



**EVERMAY**  
Evermay Wealth Management

## Part 2A of Form ADV Firm Brochure

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This Firm Brochure provides information about the qualifications and business practices of Evermay Wealth Management, LLC. If you have any questions about the contents of this Firm Brochure, please contact us at 703-822-5696 or [info@evermaywealth.com](mailto:info@evermaywealth.com). The information in this Firm Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Registration as an investment adviser does not imply any certain level of skill or training.

Additional information about Evermay Wealth Management, LLC is also available on the SEC's website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 Material Changes**

### **Annual Update**

The “Material Changes” section of this Disclosure Brochure (“Firm Brochure” or “Brochure”) is updated annually or when material changes occur since the previous release of the Brochure.

### **Material Changes Since the Last Update**

There have been no material changes to Evermay Wealth Management, LLC’s Firm Brochure since the previous version of this Brochure dated February 4, 2026. We encourage all clients to review the entire Firm Brochure.

Please call us if you have any questions about this Brochure.

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## Item 4: Advisory Business

### Overview

Evermay Wealth Management, LLC (“Evermay Wealth”, “we”, “us”, “our”, or “the Firm”) is an investment adviser registered (“adviser” or “RIA”) with the Securities and Exchange Commission (“SEC”). The Firm became an adviser in December 2008. Evermay Wealth provides investment advisory services, sometimes referred to as Investment Management Services, on both a discretionary and non-discretionary basis to its clients, which may include individuals, high net worth individuals and associated trusts, estates, charitable organizations, pension and profit-sharing plans, and other corporations or business entities (together “clients” or “you”). Clients and prospective clients meet with Investment Adviser Representatives (“Advisors”, “Wealth Advisors”, “Associate Wealth Advisors”, “IARs”, or “Wealth Managers,” together “Advisory Services Team or Advisory Team”) to determine if an advisory relationship is in their best interest, uncover investment goals and objectives, establish suitable investment strategies, review portfolios, and work with clients to discuss any changes to the client’s financial goals and objectives. Advisors will meet with clients to engage in financial planning. Additionally, Wealth Advisors are available to provide consulting services to certain retirement plans. Evermay Wealth offers a team-centric approach to helping clients with their financial needs whereby our clients work with multiple members of the Advisory Team.

The Firm invests in equities, mutual funds, bonds, cash-equivalents, private funds, private equity funds, and other instruments and/or third-party investment managers. In certain circumstances, clients have the ability to place reasonable restrictions on the types of investments that may be recommended by Evermay Wealth.

Evermay Wealth’s principal place of business is located in Arlington, Virginia.

The Firm is a limited liability company whose shares are majority owned by President and Co-Founder, William Pitt IV.

### Evermay Wealth is a Fiduciary to Clients

Evermay Wealth is a fiduciary when providing advisory services to its clients. We are registered under the Investment Advisers Act of 1940, as amended (“Advisers Act”), which places a fiduciary obligation on us.

In addition, Evermay Wealth provides services as a “fiduciary” (as the term is defined in Section 3(21)(A) of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”) and/or Section 4975 of the Internal Revenue Code of 1986, as amended (“the Code”)), with respect to Retirement Accounts. For the purposes of this Brochure, the term “Retirement Account” is used to cover certain retirement plans under Title I of ERISA, which includes Individual Retirement Accounts (“IRAs”).

As a fiduciary, Evermay Wealth’s responsibility is to make sure the client’s best interests come first and provide full disclosure of all material facts relating to our advisory relationships with clients. The Firm is obligated to disclose conflicts of interest as clients

evaluate the Firm’s services. Conflicts of interest or potential conflicts of interest commonly refer to activities or relationships whereby Evermay Wealth’s and/or its Advisors’ interest compete with the interest of our clients. A conflict of interest arises when the conflict could incline the Firm or its Advisors to provide advice to clients that is influenced by considerations of Firm or personal advantages.

The Firm will provide our clients with objective investment advice. Portfolio investments and asset allocation decisions are subject to a due diligence review process by our experienced investment professionals.

Evermay Wealth investment strategy recommendations are provided to clients only after we thoroughly review each client’s investment goals, financial situation, liquidity needs, tax sensitivity, investment horizon, and risk tolerance (together “Investor Profile”). We will provide ongoing investment advice to our clients and if their goals change, we will work with them to keep their investment strategy in-line with those changes. Evermay Wealth will provide ongoing monitoring of their portfolios and make changes to the portfolio holdings and asset allocations as necessary.

Prior to Evermay Wealth providing clients with objective investment advice, clients are required to enter into a written investment advisory agreement (“Advisory Agreement”) with us setting forth the terms and conditions of the advisory relationship. The Advisory Agreement will continue in effect until terminated by either party by written notice to the other. Evermay Wealth reserves the right to terminate the Advisory Agreement at any time by providing 30-day advance written notice to the client.

Evermay Wealth is not a law firm and no portion of its services should be construed as legal advice or services.

While this brochure generally describes the business of Evermay Wealth, certain sections also discuss the activities of the Firm’s officers, Wealth Advisors, or other employees (together “Supervised Persons” or “Access Persons”) who provide investment advice or support services on Evermay Wealth’s behalf and are subject to the Firm’s supervision and control.

If the Firm works with a third-party investment manager to manage a portion of a client’s portfolio, these clients are provided with the third-party manager’s Form ADV Part 2A, which describes information about the third-party investment manager’s investment strategies, advisory fees, conflicts of interest, and advisory services. Third-party investment managers do not split their fees with us and therefore there is no conflict of interest associated with recommending clients invest with a third-party manager.

### Investment Management Services

Evermay Wealth and our Wealth Advisors provide ongoing discretionary portfolio Investment Management Services to clients. The portfolio advice and management are based on the client’s individual financial needs. Wealth Advisors work closely with clients to establish financial goals and objectives based on their specific financial circumstances and needs. Evermay

Wealth's investment portfolios have flexibility to use similar or different asset allocations, rebalancing methodologies, and security holdings within the same investment strategy. There is no guarantee that clients with the same asset allocations or investment strategy will have the same investment holdings or performance. In a limited number of client engagements, we offer Investment Management Services on a non-discretionary basis.

Evermay Wealth tailors its advisory services to meet the needs of its clients and works on a continuous basis to manage client portfolios in a manner consistent with those needs and objectives. After building a client's investment portfolio, we attempt to meet with clients at least annually, or as reasonably necessary under the circumstance, to discuss changes to the client's financial situation, investment goals and objectives, and aspects of his or her Investor Profile. During investment portfolio reviews or throughout the course of the year, Wealth Advisors are available to review various components of the client's investment portfolios including, but not limited to, account performance, securities holdings, asset allocation, and the rebalancing strategy. Clients must notify us as soon as practical when there are changes to their financial situation.

Clients can engage Evermay Wealth to manage and/or advise on certain investment products or accounts that are not maintained at our primary custodian, such as employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). In these situations, Evermay Wealth recommends the allocation of client assets among various investment choices available within the account and works with the client to access the account and implement portfolio investment changes.

Some investments available for client portfolios take on additional degrees of investment risk and/or liquidity risk. These investments are only included in a portfolio when consistent with the client's goals, objectives, liquidity needs, and risk tolerance.

Client accounts that are approved by the custodian to use margin have the ability to borrow money to buy securities and/or for other non-investment borrowing purposes such as short-term bridge loans. The custodian charges the investor interest for the right to borrow money and uses the securities in the account as collateral. Evermay Wealth does not recommend the use of margin for investment purposes and does not receive any interest or fees in connection with margin balances.

Clients can make deposits to and withdrawals from their accounts at any time, subject to Evermay Wealth's right to terminate the Advisory Agreement for a client account. Deposits can be in cash or securities provided that the Firm reserves the right to liquidate or decline any transferred securities. Clients can withdraw account assets on notice to Evermay Wealth, subject to the usual and customary securities settlement procedures. However, the Firm designs its portfolios for long-term investing, and withdrawals of assets may impair the achievement of a client's investment objectives. Evermay Wealth may consult with its clients about the options and implications of transferring securities. Clients are advised that when securities transferred to the account are liquidated, the securities may be subject to transaction fees, short-term redemption fees, fees assessed at the mutual fund level (e.g., contingent deferred sales charges),

and the sale of securities could have tax implications.

