

February 1, 2021

## **ITEM 1. INTRODUCTION**

Chapwood Capital Investment Management, LLC is an SEC Registered Investment Adviser. Brokerage and investment management services and fees differ, it is important for the retail investor to understand the differences. Free and simple tools are available to research firms and financial professionals at Investor.gov/CRS, which provides educational materials about broker-dealers, investment advisers, and investing.

## **ITEM 2. RELATIONSHIPS AND SERVICES**

### **A. What investment services and advice can you provide me?**

Description of Services: We are an investment adviser and provide advisory accounts and services rather than brokerage accounts and services. We manage client assets. If you sign an investment management agreement (managed account), you will pay us a **quarterly management fee**, based upon an agreed annual percentage rate, generally referred to as a fee.

- **Monitoring:** We review all accounts at least monthly. Reviews are conducted by either Ed Butowsky or Kim Sams. We also conduct quarterly account reviews with each client, either in person or by telephone. All accounts receive the same level of review.
- **Authority:** If you sign an investment management agreement, we will not have investment discretion over any client account. Non-discretionary means we will make recommendations deemed to be in your best interest, however, you will have final say.
- **Additional Information:** Please refer to our Form ADV, Part 2A brochure (Items 4 and 7 of Part 2A for a more detailed description of our investment advisory services.

**Conversation Starters:** “Given my financial situation, should I choose an investment advisory service? Why or why not?”; “How will you choose investments to recommend to me?”; “What is your relevant experience, including your licenses, education and other qualifications? What do these qualifications mean?”

## **ITEM 3. FEES, COSTS, CONFLICTS, AND STANDARD OF CONDUCT**

### **A. What fees will I pay?**

Upon engaging us you will pay an on-going asset-based fee based on the value of the investments in your advisory account. Qualified clients invested in the Crystal Capital Funds will also pay an annual performance fee. Fees are payable quarterly in arrears based upon the daily average balance of your account for the previous quarter, excluding any cash held in the account. For clients who choose to have fees debited from their account, they will be debited quarterly directly from your custodial account upon notification to the custodian. For clients who choose to be invoiced each quarter, at the inception of your account(s) and each quarter thereafter, we will issue you an invoice for our services and you pay us by check or wire transfer within 15 days of the date of the invoice. Our fees vary based on the type of investment. Our fees reduce your investable assets. The more assets you have in the advisory account, the more you will pay. This is a conflict of interest as it creates an incentive to increase the assets in your account in order to increase our fees. Fees and costs affect the value of your account over time. Please ask your financial professional to give you personalized information on the fees and costs that you will pay.

- As an investment advisory client, you will pay a quarterly management fee and no transaction-based commissions. You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce the amount of money you make over time. Please make sure you understand what fees and costs you are paying.
- Some investments such as mutual funds impose additional fees that will reduce the value of your investment over time.
- Our fees do not vary but are negotiable. The amount you pay will depend, for example, on how much you buy or sell, what type of investment you buy or sell, and what kind of account you have with us.
- We pass additional charges, from our Clearing Firm, on to you such as transaction fees, custodial fees, account maintenance fees, and account inactivity fees.

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

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## **What are your legal obligations to me when providing recommendations? How else does your firm make money and what conflicts of interest do you have?**

*When we act as your investment adviser*, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you. Here are some examples to help you understand what this means. (ii) *Examples of Ways You Make Money and Conflicts of Interest:* (a) Proprietary Products: Investments that are issued, sponsored, or managed by us or our affiliates. We do not offer advice only with respect to proprietary or a limited menu of product; (b) Third-Party Payments: Compensation we receive from third parties when we recommend or sell certain investments. We do not utilize the services of third party managers in the management of client accounts; (c) Revenue Sharing: Investments where the manager or sponsor of those investments or another third party (such as an intermediary) shares with us revenue it earns on those investments. We do not have any revenue sharing agreement; (d) Principal Trading: Investments we buy from a retail investor, and/or investments we sell to a retail investor, for or from our own accounts, respectively. We do not execute any principal transactions in our client accounts.

### **Conversation Starter:**

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

### **How do your financial professionals make money?**

Investment advisor representatives receive a quarterly fee based upon your account's market value. The fee will increase as your account value increases and decreases if your account value decreases. Managed accounts are not charged any commissions, so the investment advisor representative only receives the quarterly fee. It is important to understand the differences between a brokerage commission-based account and an asset-based fee account.

***an asset-based fee*** if you want continuing advice or want someone to make investment decisions for you, even though it may cost more than a transaction-based fee.

***a transaction-based fee*** from a cost perspective, if you do not trade often or if you plan to buy and hold investments for longer periods of time.

## **ITEM 4. DISCIPLINARY HISTORY**

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

No. Visit Investor.gov for a free and simple search tool to research our firm and our financial professionals.

### **Conversation Starter**

As a financial professional, do you have any disciplinary history? For what type of conduct?

## **ITEM 5. ADDITIONAL INFORMATION**

Additional information can be found on our website, chapwoodinvestments.com. A copy of this form will be posted to our site or available upon request by calling (phone number). We also encourage you to seek additional information.

- For additional information about our brokers and services, visit Investor.gov, BrokerCheck at BrokerCheck.Finra.org, our web site (chapwoodinvestments.com).
- To report a problem to the SEC, visit Investor.gov or call the SEC's toll-free investor assistance line at (800) 732-0330. To report a problem to FINRA, <https://www.finra.org/investors/file-complaint>. If you have a problem with your investments, account or financial professional, contact us in writing or call (phone number).
- Additional information can be obtained by calling (CCO name) at either (phone number).

### **Conversation Starter**

Who is my primary contact person? Is he or she a representative of an investment adviser or a broker-dealer?

Who can I talk to if I have concerns about how this person is treating me?