements in which product sponsors may underwrite costs incurred for marketing such as advertising, publishing and seminar expenses. Although receipt of these travel and marketing expense reimbursements are not predicated upon specific sales quotas, the product sponsor reimbursements are typically made by those sponsors for whom sales have been made or it is anticipated sales will be made.

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#### ITEM 15 – CUSTODY

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Custody has been defined by regulators as having access or control over client funds and/or securities. Our firm does not have *physical custody*, as it applies to investment advisors.

#### **Deduction of Advisory Fees**

Our firm has custody of the funds and securities as a consequence of its authority to make withdrawals from client accounts to pay its advisory fee. For all accounts, our firm has the authority to have fees deducted directly from client accounts. Our firm has established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. You should carefully review those statements and are urged to compare

the statements against reports received from our Firm. When you have questions about your account statements, you should contact our Firm or the qualified custodian preparing the statement. Please refer to Item 5 for more information about the deduction of adviser fees.

### **Standing Letters of Authorization (“SLOA”)**

We are deemed to have custody of clients’ funds or securities when clients have standing authorizations with their custodian to move money from a client’s account to a third-party (“SLOA”) and, under that SLOA, it authorizes us to designate the amount or timing of transfers with the custodian. The SEC has set forth a set of standards intended to protect client assets in such situations, which we follow. We do not have a beneficial interest on any of the client accounts we are deemed to have Custody where SLOAs are on file. In addition, account statements reflecting all activity on the account(s), are delivered directly from the qualified custodian to each client or the client’s independent representative, at least quarterly. You should carefully review those statements and are urged to compare the statements against reports received from us. When you have questions about your account statements, you should contact us, your Adviser or the qualified custodian preparing the statement.

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## **ITEM 16 – INVESTMENT DISCRETION**

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For discretionary accounts, prior to engaging our Firm to provide investment advisory services, you will enter a written Agreement with us granting the firm the authority to supervise and direct, on an on-going basis, investments in accordance with the client’s investment objective and guidelines. In addition, you will need to execute additional documents required by the Custodian to authorize and enable CarsonAllaria, in its sole discretion, without prior consultation with or ratification by you, to purchase, sell or exchange securities in and for your accounts. We are authorized, in our discretion and without prior consultation with you to: (1) buy, sell, exchange and trade any stocks, bonds or other securities or assets and (2) determine the amount of securities to be bought or sold and (3) place orders with the custodian. Any limitations to such discretionary authority will be communicated to our Firm in writing by you, the client.

The limitations on investment and brokerage discretion held by CarsonAllaria for you are:

1. For discretionary accounts, we require that we be provided with authority to determine which securities and the amounts of securities to be bought or sold.
2. Any limitations on this discretionary authority shall be in writing. You may change/amend these limitations as required.

In some instances, we may not have discretion. We will discuss all transactions with you prior to execution or you will be required to make the trades if in an employer sponsored account.

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**ITEM 17 – VOTING CLIENT SECURITIES**

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We will not vote proxies on your behalf. You are welcome to vote proxies or designate an independent third-party at your own discretion. You designate proxy voting authority in the custodial account documents. You must ensure that proxy materials are sent directly to you or your assigned third party. We do not take action with respect to any securities or other investments that become the subject of any legal proceedings, including bankruptcies. Clients can contact our office with questions about a particular solicitation by phone at 618-288-9505.

*Class Action Suits* - A class action is a procedural device used in litigation to determine the rights of and remedies, if any, for large numbers of people whose cases involve common questions of law and/or fact. Class action suits frequently arise against companies that publicly issue securities, including securities recommended by investment advisors to clients. With respect to class action suits and claims, you (or your agent) will have the responsibility for class actions or bankruptcies, involving securities purchased for or held in your account. We do not provide such services and are not obligated to forward copies of class action notices we may receive to you or your agents.

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**ITEM 18 – FINANCIAL INFORMATION**

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We do 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 our most recent fiscal year.

The firm received a Paycheck Protection Plan Loan (\$91,346.00) through the SBA in conjunction with the relief afforded from the CARES Act. The firm procured the loan to guarantee payroll due to the potential of decreased revenue associated with the unprecedented health pandemic. It also aids in supporting and retaining our staff and support the ongoing operations due to the potential for continued revenue decline in 2020.

Finally, we have not been the subject of a bankruptcy petition at any time.