**Retirement Account Rollovers.** A client or prospective client who has changed employers over the years may have retirement plan accounts such as 401ks or 403bs remaining at their former employers. Clients who find themselves in these situations have four options regarding their prior qualified retirement plans which include the following: (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over the assets to an IRA, or (iv) cash out the account value, which could, depending on the client's age, result in adverse tax consequences. If Evermay Wealth or its Wealth Advisors recommends clients roll over their retirement plan assets into an account to be managed by the Firm, such recommendations create a conflict of interest since Evermay Wealth will receive new or increased compensation as a result of the rollover. If the Firm provides a recommendation as to whether a client should engage in a rollover or not, Evermay Wealth is acting as a fiduciary within the meaning of ERISA and/or the Code, as applicable. No client is under any obligation to roll over retirement plan assets to an account managed by Evermay Wealth.

Additional information regarding potential conflicts of interest and conflicts of interest can be found throughout different sections of this Brochure.

## **Financial Planning Services**

We offer financial planning services that focus on determining our clients' unique long-term financial goals and objectives and establishing a road map to help them achieve those goals. Clients who would like to obtain a financial plan are provided with a financial plan report, if desired, and consultative review sessions to discuss detailed steps and recommendations to implement the plan.

Financial planning is the evaluation of a client's current and hypothetical future financial state that utilizes known variables to help model or forecast future cash flows, asset values, and portfolio withdrawals. During the financial planning process, we ask an extensive number of questions in order for clients to provide us with the necessary information to assist us with building their financial plan.

In addition to Evermay's "core" financial planning service described above, different levels of planning are available with different corresponding fee arrangements depending on the specific level and scope of the requested planning service(s) to be provided, as outlined below. Some of the advisory and planning services require a specific minimum. The expanded Financial Planning services may include one or more of the following areas:

**Tax Planning** focuses on evaluating a client's current tax situation to help minimize taxes and find profitable investment opportunities for any extra income.

Tax planning does not include the preparation of tax filing documents or tax advice that includes prescriptive recommendations on a particular course of action to handle a specific tax situation. Tax preparation, filing, and on-going tax

advice are available for an additional fee through our affiliated tax firm, Evermay Tax, LLC ("Evermay Tax").

Tax professionals at Evermay Tax can assist clients with creating and implementing a customized tax plan that helps minimize tax liability throughout the year. Additionally, Evermay Tax professionals can help forecast future client needs to implement long-term strategies aimed at helping reduce client tax liability in future years.

**Estate Planning** entails reviewing a client's cash needs for his or her estate, including dependents, and estate planning goals. Evermay Wealth believes that having an estate planning strategy is an important element to financial planning. The firm has two distinct avenues for offering estate planning services.

Estate planning consulting is generally included as part of our expanded financial planning service offering. The firm has leveraged the resources of a law firm to advise Evermay Wealth on client specific estate planning strategies. Estate planning consulting does not include the preparation of estate documents.

Evermay Wealth also offers personalized estate and trust document preparation services. We use a comprehensive estate management platform to create detailed estate plan documents. The platform is administered by an independent third-party firm that uses technology and human expertise to maintain a tech-led end-to-end estate planning service specifically built for Wealth Advisors. Our team will assist you through this estate document creation process. This service, including document preparation, may be included with your financial planning service or available for an additional fee.

**Retirement Planning** involves assessing the client's retirement needs to help him or her determine the amount of assets to accumulate, as well as the distribution strategies designed to supplement or create sources of income during retirement years.

**Education Planning** entails working with clients to determine the educational needs of his or her family, along with planning for educational expenses.

**Charitable Planning, Gifting Strategies, and Legacy Planning** involves the evaluation of charitable and gifting strategies aligned with client goals. Determine the appropriate planning vehicles (e.g., DAFs, QCDs), as applicable.

**Multi-Generational Wealth Transfer** encompass the coordination of multi-generational planning objectives with the overall wealth plan and facilitating family and advisor communication, as directed by the client.

**Liquidity Events and Concentrated Position Planning** consist of planning the support of major liquidation events and related tax or investment considerations and/or conducting a concentrated position analysis and diversification planning that is aligned with the client's stated constraints. Implementation of these tasks may be limited by employer rules, trading windows, or other restrictions.

**Planning Limitations.** Evermay Wealth believes that it is important for the client to address financial planning issues on an ongoing basis. Evermay Wealth's advisory fee, as set forth at

Item 5 below, will remain the same regardless of whether or not the client determines to address financial planning issues with Evermay Wealth. It remains each client's responsibility to promptly notify Evermay Wealth if there is ever any change in his or her financial situation or investment objectives for the purpose of reviewing, evaluating, or revising our previous recommendations and/or services. Evermay Wealth does not serve as an insurance agent, attorney, or accountant, and no portion of our services should be inferred as such.

## Advisory Service Levels

Evermay Wealth offers three advisory service levels, **Family Office, Integrated, and Guided**, designed to align with our clients' complexity and desired level of service. Evermay Wealth's **Family Office** offering is our highest touch, coordinated relationship for clients seeking aligned planning across investments, tax, estate, and legacy matters. A general overview of each advisory service level is provided below.

**Family Office.** Family Office is designed for clients with sophisticated financial planning needs. These clients benefit from comprehensive advisory services that are coordinated across investment, tax, estate, and legacy matters. The Family Office services include, but are not limited to, financial planning, integrated tax strategy, planning, tax return preparation, and ongoing advisory coordination; estate planning coordination, administration, and in-house document drafting; multi-generational wealth transfer and family advisory coordination; planning related to liquidity events and concentrated positions; charitable planning, gifting strategies, and legacy planning. Family Office services are coordinated among the client's Wealth Advisor, professionals with Evermay Tax, and, if applicable, a dedicated estate planning attorney retained by Evermay Wealth.

Please note that for Family Office tax preparation, Schedule C and corporate tax returns are billed separately. Evermay Wealth reserves the right to adjust fees for engagements that involve unusual complexity, extensive consulting requirements, or more than six (6) state tax filings.

**Integrated.** The Integrated service level provides comprehensive wealth management, including financial planning, investment management, tax-aware planning strategies, and estate plan review and coordination. This service level does not include tax preparation or detailed tax advice or estate document drafting unless separately elected.

In certain circumstances, tax preparation and tax advice services along with estate planning document production are available. Clients electing these additional services will need to sign a separate agreement and pay a separate fee.

**Guided.** Guided is offered on a limited basis for certain clients who do not meet the Firm's standard minimum billable assets for Family Office or Integrated. The Guided service level is designed to provide core financial planning services, discretionary investment management, and customized portfolio construction based on the client's stated objectives, risk tolerance, time horizon, and liquidity needs.

Core level financial planning includes reviewing the client's financial holdings and balance sheet, establishing or exploring goals, gauging the probability of reaching financial goals, and reviewing strategies for debt and cash flow.

## Retirement Plan Consulting Services

We provide consulting services to qualified retirement Plans ("Plans"), which include 401ks, profit sharing plans, and pensions. Evermay Wealth will analyze the Plan's current investment platform, and, if applicable, review and analyze the Plan's investment policy statement. Evermay Wealth will also recommend the investment options to offer in the Plan, provide participant education, and monitor the performance of the Plan's available investment vehicles.

The Firm will work with Plans on an ongoing basis to include regular considerations of the goals and objectives of the Plan and provide educational information to plan participants.

## Miscellaneous

**Custodian Charges-Additional Fees.** As discussed in Item 12, when requested to recommend a broker-dealer/custodian for client accounts, Evermay Wealth generally recommends that Charles Schwab & Co. Inc. ("Schwab") serve as the broker-dealer/custodian for client investment management assets.

Broker-dealers such as Schwab charge brokerage commissions, transaction, and/or other type fees for certain types of securities transactions (i.e., including transaction fees for certain mutual funds, and mark-ups and mark-downs charged for fixed income transactions, etc.). The types of securities for which transaction fees, commissions, and/or other type fees (as well as the amount of those fees) shall differ depending upon the broker-dealer/custodian. While certain custodians, including Schwab, generally (with exceptions) do not currently charge fees on individual equity transactions (including ETFs), others do. **Please Note:** there can be no assurance that Schwab will not change its transaction fee pricing in the future. Schwab may also assess fees to clients who elect to receive trade confirmations and account statements by regular mail rather than electronically.

**Cash Sweep Accounts.** Certain account custodians can require that cash proceeds from account transactions or new deposits be swept to and/or initially maintained in a specific custodian designated sweep account. The yield on the sweep account will generally be lower than those available for other money market accounts. When this occurs, to help mitigate the corresponding yield dispersion, Evermay Wealth shall (usually within 30 days thereafter) generally (with exceptions) purchase a higher yielding money market fund (or other type security) available on the custodian's platform, unless Evermay Wealth reasonably anticipates that it will utilize the cash proceeds during the subsequent 30-day period to purchase additional investments for the client's account. Exceptions and/or modifications can and will occur with respect to all or a portion of the cash balances for various reasons, including, but not limited to the amount of dispersion between the sweep account and a money market fund,

the size of the cash balance, an indication from the client of an imminent need for such cash, or the client has a demonstrated history of writing checks from the account. **Please Note:** The above does not apply to the cash component maintained within an Evermay Wealth actively managed investment strategy (the cash balances for which shall generally remain in the custodian designated cash sweep account), an indication from the client of a need for access to such cash, assets allocated to an unaffiliated investment manager, and cash balances maintained for fee billing purposes. The client shall remain exclusively responsible for yield dispersion/cash balance decisions and corresponding transactions for cash balances maintained in any Evermay Wealth unmanaged account.

**Portfolio Activity.** Evermay Wealth has a fiduciary duty to provide services consistent with the client's best interest. We will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including, but not limited to, investment performance, market conditions, fund manager tenure, style drift, account additions/withdrawals, and/or a change in the client's investment objective. Based upon these factors, there may be extended periods of time when the Firm determines that changes to a client's portfolio are unnecessary. Clients remain subject to the fees described in Item 5 during periods of portfolio inactivity. Of course, as indicated below, there can be no assurance that investment decisions made by Evermay Wealth will be profitable or equal any specific performance level(s).

**Cryptocurrency Investments and Digital Assets.** Cryptocurrencies are digital assets that can be used for various purposes, including transactions, decentralized applications, and speculative investments. Most digital assets use blockchain technology, an advanced cryptographic digital ledger to secure transactions and validate asset ownership. Unlike conventional currencies issued and regulated by monetary authorities, cryptocurrencies generally operate without centralized control, and their value is determined by market supply and demand. While regulatory oversight of digital assets has evolved significantly since their inception, they remain subject to variable regulatory treatment globally, which may impact their risk profile and liquidity.

Given that cryptocurrency investments are speculative and subject to extreme price volatility, liquidity constraints, and the potential for total loss of principal, Evermay Wealth does not exercise discretionary authority to purchase cryptocurrency investments for client accounts. Any investment in cryptocurrencies must be expressly authorized by the client. Furthermore, we do not recommend or advocate for the purchase of, or investment in, cryptocurrencies, including Bitcoin, or other digital assets to clients.

Such investments are considered speculative and carry significant risk. Clients who request and authorize the purchase of a cryptocurrency investment must be prepared for the potential for liquidity constraints, extreme price volatility, regulatory risk, technological risk, security and custody risk, and complete loss of principal.

Clients wishing to gain reasonable exposure to this asset class can

discuss adding a position to their portfolios with their Wealth Advisor. In these situations, Evermay Wealth will generally advise the client to consider any potential cryptocurrency investment in exchange-traded securities that provide cryptocurrency exposure.

**Cybersecurity.** The information technology systems and networks that Evermay Wealth and its third-party service providers use to provide services to the Firm's clients employ various controls, which are designed to prevent cybersecurity incidents stemming from intentional or unintentional actions that could cause significant interruptions in Evermay Wealth's operations and result in the unauthorized acquisition or use of clients' confidential or non-public personal information. Clients and Evermay Wealth are nonetheless subject to the risk of cybersecurity incidents that could ultimately cause them to incur losses, including for example: financial losses, cost and reputational damage to respond to regulatory obligations, other costs associated with corrective measures, and loss from damage or interruption to systems. Although the Firm has established processes to reduce the risk of cybersecurity incidents, there is no guarantee that these efforts will always be successful, especially considering that Evermay Wealth does not directly control the cybersecurity measures and policies employed by third-party service providers. Clients could incur similar adverse consequences resulting from cybersecurity incidents that more directly affect issuers of securities in which those clients invest, broker-dealers, qualified custodians,

governmental and other regulatory authorities, exchange and other financial market operators, or other financial institutions.

**Use of Mutual and Exchange Traded Funds.** The Firm utilizes mutual funds and exchange traded funds for its client portfolios. In addition to Evermay Wealth's investment advisory fee described below, and transaction and/or custodial fees discussed above, clients will also incur, relative to all mutual fund and exchange traded fund purchases, charges imposed at the fund level (e.g., management fees and other fund expenses). The mutual funds and exchange traded funds utilized by Evermay Wealth are generally available directly to the public. Thus, a client can generally obtain the funds recommended and/or utilized by the Firm, independent of engaging Evermay Wealth as an investment advisor. However, if a prospective client does so, then they will not receive Evermay Wealth's initial and ongoing investment advisory services.

**Client Obligations.** In performing our services, Evermay Wealth shall not be required to verify any information received from the client or from the client's other professionals and is expressly authorized to rely thereon. Moreover, it remains each client's responsibility to promptly notify Evermay Wealth if there is ever any change in his or her financial situation or investment objectives for the purpose of evaluating our previous recommendations and/or services.

**Investment Liquidity and Difficult to Value Assets.**

Evermay Wealth facilitates client participation in several private market investment opportunities, such as private real estate, private equity, private infrastructure, and private credit. These private investments are illiquid or semi-liquid and entail investment

lockups and liquidity gates to exit. Additionally, there are additional costs associated with these types of investments. For example, these investment strategies charge a management fee and, in some instances, charge an incentive fee based on performance.

To invest in private markets, clients must meet certain criteria based on the terms of each offering. The valuation of a private investment, sometimes referred to as an alternative investment, may be complex, as there is generally no established market for these assets. Evermay Wealth does not independently value any private securities held in client accounts or in the hedge funds it recommends. The quarterly financial information provided by the private funds themselves will be used as the basis for client reporting and fee billing (where a client pays an asset-based fee). This valuation is determined independent of Evermay Wealth.

**Investment Risk.** Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Evermay Wealth) will be profitable or equal any specific performance level(s).

**Disclosure Brochure.** A copy of Evermay Wealth's written Brochure and Form CRS ("Client Relationship Summary") shall be provided to each client prior to, or contemporaneously with, the execution of an agreement between the client and Evermay Wealth.

**Assets Under Management**

As of December 31, 2025, Evermay Wealth managed over \$1,325,000,000 in assets under management, with approximately \$1,253,000,000 on a discretionary basis and \$72,000,000 on a non-discretionary basis.

**Item 5 Fees and Compensation**

**Investment Management Services**

Clients pay an asset based annual fee ("Annual Advisory Fee" or "Investment Management Fee") for Investment Management Services. The Annual Advisory Fee is based on an annual percentage of the market value of the assets in account(s) managed by Evermay Wealth. The Firm's Investment Management Fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets managed by Evermay Wealth (including cash, securities, pending trades, and accrued interest) on the last day of the previous quarter. Evermay Wealth generally requires a \$2,000,000 minimum billable asset level for comprehensive wealth management as part of its Family Office and Integrated advisory service offerings. However, depending on certain circumstances, Evermay Wealth, in its sole discretion, accepts clients with a lower billable asset level in its Guided service offering. If an account is fully removed from the Firm's management during a billing quarter, the quarterly fee is prorated and the difference between the assessed fee and the prorated fee is refunded back to the client.

## Family Office Standard Fee Schedule

Account Market Value	Annual Advisory Fee
First \$5,000,000	1.15%
\$5,000,001 - \$10,000,000	0.75%
\$10,000,001 - \$25,000,000	0.65%
\$25,000,001 - \$50,000,000	0.55%
\$50,000,001 +	0.45%

## Integrated Standard Fee Schedule

Account Market Value	Annual Advisory Fee
First \$5,000,000	1.00%
\$5,000,001 - \$10,000,000	0.60%
\$10,000,001 - \$25,000,000	0.50%
\$25,000,001 - \$50,000,000	0.40%
\$50,000,001 +	0.30%

## Guided Standard Fee Schedule

Account Market Value	Annual Advisory Fee
First \$1,000,000	1.30%
\$1,000,001 - \$1,999,999	1.00%
Minimum Fee	\$4,000

As the market value of the account reaches a higher tier breakpoint, as shown in the table above, the assets within each tiered level are charged the corresponding Annual Advisory Fee. This type of fee schedule is sometimes referred to as a “blended fee schedule.” Guided client portfolios that reach the Integrated billable asset minimum will automatically transition to the Integrated fee schedule for the next billing cycle.

If the client requires extraordinary planning and/or consultation services, or services not included in the advisory service level selected by the client, Evermay Wealth can determine to charge for such additional services, the dollar amount of which shall be set forth in a separate agreement or written notice to the client.

**Fee Dispersion.** Evermay Wealth, in its discretion, may charge a lesser or higher investment advisory fee, charge a flat fee, waive applicable minimum asset or minimum fee levels, waive its fee entirely, or charge a fee on a different interval, based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, complexity of the engagement, anticipated services to be rendered, grandfathered or legacy fee schedules, employees and family members, courtesy accounts, competition, negotiations with client, etc.). **Please Note:** As a result of the above, similarly situated clients could pay different fees. In addition, similar advisory services may be available from other investment advisers for similar or lower fees. Evermay Wealth’s Investment Management Fee generally falls within the range from 0.3% to 1.30%. Although the Firm has established its tiered management fee schedules based on the advisory services requested and billable assets under management, we retain the discretion to negotiate alternative fee schedules on a client-by-client basis.

While the annual fee is negotiable, it shall generally fall within the above-listed range but may be higher or lower than this range based on the nature of the account. Factors affecting fee percentages include the size of the account, complexity of asset structures, and other factors. Evermay Wealth, in its sole discretion, may consider a fixed annual advisory fee in lieu of an asset-based management fee. Investment Advisory services begin on the effective date of the Investment Advisory Agreement unless otherwise stated in writing by Evermay Wealth. The Firm offers a discretionary householding advisory fee program, sometimes referred to as “accounts related for fee billing purposes,” whereby the Firm can at its discretion aggregate assets of multiple related accounts and apply the aggregated Account Market Value for purposes of calculating the Annual Advisory Fee for each account. In certain circumstances, the aggregated Account Market Values allow clients to reach a higher breakpoint on the tiered fee schedule and pay a lower Annual Advisory Fee.

Evermay Wealth will include the entire market value of margin assets when computing its advisory fee. Accordingly, the advisory fee for clients that hold a margin balance shall be based upon the higher margined account value, resulting in the Firm earning a correspondingly higher advisory fee for these accounts. As a result, a potential conflict of interest arises since Evermay Wealth may have economic disincentive to recommend that the client terminate the use of margin. Clients who sign up for margin will get a preferred margin rate at the custodian, which is lower compared to their standard retail margin rate. Wealth Advisors discuss the client’s use of margin during their portfolio reviews. **Please Note:** Evermay Wealth does not recommend the use of margin for investment purposes and does not receive any interest or fees in connection with the use of margin.

Any security(ies) excluded from billing or labeled as “no bill” will not be included in assets under management to determine the annual advisory fee. Therefore, there may be differences in the values we use for reporting, trading, and billing calculations.

**Financial Planning Fees.** Based on individual facts and circumstances, including the client’s service level as outlined in Item 4, Wealth Advisors have the ability to provide certain advanced Financial Planning components on a stand-alone basis and negotiate a payment arrangement with the client. Evermay Wealth does not have a set financial planning fee schedule.

**Retirement Plan Consulting Services Fees.** The annual fee for Evermay Wealth’s Retirement Plan Consulting Services is charged either on a quarterly basis in advance or in arrears and is based on a percentage of assets under administration within the plan and typically ranges from 0.50% to 1.00% per year. The annual fee is based upon several factors including the size of the plan, the number of participants, the number of office locations as well as the method of employee education and the services required. Fees are paid directly to Evermay Wealth from the plan administrators or Sponsors. The annual fee for Retirement Plan Consulting Services will not be higher than Evermay Wealth’s standard fee schedule for Investment Management.

**Fee Payment.** Fees will be debited directly from each client’s account. The advisory fee is billed in advance at the beginning of

each calendar quarter, and the value used for the fee calculation will be determined using the account value as of the last day of the previous quarter. Any contributions and/or withdrawals made during a calendar quarter may cause an adjustment to the advisory fee. Generally, any contributions and/or withdrawals intra-quarter, which result in a prorated quarterly fee adjustment of over one hundred dollars, is charged or credited to the client.

Clients whose fees are directly debited will provide written authorization to debit advisory fees from their accounts held by a qualified custodian. Each quarter, clients may receive a bill from Evermay Wealth itemizing the fees to be debited and the time period covered by the fee. The invoice may additionally state that the fee was not independently calculated by the custodian. The client should also receive a statement from their account custodian showing all transactions in their account, including the advisory fee.

Clients should be aware of their responsibility to verify the accuracy of the fee calculation submitted to the custodian by Evermay Wealth, as the custodian will not determine whether the fee has been properly calculated. At the client's request, Evermay Wealth may provide the client with a separate copy of each invoice, setting forth the basis for the calculation.

Where the client wishes to opt-in to services that are not included as part of their selected level of advisory services, the client shall be required to execute an Estate Planning Documentation Preparation Fee Agreement and/or an Agreement for Tax Preparation and Tax Advice and pay a fixed fee based on services rendered. The fixed fee associated with these standalone services are separate and in addition to the ongoing annual advisory fee. These separate fees are paid via electronic debit. These fees will not be pro-rated in the event the Advisory Agreement is terminated. If the Advisory Agreement ends before all installment payments for tax preparation and/or estate documentation services are paid in full, any remaining balance is still owed and will be billed to the Client.

Some or all of the payment for tax preparation and advice will be paid to Evermay Wealth's affiliate out of the client's ongoing advisory fee, or in some cases, a flat one-time fee. Schedule C and corporate tax returns are billed separately. Evermay Tax reserves the right to adjust fees for engagements that involve unusual complexity, extensive consulting requirements, or more than six (6) state tax filings.

**Other Fees.** The Advisory Fee charged by Evermay Wealth is separate and distinct from fees and expenses charged by mutual funds, ETFs, private funds, and/or investment managers which have their own fee structures, including investment advisory fees. Descriptions of these fees and expenses are available in each fund's prospectus or in management agreements. Evermay Wealth's fees are for advisory services only and do not include other costs that the client may incur such as, but not limited to; transaction fees, commissions, or other management fees charged by non-affiliated third parties including investment managers that are recommended to clients. Clients may incur certain charges imposed by custodians, brokers, third-party investments, private funds, private equity funds, and other third parties such as fees charged by managers, custodial fees, deferred

sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, private fund management, performance, and carry and other fees and taxes on brokerage accounts and securities transactions. Evermay Wealth does not independently value any private securities held in client accounts or in the hedge funds it recommends. As noted above in Item 4, the quarterly financial information provided by the private funds themselves will be used as the basis for client reporting and fee billing (where a client pays an asset-based fee). This valuation is determined independent of Evermay Wealth. For marketable securities, the prices provided by custodians are used for client reporting and fee billing.

**Pro-rata Fees.** When clients engage Evermay Wealth at any time other than the beginning of a quarter, clients will pay a management fee for the number of days left in that quarter. Evermay Wealth does not reimburse or charge client accounts for intra-quarter deposits or withdrawals unless the amount of the pre-paid quarterly advisory fee increases or decreases by more than one hundred dollars. If a client terminates our relationship at any time other than the beginning of the quarter, they will be refunded the portion of the prepaid management fee for the remainder of the quarter (or the credit can be applied to another Investment Management Account), except for standalone planning services. Either Evermay Wealth or the client may terminate the Agreement for any reason upon 30-days written notice. Once a client receives the notice of termination, we will refund the unearned fees via check or wire.

**Cash Positions.** As discussed in Item 4, Evermay Wealth continues to treat cash as an asset class. As such, unless determined to the contrary by Evermay Wealth, all cash positions (money markets, etc.) shall continue to be included as part of assets under management for purposes of calculating Evermay Wealth's advisory fee.

**Other Assets.** Investment Management portfolios hold securities that were purchased at the request of the client or acquired prior to the client's engagement with Evermay Wealth. Typically, Evermay Wealth would not recommend or track these securities and would under regular circumstances prefer to liquidate such securities. Upon request or direction of a client, Evermay Wealth shall remain available to discuss these securities, generally consider these securities as part of the client's overall asset allocation strategy and include the market value of these securities for purposes of calculating its advisory fee. If or when the client directs the Firm to liquidate these types of investments, Evermay Wealth will reinvest the proceeds of the sale in different securities. There is no guarantee that the future performance of the new investments will perform in a profitable manner or equal to any specific performance level.

## Item 6 Performance Based Fees and Side-by-Side Management

Evermay Wealth does not charge performance-based fees or engage in side-by-side account management. Performance-based fees are typically based on a share of capital gains or capital appreciation of a client's account. Side-by-side management is

the practice of managing accounts that are charged a performance-based fee while at the same time managing accounts that are charged another type of fee, such as an asset-based fee, whereby a potential conflict could arise that could cause an advisor to favor one account over another account.

## Item 7 Types of Clients

Evermay Wealth primarily provides customized investment management services to individuals, high net worth individuals and associated trusts, estates, charitable organizations, pension and profit-sharing plans, and other corporations or business entities.

Evermay Wealth generally requires a \$2,000,000 minimum billable asset level for comprehensive wealth management as part of its Family Office and Integrated advisory service offerings. However, depending on certain circumstances, Evermay Wealth, in its sole discretion, accepts clients with a lower billable asset level in its Guided service offering. If an account is fully removed from the Firm's management during a billing quarter, the quarterly fee is prorated and the difference between the assessed fee and the prorated fee is refunded back to the client.

Client relationships vary in scope and length of service. Evermay Wealth reserves the right to decline any new account or resign as adviser to any account after initiation of an investment advisory relationship for any reason at its sole discretion.

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

**It is important to keep in mind that all investments carry risks. Investing in securities involves risk of loss that clients should be prepared to bear.**

### Investment Allocations

Each portfolio will be invested according to the client's investment objectives. We determine these objectives by interviewing the client and/or asking the client to put these objectives in writing. Once we ascertain the client's objectives for each account, we will develop asset allocation guidelines. Asset allocation guidelines are percentage-based allocations to different investment types, or types of managers or funds. For example, an asset allocation strategy may call for 40/60% of the portfolio to be invested in equity securities, with the remaining balance in fixed income. Another program may have an asset allocation of 50 to 60% in fixed income securities, 20% in equities, and the remainder in cash. Yet another program may have an asset allocation of 100% in equities.

The investment strategy that we recommend is based on the needs of the client, current market conditions, the client's current financial situation (including assets that may be managed by another advisor), financial goals, and the timeline to meet those goals. Because we develop an investment strategy based on the client's personal situation and financial goals, the client's asset allocation guidelines may be similar to or different from another client.

We may periodically recommend changes to the client portfolios to meet the guidelines of the asset allocation. It is important to remember that because market conditions can vary greatly, the asset allocation guidelines are not necessarily strict rules. Rather, we review accounts individually and may deviate from the guidelines as we believe necessary. Evermay Wealth reserves the right to add or delete any security holdings and otherwise change the list of securities it buys and sells for client accounts. Subsequent changes to the list of securities Evermay Wealth buys or sells does not mean a particular client holding will change. Evermay Wealth does not offer proprietary ETFs or mutual funds and it does not manage or sub-advise mutual funds or ETFs. The Firm is not a publicly traded company, and it does not issue publicly traded equity or debt securities, therefore portfolios do not hold securities issued by or affiliated with Evermay Wealth.

When Evermay Wealth makes changes to investment strategies, these changes may not be made simultaneously. Rather, some accounts may be modified before others. This may result in accounts being traded earlier, inadvertently having an advantage or disadvantage over accounts traded later.

### Methods of Analysis and Strategies

As in-house portfolio managers, we employ both top-down and bottom-up techniques in constructing client portfolios. Our top-down approach includes the analysis of macroeconomic, geopolitical, and capital market conditions, business regulations and industry developments. With this data in mind, we select equities based on their long-term total return potential and ability to pass our fundamental and technical analyses. Once we invest in a company, we continuously monitor its business fundamentals and stock valuation.

Evermay Wealth selects fixed income investments based on their investment grade, liquidity, duration, and yield to maturity. We primarily choose investment-grade securities issued by financially sound corporations, and by the U.S. government or its agencies. If a client is subject to high income tax rates, as many of our clients are, we can utilize high grade, tax-exempt state, and local bonds.

If requested by the client, Wealth Advisors can review taxable accounts for tax-loss harvesting opportunities. Tax-loss harvesting is a tax-savings strategy that involves selling investments at a loss with the goal of offsetting future gains, such as those from the sale of investments or capital gains distributions from mutual funds and ETFs. The primary benefit of tax-loss harvesting is lowering capital gains tax liability and increasing after-tax returns. Tax loss harvesting trades are made on a best-efforts basis and there is no guarantee that Evermay Wealth will be able to recognize all available losses under this strategy.

**Third-Party Managers.** At times we may recommend that significant portions of a client's portfolio be managed by independent third-party managers or recommend direct investment with independent third-party managers or in private funds, typically if those managers demonstrate knowledge and expertise in a particular investment strategy. Investments in private funds, including private equity funds, are governed by and fully described in the private placement memorandum and related subscription materials. Fees charged by independent

third-party managers are in addition to the advisory fee charged by Evermay Wealth.

The experience, expertise, investment philosophies, and past performance of independent third-party investment managers are examined in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the manager's underlying holdings, strategies, concentration, and leverage as part of our overall periodic risk assessment.

Based on a client's individual circumstances and needs, we will determine which money manager's portfolio management strategy is appropriate for that client. Factors considered in making this determination include account size, risk tolerance, and the investment philosophy of the selected money manager. We encourage clients to review the third-party manager's disclosure documents.

We regularly and continuously monitor the performance of the selected money managers. If we determine that a particular selected money manager is not providing sufficient management services to the client or is not managing the client's portfolio in a manner consistent with the client's investment objectives, we may remove the client's assets from that selected money manager and place the client's assets with another money manager at our discretion and without prior consent from the client.

Evermay Wealth may obtain appropriate due diligence on independent third-party managers, making reasonable inquiries into their performance calculations, policies and procedures, code of ethics policies, and other operational and compliance matters to account for performance and risk management.

Qualitative analysis is necessary as well, to determine: If there were true factors leading to out-performance, as opposed to just "luck and, if the factors leading to previous out-performance are identifiable and repeatable.

Qualitative screening includes a review of each firm's organizational history and stability, depth/experience of the investment team and research group, investment process and strategy, and legitimacy of track record, among other characteristics. Other qualitative or quantitative screens include a fund's or manager's expense ratio, assets under management, manager tenure, length of track record, and minimum initial investment.

Our due diligence does not stop once we select a manager. We meet or speak with managers on a periodic, ongoing basis, and factors we analyzed before recommending managers are reviewed and scrutinized.

## **Risk of Loss**

There are always risks to investing. It is impossible to name all possible types of risks. Among the risks are the following:

**Political Risks.** Most investments have a global component, even domestic stocks. Political events anywhere in the world may have unforeseen consequences to markets around the world.

**General Market Risks.** Markets can, as a whole, go up or down on

various news releases or for no understandable reason at all. This sometimes means that the price of specific securities could go up or down without real reason and may take some time to recover any lost value. In addition, significant market disruptions, such as those caused by pandemics, natural or environmental disasters, war, acts of terrorism, or other events, can adversely affect local and global markets and normal market operations. Market disruptions may exacerbate political, social, and economic risks. Adding additional securities does not help to minimize this risk since all securities may be affected by market fluctuations.

**Currency Risk.** When investing in another country using another currency or in a company that conducts business in other countries, the changes in the value of the country's currency can change the value of the securities in the portfolio.

**Regulatory Risk.** Changes in laws and regulations from any government can change the value of a given company and its accompanying securities. Certain industries are more susceptible to government regulation. Changes in zoning, tax structure, or laws impact the return on these investments.

**Tax Risks Related to Short Term Trading.** Clients should note that Evermay Wealth may engage in short-term trading transactions. These transactions may result in short-term gains or losses for federal and state tax purposes, which may be taxed at a higher rate than long-term strategies. Evermay Wealth endeavors to invest client assets in a tax efficient manner, but all clients are advised to consult with their tax professionals regarding the transactions in client accounts.

**Tax Harvesting Risk.** Tax-loss harvesting is a strategy whereby specific portfolio holdings are sold at a taxable loss, and those positions are replaced by investment holdings with similar historical returns and expected future performance. Since the replacement securities are similar, the expectation is that there will be little impact on the overall strategic portfolio allocation while still allowing clients to capture potential tax losses. Since past performance is not an indication of future results, there is potential for the future performance of the replacement positions to deviate from that of the initial holdings. Additionally, there are IRS rules and restrictions on tax-loss harvesting, including purchasing investments the IRS considers "substantially identical" within a specific period of time.

**Purchasing Power Risk.** Purchasing power risk is the risk that an investment's value will decline as the price of goods rises (inflation). The investment's value itself does not decline, but its relative value does, which is the same thing. Inflation can happen for a variety of complex reasons, including a growing economy and a rising money supply.

**Business Risk.** This can be thought of as certainty or uncertainty of income. Management comes under business risk. Cyclical companies (like automobile companies) have more business risk because of the less steady income stream. On the other hand, fast food chains tend to have steadier income streams and therefore, less business risk.

**Financial Risk.** The amount of debt or leverage determines the financial risk of a company.

**Default Risk.** This risk pertains to the ability of a company to service their debt. Ratings provided by several rating services help to identify those companies with more risk. Obligations of the U.S. government are said to have low default risk.

**Risks specific to sub-advisors and other managers.** If we invest some of the client's assets with another advisor, including a private placement, there are additional risks. These include risks that the other manager is not as qualified as we believe them to be, that the investments they use are not as liquid as we would normally use in our portfolios, or that their risk management guidelines are more liberal than we would normally employ. The other manager may have had historical success, but such success does not guarantee any future success. In addition, as we do not select the underlying investments that may be used by such other manager, one or more other managers used by the Firm to manage the client's assets may purchase the same security, increasing the risk to the client if that security were to fall in value. Clients should review the other managers' disclosure documents for the investment risks for those managers and the underlying investments.

**Private Equity.** If we invest some of the client's assets with a fund that invests in private equity, including private placements, there are additional risks that will be fully described in the private placement memorandum and related subscription materials which shall govern. These risks include, but are not limited to, the realization of gains, which require finding a buyer willing to pay the fair market value without discount. That there is no assurance of investment returns. The reliance on fund personnel's ability to identify and properly analyze companies for investment. The reliance on portfolio company management teams. There can be no assurance that the existing management team, or any successor, will be able to operate the portfolio company successfully or implement any operational improvements. The lack of diversification resulting in the fund being substantially adversely affected by the unfavorable performance of any single portfolio company. The holding of minority investments, limited rights, or abilities to exert significant influence over the portfolio company. The investment in illiquid and long-term investments with no assurance that the fund will be able to monetize investments in a timely manner, or at all, and dispositions of such investments may require a lengthy time-period. The availability of limited investment opportunities since there is a highly competitive market for investment opportunities. And that the funds may use leverage and assume contingent liabilities of the portfolio company when acquiring portfolio companies.

**Options.** The use of options transactions as an investment strategy involves a high level of inherent risk. Although the intent of many of the options-related transactions implemented by Evermay Wealth is to hedge against principal risk, certain options-related strategies (i.e., straddles, short positions, etc.), may in and of themselves, produce principal volatility and/or risk. Thus, a client must be willing to accept the enhanced volatility and principal risks associated with such strategies. In light of these enhanced risks, a client may direct Evermay Wealth, in writing, not to employ any or all such strategies for his or her accounts. Clients participating in the Options Strategy should carefully consider all information regarding the strategy and its risks.

**Margin Risk.** "Margin" is a tool used to maximize returns on a given investment by using securities in a client account as collateral for a loan from the custodian to the client. The proceeds of that loan are then used to buy more securities. In a positive result, the additional securities provide additional return on the same initial investment. In a negative result, the additional securities provide additional losses. Margin therefore carries a higher degree of risk than investing without margin. Evermay Wealth utilizes margin on a very limited basis for clients with higher risk tolerances.

**Information Risk.** All investment professionals rely on research in order to draw conclusions about investment options. This research is always a mix of both internal (proprietary) and external (provided by third-parties) data and analyses. Even an advisor who says they rely solely on proprietary research must still collect data from third-parties. This data, or outside research, is chosen for its perceived reliability, but there is no guarantee that the data or research will be completely accurate. Failure in data accuracy or research will translate to a compromised ability by the advisor to reach satisfactory investment conclusions.

**Small Companies.** Some investment opportunities in the marketplace involve smaller issuers. These companies may be starting up, or are historically small. While these companies sometimes have potential for outsized returns, they also have the potential for losses because the reasons the company is small are also risks to the company's future. For example, a company's management may lack experience, or the company's capital for growth may be restricted. These small companies also tend to trade less frequently than larger companies, which can add to the risks associated with their securities because the ability to sell them at an appropriate price may be limited compared to the markets as a whole. Not only do these companies have investment risk, if a client is invested in such small companies and requests immediate or short-term liquidity, these securities may require a significant discount to value in order to be sold in a shorter time frame.

**Concentration Risk.** While Evermay Wealth selects individual securities, including mutual funds, for client portfolios based on an individualized assessment of each security, this evaluation comes without an overlay of general economic or sector specific issue analysis. This means that a client's equity portfolio may be concentrated in a specific sector, geography, or sub-sector (among other types of potential concentrations), so that if an unexpected event occurs that affects that specific sector or geography, for example, the client's equity portfolio may be affected negatively, including significant losses.

**Transition Risk.** As assets are transitioned from a client's prior advisors to Evermay Wealth there may be securities and other investments that do not fit within the asset allocation strategy selected for the client. Accordingly, these investments will need to be sold to reposition the portfolio into the asset allocation strategy selected by Evermay Wealth. However, this transition process may take some time to accomplish. Some investments may not be unwound for a lengthy period of time for a variety of reasons that may include unwarranted low share prices,

restrictions on trading, tax consequences, contractual restrictions on liquidity, or market-related liquidity concerns. In some cases, there may be securities or investments that are never able to be sold. The inability to transition a client's holdings into recommendations of Evermay Wealth may adversely affect the client's account values, as Evermay Wealth's recommendations may not be able to be fully implemented.

**Restriction Risk.** Clients may, at all times, place reasonable restrictions on the management of their accounts. However, placing these restrictions may make managing the accounts more difficult, thus lowering the potential for returns.

**Risks Related to Investment Term & Liquidity.** Securities do not follow a straight line up in value. All securities will have periods of time when the current price of the security is not an accurate measure of its value. If a client requires us to liquidate his or her portfolio during one of these periods, the client will not realize as much value as he or she would have, had the investment had the opportunity to regain its value. Further, some investments are made with the intention of the investment appreciating over an extended period of time. Liquidating these investments prior to their intended time horizon may result in losses.

**Exchange Traded Funds / ETFs.** ETFs are typically investment companies that are legally classified as open-end mutual funds or UITs. However, they differ from traditional mutual funds, in particular, in that ETF shares are listed on a securities exchange. Shares can be bought and sold throughout the trading day like shares of other publicly traded companies and the market price for a share of an ETF may fluctuate from the value of its underlying securities. Consequently, ETF shares may trade at a discount or premium to their net asset value. In addition, there is a price difference between the bid price and the ask price that is often referred to as the "spread", which generally varies based on the ETF's trading volume and market liquidity. Although many ETFs are registered as an investment company under the Investment Company Act of 1940, some ETFs, in particular those that invest in commodities, are not registered as an investment company.

**Leveraged and Inverse ETFs, ETNs and Mutual Funds Risk.** Leveraged ETFs, ETNs and mutual funds, sometimes labeled "ultra" or "2x" for example, are designed to provide a multiple of the underlying index's return, typically on a daily basis. Inverse products are designed to provide the opposite of the return of the underlying index, typically on a daily basis. These products are different from and can be riskier than traditional ETFs, ETNs and mutual funds. Although these products are designed to provide returns that generally correspond to the underlying index, they may not be able to exactly replicate the performance of the index because of fund expenses and other factors. This is referred to as tracking error. Continual resetting of returns within the product may add to the underlying costs and increase the tracking error. As a result, this may prevent these products from achieving their investment objective. In addition, compounding of the returns can produce a divergence from the underlying index over time, in particular for leveraged products. In highly volatile markets with large positive and negative swings, return distortions are magnified over time. Because of these distortions, these products

should be actively monitored, as frequently as daily, and may not be appropriate as an intermediate or long-term holding. To accomplish their objectives, these products use a range of strategies, including swaps, futures contracts, and other derivatives. These products may not be diversified and can be based on commodities or currencies. These products may have higher expense ratios and be less tax efficient than more traditional ETFs, ETNs and mutual funds.

**REITs.** Evermay Wealth may recommend that significant portions of client portfolios be allocated to liquid and illiquid real estate investment trusts, otherwise known as "REITs". A REIT is an entity, typically a trust or corporation, that accepts investments from a number of investors, pools the money, and then uses that money to invest in real estate through either actual property purchases or mortgage loans. While there are some benefits to owning REITs, which include potential tax benefits, income and the relatively low barrier to invest in real estate as compared to directly investing in real estate, REITs also have some increased risks as compared to more traditional investments such as stocks, bonds, and mutual funds. First, real estate investing can be highly volatile. Second, the specific REIT chosen may have a focus such as commercial real estate or real estate in a given location. Such investment focus can be beneficial if the properties are successful but lose significant principal if the properties are not successful. REITs may also employ significant leverage for the purpose of purchasing more investments with fewer investment dollars, which can enhance returns but also enhances the risk of loss. The success of a REIT investment is highly dependent upon its manager. Clients should ensure they understand the role of REITs in their portfolio.

**MLPs.** Evermay Wealth may recommend that significant portions of client portfolios be allocated to master limited partnerships, otherwise known as "MLPs". An MLP is a publicly traded entity that is designed to provide tax benefits for the investor. In order to preserve these benefits, the MLP must derive most, if not all, of its income from real estate, natural resources and commodities. While MLPs may add diversification and tax favored treatment to a client's portfolio, they also carry significant risks beyond more traditional investments such as stocks, bonds, and mutual funds. One such risk is management risk-the success of the MLP is dependent upon the manager's experience and judgment in selecting investments for the MLP. Another risk is the governance structure, which means the rules under which the entity is run. The investors are the limited partners of the MLP, with an affiliate of the manager typically the general partner. This means the manager has all the control in running the entity, as opposed to an equity investment where shareholders vote on such matters as board composition. There is also a significant amount of risk with the underlying real estate, resources, or commodities investments. Clients should ask Evermay Wealth any questions regarding the role of MLPs in their portfolio.

**MLPs.** Evermay Wealth may recommend that significant portions of client portfolios be allocated to master limited partnerships, otherwise known as "MLPs". An MLP is a publicly traded entity that is designed to provide tax benefits for the investor. In order to preserve these benefits, the MLP must derive most, if not all, of its income from real estate, natural resources and

commodities. While MLPs may add diversification and tax favored treatment to a client's portfolio, they also carry significant risks beyond more traditional investments such as stocks, bonds, and mutual funds. One such risk is management risk-the success of the MLP is dependent upon the manager's experience and judgment in selecting investments for the MLP. Another risk is the governance structure, which means the rules under which the entity is run. The investors are the limited partners of the MLP, with an affiliate of the manager typically the general partner. This means the manager has all the control in running the entity, as opposed to an equity investment where shareholders vote on such matters as board composition. There is also a significant amount of risk with the underlying real estate, resources, or commodities investments. Clients should ask Evermay Wealth any questions regarding the role of MLPs in their portfolio.

### **Item 9 Disciplinary Information**

Evermay Wealth has had no legal or disciplinary events that would be material to a client or prospective client's evaluation of the Firm's business or management.

### **Item 10 Other Financial Industry Activities and Affiliations and Other Conflicts of Interest**

Although Evermay Wealth does not have other financial industry activities or affiliations, it is affiliated with a tax services firm.

As mentioned above, Evermay Tax provides tax preparation, tax advice, and business advisory services. Clients obtaining the services of Evermay Tax will sign a separate agreement to receive such services. Evermay Tax is not a CPA firm and does not provide public accounting services.

A limited number of clients have a minority interest in Evermay Wealth as well as certain Evermay Wealth Supervised Persons (together "Minority Owners"). These Minority Owners receive a floating dividend at certain frequencies (e.g., quarterly) from the Firm. Minority Owner clients do not provide input into the direction or day-to-day management of the Firm and pay a negotiated advisory fee for Investment Management Services. Minority-Owner client portfolios are managed the same as all clients and they do not receive any special treatment with respect to allocation of trades or access to investment opportunities.

In a limited number of circumstances, Evermay Wealth uses the professional services of the businesses owned or managed by clients. These relationships do not change or impact the advisory fees charged or services provided to these clients.

These arrangements could cause a conflict of interest whereby the goals of the Firm compete with Evermay Wealth clients' interest. These conflicts and potential conflicts of interest are mitigated by the Firm and Wealth Advisor's fiduciary duty to its clients, the Firm's policies and procedures and Code of Ethics, and the duty of Evermay Wealth's Chief Compliance Officer to review conflicts and potential conflicts of interest with Officers of the Firm.

Evermay Wealth and Evermay Tax professionals have the ability to earn discretionary bonuses by reaching Firm goals with respect to referring business to Evermay Wealth. This practice presents a conflict of interest because employees have a financial incentive to recommend the Firm's advisory services for the purpose of receiving compensation rather than solely based on the clients' needs. Further, some Evermay Tax professionals are registered investment advisor representatives of Evermay Wealth and therefore have potential and actual conflict of interest for offering advisory services and/or tax preparation services and receiving certain compensation from both affiliated entities.

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

#### **Code of Ethics**

Evermay Wealth has adopted a Code of Ethics, as mandated by the Adviser Act rules. The Code of Ethics sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws and reporting any violations of the Code of Ethics.

The Code of Ethics includes the following provisions:

- Standards of business conduct required of Access Persons, which standards reflect fiduciary duty obligations and those of Supervised Persons to advisory clients;
- Terms requiring Supervised Persons to comply with applicable federal securities laws;
- Terms and procedures relating to the review and approval of certain securities transactions and holdings by Supervised Persons with access to client information;
- Requirements prohibiting the use of material non-public information for personal or professional gain;
- Procedures for reporting violations of the Code of Ethics; and
- Procedures for the receipt and acknowledgment of the Code of Ethics by Supervised Persons.

Evermay Wealth will provide a copy of the Code of Ethics to any client or prospective client upon request.

#### **Participation or Interest in Client Transactions and Personal Trading**

Evermay Wealth's Supervised Persons often have their own brokerage accounts as well as different investment objectives, risk tolerance, and financial goals for those accounts. Evermay Wealth's Supervised Persons also have the ability to enroll in one or several of the Firm's advisory accounts and engage in different investment strategies.

Although Evermay Wealth's advisory accounts are designed for long-term investing, the investment strategies for accounts associated with Evermay Wealth's Supervised Persons can differ substantially from those of its clients. As such, Supervised Persons can buy, sell, or sell short securities that could also be held in client portfolios. Evermay Wealth's investment portfolios can also include mutual funds or ETFs that engage in short selling, alternative investment strategies, or the use of various options strategies.

If there is a violation of the Code of Ethics or conflict of interest, Evermay Wealth's Chief Compliance Officer will review the facts and circumstances and, if necessary, take appropriate steps to resolve the issue, keeping in mind the Firm and its Wealth Advisors must always put the client's interest first to resolve conflicts.

## Item 12 Brokerage Practices

### Recommendation of Broker-Dealer

Evermay Wealth generally recommends that investment accounts be held in custody by Schwab. Schwab offers enhanced services to independent investment advisors. These services include custody of securities, trade execution platforms, and access to research. It is expected that most, if not all transactions in a given client account may be cleared through the custodian of that account in its capacity as a broker-dealer. In the future, Evermay Wealth could expand the number of custodians available for client accounts.

Evermay Wealth seeks to obtain best execution for client transactions which is not necessarily the lowest commission but the best overall qualitative execution under the particular circumstances. Evermay Wealth recommends broker-dealers or custodians such as Schwab to its clients based on a variety of factors. These include, but are not limited to, commission costs. Schwab has what can be considered discounted commission rates. However, in choosing a broker-dealer or custodian to recommend, we are most concerned with the value the client receives for the cost paid, not just the cost. Other factors that may be considered in determining overall value include speed and accuracy of execution, financial strength, knowledge and experience of staff, and research and service. Schwab also has arrangements with many mutual funds that enable us to purchase these mutual funds for client accounts at reduced transaction charges. Evermay Wealth re-evaluates the use of Schwab periodically to determine if they are still the best value for our clients.

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian such as Schwab, we may receive from that firm, or have access to, investment research and other practice support materials. These items may be available to us as a result of executing client securities transactions through that firm or clients utilizing that company to provide custodial services. These items may be in the form of research reports, other securities analysis products, investment seminars, education seminars, various written publications on topics

related to firm practice, discount programs, access to technology solutions, and support and other products or services.

The aforementioned services are used by our Firm to manage accounts for which we have investment discretion, and not solely for particular clients. Without this arrangement, our Firm might be compelled to purchase the same or similar services at our own expense.

As a result of receiving these services for no additional cost, we may have an incentive to continue to use or expand the use of a particular broker-dealer/custodian's services. Our Firm considered this potential conflict of interest when we chose to enter into the relationships with the broker-dealer/custodian and we have determined that the relationships are in the best interest of our Firm's clients and satisfies our client obligations, including our duty to seek best execution. In addition, this potential conflict of interest is addressed because our clients may not pay more for investment transactions affected and/or assets maintained at a particular broker-dealer/custodian as result of our receipt of such aforementioned benefit(s).

We do not consider whether Schwab or any other broker-dealer/custodian refers clients to Evermay Wealth as part of our evaluation of these broker-dealers.

Some clients may come to Evermay Wealth with accounts held at other broker-dealers. Evermay Wealth does not require that clients hold their assets at Schwab. A client's direction of brokerage to other broker-dealers can limit or eliminate Evermay Wealth's ability to negotiate commissions (which could result in higher commission costs) and otherwise obtain most favorable execution of client transactions. In addition, Evermay Wealth may be unable to aggregate orders to reduce transaction costs. If the client directs brokerage, the client will negotiate terms and arrangements for the account with that broker-dealer, and Evermay Wealth will not seek better execution services or prices from other broker-dealers. As a result, the client may pay higher commissions or other transaction costs or incur greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. In other words, directing brokerage may cost a client more money. Further, because Evermay Wealth's access to information may differ from access to information for clients whose assets are held at Schwab, there may be delays in meeting client needs.

**Aggregating Trades.** Commission costs per client may be lower on a particular trade if all clients' accounts in which the trades are to be made are executed at the same time. This is called aggregating trades. Instead of placing a number of trades for the same security for each account, we may, when appropriate, execute one trade for all accounts and then allocate the trades to each account after execution. If an aggregate trade is not fully executed, the securities may be allocated to client accounts on a pro rata basis, except where doing so would create an unintended adverse consequence (for example,  $\frac{1}{4}$  of a share, or a position in the account of less than 1%).

**Trade Error.** From time to time, Evermay Wealth or the custodian may make an error in placing a trade on a client's behalf. Evermay Wealth generally considers a "trade error" to be the execution of

a transaction on behalf of a client on terms other than those intended. Evermay Wealth faces an inherent conflict in addressing trade errors, as trade errors are often detected by Firm personnel who may have an inherent incentive to mitigate such trade errors in Evermay Wealth's favor, which could be to the detriment of the clients. To address this risk, Evermay Wealth logs, and Firm management reviews, all trade errors. We believe these controls, along with periodic employee engagement on trade errors, mitigate these inherent risks.

**Cross Transactions and Principal Trades.** A cross transaction is a transaction between two accounts managed by the same investment advisor. We recognize that significant conflicts of interest could arise when performing internal cross-transactions in client accounts. Evermay Wealth does not perform internal cross-transactions. Additionally, Evermay Wealth does not act as principal in any transaction ("principal trades") nor does the firm sell securities held in inventory to clients.

## Item 13 Review of Accounts

**Account Reviews.** For Investment Management Services clients, account reviews are conducted on an ongoing basis by Evermay Wealth's team members. Investment Management Services accounts are reviewed with clients on different frequencies (i.e., monthly, quarterly, semi-annually, annually, or as needed) based on factors such as the complexity of the client's objectives and changes to the client's Investor Profile. When needed, clients can review their accounts more frequently with Wealth Advisors. Account reviews, which vary in focus, can include asset allocation updates and rebalancing, performance reviews, tax harvesting, security holdings reviews, cash flow monitoring, and more. It remains the client's responsibility to advise Evermay Wealth (in person, virtually, or via telephone) of any changes in their investment objectives and/or financial situation.

**Account Statements and Reports.** Clients are provided with transaction confirmation notices and regular summary account statements directly from their custodian. Clients can request a performance report from their Wealth Advisor, as needed, or view the information on the service provider's virtual dashboard that contains certain account-related information such as account holdings, asset allocation breakdown, and/or account performance. Clients should compare the account statements they receive from their custodian with any documents or reports they receive from Evermay Wealth.

## Item 14 Client Referrals and Other Compensation

Clients may be introduced to Evermay Wealth via other third parties. In the event that the Firm compensates any party for the referral of a client to Evermay Wealth, any such compensation will be paid by Evermay Wealth, and not the client. The referral arrangement will not result in higher costs to clients. If the client is introduced to Evermay Wealth by an unaffiliated third party, the referral arrangement with Evermay Wealth will be disclosed, including the compensation for the referral. The client will be provided with a copy of Evermay Wealth's ADV Parts 2A ("Firm

Brochure"), 2B ("Brochure Supplement"), and 3 ("Form CRS" or "Client Relationship Summary") prior to or at the time the investment advisory agreement is executed.

### Professional Services Referrals

Occasionally, Evermay Wealth refers clients to other unaffiliated professionals for a variety of services such as accounting, tax, legal, or insurance brokerage. Clients, however, are under no obligation to purchase any products or services through these professionals or to purchase any products recommended by these professionals. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any professional recommendations from the Advisor. If the client engages any such recommended professional, and a dispute arises thereafter relative to such engagement, the client agrees to seek recourse exclusively from and against the engaged professional. The engaged professionals and unaffiliated licensed professionals, and not Evermay Wealth, shall be responsible for the quality and competency of the services provided.

Evermay Wealth has a conflict of interest in making these professional service referral recommendations because it could receive referrals from professionals it has recommended to clients. In instances where the referred professional is also a client of Evermay Wealth, it may appear that Evermay Wealth has an economic incentive for the referral. Evermay Wealth will refer other professionals to its clients only when we believe the services provided by the professional best suit the client's needs.

More specifically, Evermay Wealth works with a small number of insurance firms whereby insurance agents offer a complimentary review of our clients' insurance coverage to help determine if their insurance coverage is adequate and meets their needs. Clients are under no obligation to engage with these firms or purchase insurance from their agents. Evermay Wealth does not receive any compensation or commissions related to these types of referrals.

Estate planning strategies are created by an attorney who is also an Evermay Wealth client. The law firm who employs the attorney is not affiliated with Evermay Wealth. Clients are under no obligation to engage with the estate planning services through Evermay Wealth or this law firm. The Firm pays the cost of these estate strategy services and Evermay Wealth does not receive any additional compensation or referral fees related to this engagement. The attorney who is a client does not receive any advisory fee discounts or other benefits from Evermay Wealth related to the advisory services provided to the attorney. In most cases, clients will need to obtain a different estate planning attorney to create detailed and executable estate planning documents in conjunction with the estate planning strategies identified by Evermay Wealth. Clients may in certain circumstances engage the law firm assisting Evermay Wealth. Estate planning consulting is included as part of our expanded financial planning service offering. Estate planning does not include the preparation of estate documents.

## Item 15 Custody

Client assets are held by unaffiliated broker-dealers or banks (“qualified custodians”). Evermay Wealth is also considered to have custody of client assets due to the following services and activities: ability to deduct advisory fees directly from client accounts; being able to access client accounts using client credentials on custodial or retirement plan websites; forwarding checks to custodians on behalf of our clients; having limited power of attorney of certain accounts on behalf of our clients; and facilitating withdrawals, payments and/or other disbursements to third parties (including wire transfers and ACHs) whereby clients maintain a standard letter of authorization (“SLOA”) on file with the Firm and the custodian. Additionally, on a case-by-case basis and at the request of clients, Evermay Wealth’s Wealth Advisors may serve in the capacity of trustee, co-trustee, or successor trustee. Given these services and activities that deem the Firm to have custody of client assets, Evermay Wealth engaged an outside accounting firm to perform an annual surprise audit of the related accounts. This audit is required by the Advisers Act.

Account custodians send statements by mail or electronically to the account owners on at least a quarterly basis. Clients should carefully review these statements and should compare these statements to any account information provided by Evermay Wealth.

Therefore, on an annual basis, for these clients, Evermay Wealth is required to undergo a surprise examination of client funds and securities, by an independent public accountant.

## Item 16 Investment Discretion

When a client agrees to discretionary management, Evermay Wealth may be responsible for asset allocation and selecting investment managers. When given discretionary management authority, Evermay Wealth will be authorized to determine the securities to be bought or sold for the client’s account(s), the amount of securities to be bought or sold, the timing of securities transactions, and the broker or dealer to be used to execute client securities transactions. The only limitations on the investment authority may be those limitations imposed in writing by the client.

If we retain an investment manager for the client, we reserve the discretion to hire and fire money managers on our client’s behalf. The only limitations on the investment authority may be those limitations imposed in writing by the client. For the investment managers that we select to manage client assets, clients should review their disclosure document(s) for more information on their policy with regard to investment or brokerage discretion.

## Item 17 Voting Client Securities

With the exception of certain legacy and trust accounts, notwithstanding Evermay Wealth’s discretionary authority to make investment decisions on behalf of clients, Evermay Wealth will not exercise proxy voting authority over securities held in client accounts. Clients should instruct each custodian of the assets to forward to the clients copies of all proxies and

shareholder communications relating to the client’s holdings. The obligation to vote client proxies shall at all times rest with the client. Evermay Wealth shall not be deemed to have proxy voting authority solely as a result of providing advice or information about a particular proxy vote to a client. With regard to the legacy and trust accounts, Evermay Wealth may have discretion and may vote all, vote some, or not vote proxies for those clients. In the event we vote, we will vote those proxies in the best interest of the client. These clients may direct the votes, as well as obtain information on voting and voting policies by request. Evermay Wealth does not vote proxies on behalf of itself and therefore does not expect to have any conflict with voting clients’ proxies or clients’ proxy voting. In addition, clients maintain exclusive responsibility for making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings, class or mass actions, legal proceedings or other events pertaining to the securities held in client accounts.

## Item 18 Financial Information

Evermay Wealth is not required to disclose any financial information due to the following:

- Evermay Wealth does not require payment of more than \$1,200 in fees per client, six months or more in advance;
- The Firm is unaware of any financial commitment that is reasonably likely to impair its ability to meet its contractual commitments to clients; and
- Evermay Wealth has not been the subject of bankruptcy proceedings at any time during the past ten years.

### ANY QUESTIONS

**Evermay Wealth’s Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above disclosures and arrangements.**